

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

**Consolidated Financial Statements for the  
Years Ended December 31, 2024 and 2023 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying consolidated financial statements of Jinan Acetate Chemical Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2024 are stated as follows:

#### Occurrence of Operating Revenue Recognize in Substantial Growth of Customers Sales

At the year ended December 31, 2024, the Group's revenue increased compare to the year ended December 31, 2023. In 2024, newly added top ten of the Group's customers have substantial growth in operating revenue than previous year. We, therefore, consider the recognition of operating revenue growth with customers sales, which have substantial growth in operating revenue than previous year as a key audit matter. Please refer to Notes 4 and 21 to the consolidated financial statements for the relevant accounting policy.

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

1. We obtained on understanding of the Group's policies procedures and internal controls for revenue recognition and tested the effectiveness and efficiency of operations of the key controls over the occurrence of revenue recognize.
2. We analyzed the sales customers, which mentioned above, with the reason for the change in operating revenue.
3. We selected the sample transactions of the sales customers, which mentioned above, in the sales records for substantive tests and confirmed them with the supporting shipping documents, and verifying subsequent receipts for amounts that had reached their payment due dates before the audit report date.

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

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

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

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

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Jinan Acetate Chemical Co., Ltd.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 14, 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' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 13,258,890	63	\$ 8,116,329	68
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	107	-
Financial assets at amortized cost - current (Notes 4, 9 and 29)	1,136,674	6	449,935	4
Notes and accounts receivable, net (Notes 4, 10 and 21)	902,260	4	242,608	2
Accounts receivable from related parties (Notes 4, 10, 21 and 28)	21,161	-	113,088	1
Other receivables (Notes 4 and 28)	75,418	-	57,607	-
Inventories, net (Notes 4 and 11)	769,431	4	486,254	4
Prepayments (Note 16)	572,843	3	229,398	2
Other current assets (Notes 4, 16, 28 and 29)	67,100	-	161,165	1
Total current assets	16,803,777	80	9,856,491	82
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	66,642	-	-	-
Investments accounted for using equity method (Notes 4, 8, 13 and 28)	-	-	57,333	1
Property, plant and equipment (Notes 4, 14 and 29)	3,132,915	15	1,706,095	14
Right-of-use assets (Notes 4, 15 and 29)	659,706	3	159,118	1
Deferred tax assets (Notes 4 and 23)	25,030	-	30,373	-
Other non-current assets (Notes 4 and 16)	291,560	2	189,966	2
Total non-current assets	4,175,853	20	2,142,885	18
TOTAL	\$ 20,979,630	100	\$ 11,999,376	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	\$ -	-	\$ 16	-
Contract liabilities - current (Note 21)	815,800	4	708,152	6
Notes and accounts payable, net (Note 28)	268,878	1	179,710	2
Other payables (Note 18)	3,012,012	15	419,644	3
Current tax liabilities (Notes 4 and 23)	421,864	2	318,411	3
Other current liabilities	62,383	-	50,612	-
Total current liabilities	4,580,937	22	1,676,545	14
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 23)	-	-	14	-
Total liabilities	4,580,937	22	1,676,559	14
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 20)				
Share capital				
Ordinary shares	989,147	5	862,861	7
Capital surplus	3,988,643	19	3,896,248	32
Retained earnings				
Legal reserve	1,248,127	6	504,983	4
Special reserve	-	-	276,776	2
Unappropriated earnings	9,902,581	47	4,967,581	42
Total retained earnings	11,150,708	53	5,749,340	48
Other equity				
Exchange differences on translating the financial statements of foreign operations	93,107	-	(271,221)	(2)
Treasury shares	-	-	(38,081)	-
Total equity attributable to owners of the Company	16,221,605	77	10,199,147	85
NON-CONTROLLING INTERESTS	177,088	1	123,670	1
Total equity	16,398,693	78	10,322,817	86
TOTAL	\$ 20,979,630	100	\$ 11,999,376	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 FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)	\$ 15,713,325	100	\$ 11,025,642	100
OPERATING COSTS (Notes 4, 11, 22 and 28)	<u>(5,773,489)</u>	<u>(37)</u>	<u>(4,136,950)</u>	<u>(37)</u>
GROSS PROFIT	<u>9,939,836</u>	<u>63</u>	<u>6,888,692</u>	<u>63</u>
OPERATING EXPENSES (Notes 4, 22 and 28)				
Selling and marketing expenses	(332,814)	(2)	(386,789)	(4)
General and administrative expenses	(350,205)	(2)	(265,841)	(2)
Research and development expenses	<u>(280,699)</u>	<u>(2)</u>	<u>(187,499)</u>	<u>(2)</u>
Total operating expenses	<u>(963,718)</u>	<u>(6)</u>	<u>(840,129)</u>	<u>(8)</u>
PROFIT FROM OPERATIONS	<u>8,976,118</u>	<u>57</u>	<u>6,048,563</u>	<u>55</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 22)				
Other income (Note 28)	206,345	1	18,940	-
Finance costs	(3)	-	(18,199)	-
Share of profit or loss of associates and joint ventures (Note 13)	464	-	(932)	-
Interest income	503,250	3	152,327	1
Other gains and losses	83,887	1	(2,896)	-
Foreign exchange (losses) gains	<u>262,680</u>	<u>2</u>	<u>(61,789)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>1,056,623</u>	<u>7</u>	<u>87,451</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	10,032,741	64	6,136,014	55
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(1,645,979)</u>	<u>(10)</u>	<u>(913,179)</u>	<u>(8)</u>
NET PROFIT FOR THE YEAR	<u>8,386,762</u>	<u>54</u>	<u>5,222,835</u>	<u>47</u>

(Continued)

# JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ -	-	\$ 20,072	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	368,906	2	(157,175)	(1)
Total other comprehensive (loss) income	368,906	2	(137,103)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 8,755,668</u>	<u>56</u>	<u>\$ 5,085,732</u>	<u>46</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 8,337,922	53	\$ 5,175,744	47
Non-controlling interests	48,840	-	47,091	-
	<u>\$ 8,386,762</u>	<u>53</u>	<u>\$ 5,222,835</u>	<u>47</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 8,702,250	56	\$ 5,036,208	46
Non-controlling interests	53,418	-	49,524	-
	<u>\$ 8,755,668</u>	<u>56</u>	<u>\$ 5,085,732</u>	<u>46</u>
EARNINGS PER SHARE (NT\$, Note 24)				
Basic	<u>\$ 84.36</u>		<u>\$ 54.10</u>	
Diluted	<u>\$ 84.27</u>		<u>\$ 53.81</u>	

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

(Concluded)



JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company													
								Other Equity						
	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translating the Financial s Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
BALANCE AT JANUARY 1, 2023	70,326	\$ 703,263	\$ 1,608,577	\$ 278,957	\$ 105,120	\$ 1,020,270	\$ 1,404,347	\$ (115,627)	\$ (14,615)	\$ (130,242)	\$ (80,870)	\$ 3,505,075	\$ 147,451	\$ 3,652,526
Appropriation of 2022 earnings														
Legal reserve	-	-	-	226,026	-	(226,026)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	171,656	(171,656)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(726,508)	(726,508)	-	-	-	-	(726,508)	-	(726,508)
Share dividends distributed by the Company	10,569	105,686	-	-	-	(105,686)	(105,686)	-	-	-	-	-	-	-
	10,569	105,686	-	226,026	171,656	(1,229,876)	(832,194)	-	-	-	-	(726,508)	-	(726,508)
Net profit for the year ended December 31, 2023	-	-	-	-	-	5,175,744	5,175,744	-	-	-	-	5,175,744	47,091	5,222,835
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	-	(155,594)	16,058	(139,536)	-	(139,536)	2,433	(137,103)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	5,175,744	5,175,744	(155,594)	16,058	(139,536)	-	5,036,208	49,524	5,085,732
Issuance of ordinary shares for cash	4,000	40,000	2,110,938	-	-	-	-	-	-	-	-	2,150,938	-	2,150,938
Convertible bonds converted to ordinary shares	1,611	16,112	127,160	-	-	-	-	-	-	-	-	143,272	-	143,272
Differences between consideration and carrying amount of subsidiaries acquired	-	-	7,977	-	-	-	-	-	-	-	-	7,977	(73,305)	(65,328)
Treasury shares transferred to employees	-	-	59,553	-	-	-	-	-	-	-	22,632	82,185	-	82,185
Cancellation of treasury shares	(220)	(2,200)	(17,957)	-	-	-	-	-	-	-	20,157	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,443	1,443	-	(1,443)	(1,443)	-	-	-	-
BALANCE AT DECEMBER 31, 2023	86,286	862,861	3,896,248	504,983	276,776	4,967,581	5,749,340	(271,221)	-	(271,221)	(38,081)	10,199,147	123,670	10,322,817
Appropriation of 2023 earnings														
Legal reserve	-	-	-	743,144	-	(743,144)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(276,776)	276,776	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(2,791,882)	(2,791,882)	-	-	-	-	(2,791,882)	-	(2,791,882)
Share dividends distributed by the Company	12,886	128,856	-	-	-	(128,856)	(128,856)	-	-	-	-	-	-	-
	12,886	128,856	-	743,144	(276,776)	(3,387,106)	(2,920,738)	-	-	-	-	(2,791,882)	-	(2,791,882)
Net profit for the year ended December 31, 2024	-	-	-	-	-	8,337,922	8,337,922	-	-	-	-	8,337,922	48,840	8,386,762
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	-	364,328	-	364,328	-	364,328	4,578	368,906
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	8,337,922	8,337,922	364,328	-	364,328	-	8,702,250	53,418	8,755,668
Cancellation of treasury shares	(257)	(2,570)	(7,233)	-	-	(15,816)	(15,816)	-	-	-	25,619	-	-	-
Treasury shares transferred to employees	-	-	99,628	-	-	-	-	-	-	-	12,462	112,090	-	112,090
BALANCE AT DECEMBER 31, 2024	98,915	\$ 989,147	\$ 3,988,643	\$ 1,248,127	\$ -	\$ 9,902,581	\$ 11,150,708	\$ 93,107	\$ -	\$ 93,107	\$ -	\$ 16,221,605	\$ 177,088	\$ 16,398,693

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

# JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 10,032,741	\$ 6,136,014
Adjustments for:		
Depreciation expenses	343,537	277,447
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	361	(799)
Finance costs	3	18,199
Interest income	(503,250)	(152,327)
Compensation costs of employee share options	99,628	91,541
Share of profit or loss of associates	(464)	932
Loss on disposal of property, plant and equipment	361	252
Gain on disposal of non-current assets held for sale	(91,063)	-
Write-down (reversal of write-down) of inventories	(4,435)	5,210
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(270)	-
Notes and accounts receivable	(659,652)	(56,981)
Accounts receivable from related parties	91,927	(78,317)
Other receivables	41,650	12,262
Inventories	(278,742)	(116,025)
Prepayments	(343,445)	58,709
Other current assets	68,420	284,239
Financial liabilities held for trading	-	(3,927)
Contract liabilities	107,648	363,725
Notes and accounts payable	89,168	(109,283)
Other payables	358,861	147,292
Other current liabilities	(2,344)	3,367
Cash generated from operations	9,350,640	6,881,530
Interest paid	(3)	(17,206)
Income tax paid	(1,564,787)	(614,527)
Net cash generated from operating activities	<u>7,785,850</u>	<u>6,249,797</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(2,638,876)	(445,507)
Proceeds from sale of financial assets at amortized cost	1,952,137	65,482
Proceeds from disposal of investments accounted for using equity method	83,948	-
Payments for property, plant and equipment	(1,513,810)	(349,458)
Proceeds from disposal of property, plant and equipment	79	377
Decrease (increase) in refundable deposits	20,475	16,466
Acquisition of right-of-use assets	(503,963)	(25,504)
Increase in other non-current assets	(567)	(16,226)
		(Continued)

# JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Increase in prepayments for equipment	\$ (267,864)	\$ (72,174)
Interest received	<u>443,789</u>	<u>141,731</u>
Net cash used in investing activities	<u>(2,424,652)</u>	<u>(684,813)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	6,816	36,257
Repayments of short-term borrowings	(6,816)	(401,706)
Proceeds from guarantee deposits received	14,115	19,931
Dividends paid to owners of the Company	(558,376)	(997,472)
Proceeds from issuance of ordinary shares	-	2,118,950
Treasury shares transferred to employees	12,462	22,632
Acquisition of ownership interests in subsidiaries	<u>-</u>	<u>(65,328)</u>
Net cash generated from (used in) financing activities	<u>(531,799)</u>	<u>733,264</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>313,162</u>	<u>(122,940)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,142,561	6,175,308
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>8,116,329</u>	<u>1,941,021</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 13,258,890</u>	<u>\$ 8,116,329</u>

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

(Concluded)

# JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 5, 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 2025

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
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 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: 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. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

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.

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
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 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. Classification of current and non-current assets and liabilities**

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

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.

See Note 12, Tables 7 and 8 for detailed information of subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates equity of associates attributable to the Group.

h. Property, plant and equipment

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

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

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

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



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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

### iii. Investments in equity instruments at FVTOCI

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

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

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

### b) Impairment of financial assets

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at FVTPL

Financial liabilities held for trading are stated at fair value, with remeasurement gains or losses recognized in profit or loss. Fair value is determined in the manner described in Note 27.

b) Derecognition of financial liabilities

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

k. Revenue recognition

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

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

l. Leasing

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

1) The Group as lessor

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

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

2) The Group as lessee

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

Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

m. Borrowing costs

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

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

n. Government grants

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

p. Share-based payment arrangements

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

q. Taxation

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

1) Current tax

According to the People's Republic of China (PRC) Enterprise Income Tax Law, the tax rate is 25%. Jinan Acetate Chemical Co., Ltd (China) of the Group, Acetek Material Co., Ltd (China) of the Group, and Acetek Momentum Co., Ltd. (China) of the Group have acquired the High-tech Enterprise Certificate in 2021, 2022 and 2024. The applicable tax rate for both companies is 15%. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

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

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

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

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

### 3) Current and deferred taxes for the year

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

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact of the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Cash on hand	\$ 267	\$ 478
Demand deposits	4,781,817	4,390,081
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	<u>8,476,806</u>	<u>3,725,770</u>
	<u>\$ 13,258,890</u>	<u>\$ 8,116,329</u>

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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Demand deposits	0.0001%-4.90%	0.001%-4.25%
Time deposits	0.30%-5.23%	5.10%-5.74%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

**December 31,  
2023**

### Financial assets at fair value through profit or loss (FVTPL) - current

Financial assets mandatorily classified as at FVTPL

Derivative financial assets (not under hedge accounting)

Basket option contracts \$ 107

### Financial liabilities at FVTPL - current

Financial liabilities held for trading

Derivative financial liabilities (not under hedge accounting)

Basket option contracts \$ 16

At the end of the year, outstanding basket option contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2023</u>			
Basket option	USD/RMB	2024.1	USD1,000/RMB7,210
Basket option	USD/RMB	2024.1	USD1,000/RMB7,098

The Group entered into basket option contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### **Investments in Equity Instruments at FVTOCI**

	<u>December 31</u>	
	2024	2023
<u>Non-current</u>		
Unlisted shares		
Ordinary shares - Eleung Limited ("ELEUNG")	\$ 56,381	\$ -
Ordinary shares - Holyard International Co., Ltd ("HOLYARD")	<u>10,261</u>	<u>-</u>
	<u>\$ 66,642</u>	<u>\$ -</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 13 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.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	<u>\$ 1,136,674</u>	<u>\$ 449,935</u>
a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.25%-5.90% and 1.65%-5.67% per annum as of December 31, 2024 and 2023, respectively.		
b. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.		

## 10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Notes and accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 902,260	\$ 242,608
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 902,260</u>	<u>\$ 242,608</u>
<u>Accounts receivable from related parties</u>		
At amortized cost		
Gross carrying amount	\$ 21,161	\$ 113,088
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 21,161</u>	<u>\$ 113,088</u>

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



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

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

#### December 31, 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>

#### December 31, 2023

	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	\$ 122,746	\$ 182,646	\$ 41,376	\$ 4,652	\$ 4,276	\$ -	\$ 355,696
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 122,746</u>	<u>\$ 182,646</u>	<u>\$ 41,376</u>	<u>\$ 4,652</u>	<u>\$ 4,276</u>	<u>\$ -</u>	<u>\$ 355,696</u>

Compared to January 1, 2024 and 2023, the group did not recognize allowance for impairment loss on receivables as of December 31, 2024 and 2023, respectively; resulted from the increased in accounts receivable net of those collected of \$567,725 thousand and \$135,298 thousand, respectively.

## 11. INVENTORIES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Finished goods	\$ 159,213	\$ 122,816
Work in progress	46,074	37,939
Raw materials	523,060	288,516
Supplies	<u>41,084</u>	<u>36,983</u>
	<u>\$ 769,431</u>	<u>\$ 486,254</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 was \$5,773,489 thousand and \$4,136,950 thousand, respectively. The inventory write-downs (reversal of write-downs) were \$(4,435) thousand and \$5,210 thousand, respectively.

The increase in the net realizable value of inventories was due to the increase in the purchase price of raw materials.

## 12. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31	
			2024	2023
The Company	My Parents Living Technology Limited (Hong Kong) (“My Parents”)	Investments	100.00	100.00
My Parents	Jinan Acetate Chemical Co., Ltd. (China) (“Jinan Acetate Chemical”)	Manufacturing and sales of cellulose acetate tow	100.00	100.00
Jinan Acetate Chemical	Acetek Material Co., Ltd. (China) (“Acetek Material”)	Production and sales of cellulose acetate	50.34 (Note 2)	88.00 (Note 1)
My Parents	Acetek Chemicals Co., Ltd. (Hong Kong) (“Acetek Chemicals”)	Investments	80.00	80.00
Jinan Acetate Chemical	Acetek Momentum Co., Ltd. (China) (“Acetek Momentum”)	Manufacturing and sales of cellulose anhydride	100.00	100.00 (Note 3)
My Parents	Acetate (Shandong) Environmental Fiber Co., Ltd. (China) (“Acetek Environmental”)	Manufacturing and sales of cellulose acetate fiber	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 (Note 4)
My Parents	Acetek Aspiration (Shandong) Co., Ltd. (China) (“Acetek Aspiration”)	Manufacturing and sales of high-performance fibers	100.00	100.00 (Note 5)
My Parents	Acetek Material Co., Ltd. (China) (“Acetek Material”)	Production and sales of cellulose acetate	37.66 (Note 2)	-
My Parents	Acetek Guardian (Shandong) Co., Ltd. (Acetek Guardian)	Production and sale of hydroxyethyl cellulose ether and specialty cotton cellulose	100.00 (Note 6)	-
The Company	Acetek Co. Pte. Ltd. (Acetek SG)	Investments	100.00 (Note 7)	-

Note 1: In October 2023, Jinan Acetate Chemical acquired 8% additional ownership interest in Acetek Material from Yankuang Lunan Chemical, which was subsequently resolved by the board of directors on November 8, 2023.

Note 2: In March 2024, Acetek Material conducted a capital increase of RMB22,000 thousand, with My Parents subscribing to RMB19,360 thousand. After the capital increase, My Parents’ equity stake in Acetek Material remained at 13.17%. 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: The Group transferred shares of Acetek Momentum 28.65% from My Parents to Jinan Acetate Chemical in January 2023.

Note 4: To meet the development needs of the industry, the board of directors of Jinan Acetate Chemical resolved on August 11, 2023 to invest in Acetek Aspiration (Jinan) Trading. Acetek Aspiration (Jinan) Trading changed its name in November 2023.

Note 5: To meet the development needs of the industry, the board of directors of My Parents resolved on December 11, 2023 to invest in Acetek Aspiration (Shandong).

Note 6: 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 7: 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	
		December 31	
		2024	2023
Acetek Material	Mainland China	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.

	December 31	
	2024	2023
Current assets	\$ 1,341,547	\$ 561,191
Non-current assets	605,611	711,620
Current liabilities	<u>(747,108)</u>	<u>(373,355)</u>
Equity	<u>\$ 1,200,050</u>	<u>\$ 899,456</u>
Equity attributable to:		
Owners of the Company	\$ 1,056,044	\$ 791,521
Non-controlling interests of Acetek Material	<u>144,006</u>	<u>107,935</u>
	<u>\$ 1,200,050</u>	<u>\$ 899,456</u>
	For the Year Ended December 31	
	2024	2023
Revenue	<u>\$ 1,993,343</u>	<u>\$ 2,099,282</u>
Profit for the year	\$ 267,764	\$ 238,935
Other comprehensive income for the year	<u>(32,831)</u>	<u>16,185</u>
Total comprehensive income for the year	<u>\$ 234,933</u>	<u>\$ 255,120</u>
Profit attributable to:		
Owners of the Company	\$ 235,632	\$ 191,148
Non-controlling interests of Acetek Material	<u>32,132</u>	<u>47,787</u>
	<u>\$ 267,764</u>	<u>\$ 238,935</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Total comprehensive income attributable to:		
Owners of the Company	\$ 206,741	\$ 204,096
Non-controlling interests of Acetek Material	<u>28,192</u>	<u>51,024</u>
	<u>\$ 234,933</u>	<u>\$ 255,120</u>
Cash flow		
Operating activities	\$ 752,029	\$ 245,635
Investing activities	27,630	(44,402)
Financing activities	-	-
Effects of exchange rate changes	<u>(218)</u>	<u>(4,006)</u>
Net cash inflow	<u>\$ 779,441</u>	<u>\$ 197,227</u>
		(Concluded)

### 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

#### Investment in Associates

	<b>December 31, 2023</b>
Associates that are not individually material	<u>\$ 57,333</u>

#### Aggregate Information of Associates That Are Not Individually Material

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
The Group's share of:		
Profit (loss) for the year	\$ 464	\$ (932)
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income (loss) for the year	<u>\$ 464</u>	<u>\$ (932)</u>

In January and February 2023, the boards of directors of Holyard International Co., Ltd. and Eleung Limited were re-elected, and the Group had significant influence by serves as its directors. The Group reclassified its investment in associate using the equity method and recognized a gain of \$1,443 thousand on disposal of investments in equity instruments at fair value through other comprehensive income, which was transferred to retained earnings.

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>

#### 14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Equipment	Transportation Equipment	Other Equipment	Construction in Progress Equipment	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 299,008	\$ 1,772,306	\$ 15,421	\$ 7,466	\$ 337,582	\$ 2,431,783
Additions	77,759	267,865	2,519	1,315	-	349,458
Disposals	(9,434)	(5,715)	(1,462)	-	-	(16,611)
Reclassification	100,454	291,268	2,139	371	(241,404)	152,828
Effects of foreign currency exchange differences	<u>(8,144)</u>	<u>(41,254)</u>	<u>(334)</u>	<u>(164)</u>	<u>(2,415)</u>	<u>(52,311)</u>
Balance at December 31, 2023	<u>\$ 459,643</u>	<u>\$ 2,284,470</u>	<u>\$ 18,283</u>	<u>\$ 8,988</u>	<u>\$ 93,763</u>	<u>\$ 2,865,147</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ 103,607	\$ 801,790	\$ 10,884	\$ 7,369	\$ -	\$ 923,650
Depreciation expenses	24,866	244,756	2,475	285	-	272,382
Disposals	(9,434)	(5,097)	(1,451)	-	-	(15,982)
Effects of foreign currency exchange differences	<u>(2,146)</u>	<u>(18,496)</u>	<u>(216)</u>	<u>(140)</u>	<u>-</u>	<u>(20,998)</u>
Balance at December 31, 2023	<u>\$ 116,893</u>	<u>\$ 1,022,953</u>	<u>\$ 11,692</u>	<u>\$ 7,514</u>	<u>\$ -</u>	<u>\$ 1,159,052</u>
Carrying amounts at December 31, 2023	<u>\$ 342,750</u>	<u>\$ 1,261,517</u>	<u>\$ 6,591</u>	<u>\$ 1,474</u>	<u>\$ 93,763</u>	<u>\$ 1,706,095</u>
<u>Cost</u>						
Balance at January 1, 2024	\$ 459,643	\$ 2,284,470	\$ 18,283	\$ 8,988	\$ 93,763	\$ 2,865,147
Additions	150,026	495,603	4,628	2,338	861,215	1,513,810
Disposals	-	(6,736)	(1,918)	-	-	(8,654)
Reclassification	42,984	22,430	213	-	112,914	178,541
Effects of foreign currency exchange differences	<u>17,081</u>	<u>82,477</u>	<u>654</u>	<u>327</u>	<u>8,523</u>	<u>109,062</u>
Balance at December 31, 2024	<u>\$ 669,734</u>	<u>\$ 2,878,244</u>	<u>\$ 21,860</u>	<u>\$ 11,653</u>	<u>\$ 1,076,415</u>	<u>\$ 4,657,906</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ 116,893	\$ 1,022,953	\$ 11,692	\$ 7,514	\$ -	\$ 1,159,052
Depreciation expenses	29,505	299,157	2,809	485	-	331,956
Disposals	-	(6,392)	(1,822)	-	-	(8,214)
Effects of foreign currency exchange differences	<u>4,238</u>	<u>37,277</u>	<u>416</u>	<u>266</u>	<u>-</u>	<u>42,197</u>
Balance at December 31, 2024	<u>\$ 150,636</u>	<u>\$ 1,352,995</u>	<u>\$ 13,095</u>	<u>\$ 8,265</u>	<u>\$ -</u>	<u>\$ 1,524,991</u>
Carrying amounts at December 31, 2024	<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>

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

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

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

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Carrying amount</u>		
Land	<u>\$ 659,706</u>	<u>\$ 159,118</u>
	<b>For the Year Ended December 31</b>	<b>2023</b>
	<b>2024</b>	<b>2023</b>
Additions to right-of-use assets	<u>\$ 503,963</u>	<u>\$ 92,054</u>
Depreciation charge for right-of-use assets		
Land	<u>\$ 11,581</u>	<u>\$ 5,065</u>

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

### b. Material leasing activities and terms

As lessees, Jinan Acetate Chemical Co., Ltd., Acetek Material Co., Ltd., 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

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases	<u>\$ 639</u>	<u>\$ 636</u>
Expenses relating to low-value asset leases	<u>\$ 16</u>	<u>\$ 16</u>
Total cash outflow for leases	<u>\$ (655)</u>	<u>\$ (652)</u>

## 16. OTHER ASSETS

	December 31	
	2024	2023
<u>Current</u>		
Prepayments		
Advanced payments	\$ 314,172	\$ 93,003
Prepayment	94,719	85,376
Tax overpaid retained for effecting	<u>163,952</u>	<u>51,019</u>
	<u>\$ 572,843</u>	<u>\$ 229,398</u>
Other current assets		
Pledge deposits (Note 29)	\$ 50,470	\$ 125,923
Refundable deposits	9,409	35,054
Others	<u>7,221</u>	<u>188</u>
	<u>\$ 67,100</u>	<u>\$ 161,165</u>
<u>Non-current</u>		
Other non-current assets		
Prepayments for equipment	\$ 269,307	\$ 173,450
Prepayments for land	16,793	16,226
Refundable deposits	<u>5,460</u>	<u>290</u>
	<u>\$ 291,560</u>	<u>\$ 189,966</u>

## 17. BONDS PAYABLE

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

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$130.7. In case of ex-right or ex-dividend, the price should be adjusted according to the conversion price adjustment formula. Conversion may occur at any time between December 26, 2020 and September 25, 2025. If the bonds have not been converted and the closing price of ordinary shares has exceeded 30% of the current conversion price for 30 consecutive business days, the Company may send a copy of "Debt Rebate Notice" with expiration of one month by registered mail within the next 30 business days. The aforementioned period is calculated from the delivery of mail, and the expiration date of the period is determined as the base date for recovery of bonds. The Company redeems the bonds at their par value within 5 business days following the base date. As of December 31, 2023, the holders of the Company's unsecured convertible bonds had requested to convert 5,788 thousand shares of ordinary shares.

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

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

Liability component at January 1, 2023 (bonds payable of \$87,029 thousand and financial assets at fair value through profit or loss - current of \$381 thousand)	\$ 86,648
Interest charged at an effective interest rate of 3.2888%	1,271
Valuation loss on financial investments	381
Convertible bonds converted into ordinary shares	<u>(88,300)</u>
Liability component at December 31, 2023	<u>\$ -</u>

As of May 11, 2022, the Company issued \$500,000 thousand, 0% NTD-denominated unsecured convertible bonds in Taiwan, with a total issue amount of \$500,000 thousand.

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$102.1. In case of ex-right or ex-dividend, the price should be adjusted according to the conversion price adjustment formula. Conversion may occur at any time between August 12, 2022 and May 11, 2027. If the bonds have not been converted and the closing price of ordinary shares has exceeded 30% of the current conversion price for 30 consecutive business days, the Company may send a copy of “Debt Rebate Notice” with expiration of one month by registered mail within the next 30 business days. The aforementioned period is calculated from the delivery of mail, and the expiration date of the period is determined as the base date for recovery of bonds. The Company redeems the bonds at their par value within 5 business days following the base date. As of December 31, 2023, the holders of the Company’s unsecured convertible bonds had requested to convert 5,009 thousand shares of ordinary shares.

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

Proceeds from issuance (less transaction costs of \$3,243 thousand)	\$ 506,456
Liability component at the date of issue	<u>\$ 506,456</u>

Liability component at January 1, 2023 (bonds payable of \$54,870 thousand and financial assets at fair value through profit or loss - non-current of \$236 thousand)	\$ 54,634
Interest charged at an effective interest rate of 1.6663%	102
Valuation loss on financial investments	236
Convertible bonds converted into ordinary shares	<u>(54,972)</u>
Liability component at December 31, 2023	<u>\$ -</u>



## 18. OTHER PAYABLES

	December 31	
	2024	2023
Payables for dividends	\$ 2,233,506	\$ -
Payables for purchases of equipment	301,116	85,474
Payables for security production fee	180,438	111,724
Accrued remuneration to employees and directors	86,237	54,839
Payables for salaries	60,782	42,079
Payables for freight	34,131	19,570
Payables for steam fee	30,021	27,064
Payables for commission	29,639	47,894
Others	<u>56,142</u>	<u>31,000</u>
	<u>\$ 3,012,012</u>	<u>\$ 419,644</u>

## 19. 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.

## 20. EQUITY

### a. Ordinary shares

	December 31	
	2024	2023
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>98,915</u>	<u>86,286</u>
Shares issued	<u>\$ 989,147</u>	<u>\$ 862,861</u>

On March 23, 2023, the Company's board of directors resolved to cancel 220 thousand treasury shares with a par value of \$10, and the capital reduction ratio was 0.31%. After the capital reduction, the share capital was \$710,086 thousand, and the base date of capital reduction was April 14, 2023. The change was registered and completed on April 21, 2023.

On March 23, 2023, the Company's board of directors resolved to issue 4,000 thousand ordinary shares with a par value of \$10, for a consideration of \$531 per share and the subscription base date was authorized to determine by the board of directors to be August 21, 2023. According to the Company's Articles of Incorporation, the Company reserved part of the publicly issued capital, which was subscribed by employees across the Group with compensation costs, the employee stock option compensation cost is recognized as \$31,988 thousand.

On May 31, 2023, the shareholders' meeting resolved to distribute unappropriated earnings accumulated in 2022 as shareholders' dividends, and issue 10,569 thousand ordinary shares with a par value of \$10. The subscription base date was authorized to determine by the board of directors to be October 9, 2023.

For the year ended December 31, 2023, the holders of unsecured convertible bonds requested to convert 1,611 thousand shares of ordinary shares with a par value of \$10. Share capital increased to \$862,861 thousand after conversion.

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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 2,951,581	\$ 2,859,186
Conversion of bonds	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>\$ 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 22-g.

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

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

On December 2, 2024, the Board of Directors' meeting resolved to authorize the chairman to adjust the dividend distribution rate for the first half of 2024 cash dividends from 26 per share to 22.58 per share due to the issuance of share dividends and transfer of treasury shares to employees, which affected the number of outstanding shares.

On November 10, 2023, the shareholders' meeting resolved to authorize the chairman to adjust the dividend distribution rate for the first half of 2023 cash dividends from 5 per share to 4.36 per share due to the issuance of share dividends and conversion of convertible bonds, which affected the number of outstanding shares.

The appropriations of earnings for 2023 and 2022 approved in the shareholders' meetings on May 30, 2024 and May 31, 2023, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Legal reserve	\$ 517,718	\$ 124,982
Special reserve	\$ 140,979	\$ 50,200
Cash dividends	\$ 932,597	\$ 623,251
Share dividends	\$ 128,856	\$ 105,686
Cash dividends per share (NT\$)	\$ 11.5	\$ 9.7
Share dividends per share (NT\$)	1.5	1.5

On May 31, 2024, the shareholders' meeting resolved to authorize the chairman to adjust the dividend distribution rate for the second half of 2023 cash dividends and share dividends from 6.5 and 1.5 per share to 6.4906 and 1.4978 per share due to transfer of treasury shares to employees, which affected the number of outstanding shares.

On May 31, 2023, the shareholders' meeting resolved to authorize the chairman to adjust the dividend distribution rate for the second half of 2022 cash dividends and share dividends from 5 and 1.5 per share to 4.701 and 1.410 per share due to the issuance of new shares, transfer of treasury shares to employees and conversion of convertible bonds, which affected the number of outstanding shares.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Beginning at January 1	\$ 276,776	\$ 105,120
Appropriations in respect of		
Debits to other equity items	-	171,656
Reversals:		
Reversal of the debits to other equity items	(276,776)	-
Balance at December 31	\$ -	\$ 276,776

e. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 123,670	\$ 147,451
Share in profit for the year	48,840	47,091
Other comprehensive income (loss) during the year		
Exchange differences on translating the financial statements of		
foreign entities	4,578	(1,581)
Unrealized gain on financial assets at FVTOCI	-	4,014
Acquisition of non-controlling interests in subsidiaries	-	(73,305)
Balance at December 31	\$ 177,088	\$ 123,670

f. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>
Number of shares at January 1, 2024	382
Treasury shares transferred to employees	(125)
Retirement of treasury share	<u>(257)</u>
Number of shares at December 31, 2024	<u>-</u>
Number of shares at January 1, 2023	849
Treasury shares transferred to employees	(247)
Retirement of treasury share	<u>(220)</u>
Number of shares at December 31, 2023	<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 March 23, 2023, the board of directors resolved to transfer 247 thousand shares of treasury stock to employees at a transfer price of \$91.63. The base date for employee stock options was March 23, 2023, and recognized compensation cost of employee share options of \$59,553 thousand.

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.

## 21. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 15,713,325</u>	<u>\$ 11,025,642</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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>January 1, 2023</b>
Notes and accounts receivables, net (include related parties) (Note 10)	<u>\$ 923,421</u>	<u>\$ 355,696</u>	<u>\$ 220,398</u>
Contract liabilities - current	<u>\$ 815,800</u>	<u>\$ 708,152</u>	<u>\$ 344,427</u>

c. Disaggregation of revenue

Refer to Note 33 for information about disaggregation of revenue.

## 22. NET PROFIT

a. Other income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Government subsidy income	\$ 155,579	\$ 1,347
Others	<u>50,766</u>	<u>17,593</u>
	<u>\$ 206,345</u>	<u>\$ 18,940</u>

b. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Interest on bank loans	\$ 3	\$ 16,826
Interest on bonds	<u>-</u>	<u>1,373</u>
	<u>\$ 3</u>	<u>\$ 18,199</u>

c. Interests income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Bank deposits	<u>\$ 503,250</u>	<u>\$ 152,327</u>

d. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Gain on disposal of investment (Note 13)	\$ 91,063	\$ -
Loss on disposal of property, plant and equipment	(361)	(252)
Net (loss) gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(361)	799
Others	<u>(6,454)</u>	<u>(3,443)</u>
	<u>\$ 83,887</u>	<u>\$ (2,896)</u>

e. Depreciation expense

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Property, plant and equipment	\$ 331,956	\$ 272,382
Right-of-use assets	<u>11,581</u>	<u>5,065</u>
	<u>\$ 343,537</u>	<u>\$ 277,447</u>
An analysis of depreciation by function		
Operating costs	\$ 324,248	\$ 264,674
Operating expenses	<u>19,289</u>	<u>12,773</u>
	<u>\$ 343,537</u>	<u>\$ 277,447</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term benefits	\$ 468,998	\$ 341,083
Post-employment benefits	22,097	13,974
Other employee benefits	<u>6,068</u>	<u>10,761</u>
Total employee benefits expense	<u>\$ 497,163</u>	<u>\$ 365,818</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 173,571	\$ 133,933
Operating expenses	<u>323,592</u>	<u>231,885</u>
	<u>\$ 497,163</u>	<u>\$ 365,818</u>

g. Employees' compensation and remuneration of directors and supervisors

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

The employees' compensation and the remuneration of directors for the years ended December 31, 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:

Accrual rate

	<b><u>For the Year Ended December 31</u></b>	
	<b>2024</b>	<b>2023</b>
Compensation of employees	1.00%	1.00%
Remuneration of directors	0.02%	0.04%

Amount

	<b><u>For the Year Ended December 31</u></b>	
	<b>2024</b>	<b>2023</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 84,237	\$ 52,839
Remuneration of directors	2,000	2,000

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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.

h. Gains or losses on foreign currency exchange

	<b><u>For the Year Ended December 31</u></b>	
	<b>2024</b>	<b>2023</b>
Foreign exchange gains	\$ 628,180	\$ 34,703
Foreign exchange losses	<u>(365,500)</u>	<u>(96,492)</u>
Net profit and loss	<u>\$ 262,680</u>	<u>\$ (61,789)</u>



## 23. INCOME TAXES

### a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Current tax</u>		
In respect of the current year	\$ (1,637,696)	\$ (878,159)
Adjustments for prior year	(1,929)	(12,336)
<u>Deferred tax</u>		
In respect of the current year	(5,507)	(22,420)
Adjustments for prior year	<u>(847)</u>	<u>(264)</u>
Income tax expense recognized in profit or loss	<u>\$ (1,645,979)</u>	<u>\$ (913,179)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Profit before income tax	<u>\$ 10,032,741</u>	<u>\$ 6,136,014</u>
Income tax expense calculated at the statutory rate	\$ (1,526,192)	\$ (1,007,265)
Research and development credits	99,341	62,230
Nondeductible expenses in determining taxable income	(992)	(548)
Tax-exempt income	39,583	45,419
Adjustments for prior years' tax	(2,776)	(12,600)
Withholding earning	(254,943)	-
Others	<u>-</u>	<u>(415)</u>
Income tax expense recognized in profit or loss	<u>\$ (1,645,979)</u>	<u>\$ (913,179)</u>

According to the People's Republic of China (PRC) Enterprise Income Tax Law, My Parents is required to pay a 10% income tax on dividends derived from earnings in and after 2008 within China.

### b. Current tax liabilities

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax liabilities		
Income tax payable	<u>\$ 421,864</u>	<u>\$ 318,411</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2024

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for write-down of inventories	\$ 896	\$ (665)	\$ 27	\$ 258
Unrealized compensation	2,187	3,892	98	6,177
Loss carryforwards	14,910	(15,347)	437	-
Payables for security production fee	<u>12,380</u>	<u>5,752</u>	<u>463</u>	<u>18,595</u>
	<u>\$ 30,373</u>	<u>\$ (6,368)</u>	<u>\$ 1,025</u>	<u>\$ 25,030</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Financial assets at FVTPL	<u>\$ 14</u>	<u>\$ (14)</u>	<u>\$ -</u>	<u>\$ -</u>

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for write-down of inventories	\$ 117	\$ 794	\$ (15)	\$ 896
Unrealized compensation	707	1,519	(39)	2,187
Financial liabilities at FVTPL	791	(787)	(4)	-
Loss carryforwards	49,041	(33,763)	(368)	14,910
Payables for security production fee	<u>3,018</u>	<u>9,567</u>	<u>(205)</u>	<u>12,380</u>
	<u>\$ 53,674</u>	<u>\$ (22,670)</u>	<u>\$ (631)</u>	<u>\$ 30,373</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Financial assets at FVTPL	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 14</u>

d. 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.

## 24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Basic earnings per share	<u>\$ 84.36</u>	<u>\$ 54.10</u>
Diluted earnings per share	<u>\$ 84.27</u>	<u>\$ 53.81</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on September 18, 2024. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2023 were as follows:

Unit: NT\$ Per Share

	<b>Before Retrospective Adjustment</b>	<b>After Retrospective Adjustment</b>
Basic earnings per share	<u>\$ 62.52</u>	<u>\$ 54.10</u>
Diluted earnings per share	<u>\$ 62.13</u>	<u>\$ 53.81</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 Year

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Profit for the year attributable to owners of the Company	\$ 8,337,922	\$ 5,175,744
Effect of potentially dilutive ordinary shares		
Interest and evaluation of convertible bonds	<u>-</u>	<u>1,989</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 8,337,922</u>	<u>\$ 5,177,733</u>

### Number of Shares

Unit: Thousand Shares

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	98,834	95,668
Effect of potentially dilutive ordinary shares		
Convertible bonds	-	486
Compensation of employees	<u>105</u>	<u>74</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>98,939</u>	<u>96,228</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.

## 25. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In October 2023, Jinan Acetate Chemical acquired 8% additional ownership interest in Acetek Material from Yankuang Lunan Chemical with ownership interest upward from 80% to 88%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over the subsidiary with line items adjusted for differences in equity transactions of capital surplus - changes in ownership interests in subsidiaries.

	<b>Jinan Acetate Chemical</b>
Consideration paid	\$ (65,328)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>73,305</u>
Differences recognized from equity transactions	<u>\$ 7,977</u>

## 26. CAPITAL MANAGEMENT

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

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

## 27. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2024

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

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives instrument	\$ <u>-</u>	\$ <u>107</u>	\$ <u>-</u>	\$ <u>107</u>
Financial liabilities at FVTPL				
Derivatives instrument	\$ <u>-</u>	\$ <u>16</u>	\$ <u>-</u>	\$ <u>16</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2024 and 2023.

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

For the year ended December 31, 2024

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2024	\$ -
Reclassification	64,212
Effect of exchange rate	<u>2,430</u>
Balance at December 31, 2024	\$ <u>66,642</u>

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2023	\$ 37,234
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	20,072
Reclassification	(57,403)
Effect of exchange rate	<u>97</u>
Balance at December 31, 2023	\$ <u>-</u>

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

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
Derivatives - basket option contracts	Discounted cash flow.  Future cash flows are estimated based on contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

The cost of evaluating domestic and foreign unlisted shares is not economically feasible, so the Group used the net value of the investee companies as the basis for assessment.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 15,459,742	\$ 9,140,834
Financial assets at FVTOCI		
Equity instruments	66,642	-
Financial assets at FVTPL	-	107
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	3,322,684	627,033
Financial liabilities at FVTPL	-	16

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, interest rate risk and other price risk), credit risk and liquidity risk.

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

## 1) Market risk

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

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

### a) Foreign currency risk

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

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

#### Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the RMB 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 strengthening 1% against the relevant currency. For a 1% weakening of the RMB against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Profit or loss	\$ 74,964	\$ 50,713

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:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Fair value interest rate risk		
Financial assets	\$ 9,663,949	\$ 4,251,844
Cash flow interest rate risk		
Financial assets	4,781,818	4,390,081

#### Sensitivity analysis

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

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by \$47,818 thousand and \$43,901 thousand, which was mainly attributable to the Group's exposure to interest rates of its variable-rate bank deposits.

#### c) Price risk

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

#### Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2024 would have increased/decreased by \$666 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

### 2) Credit risk

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

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

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



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

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

### 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2024 and 2023, the Group had available unutilized short-term bank loan facilities as set out in (c) below.

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

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

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

#### December 31, 2024

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

#### December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 259,102	\$ 130,730	\$ 237,201	\$ -

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 year.

b) Liquidity risk table for derivative financial liabilities

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

December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
<u>Gross settled</u>				
Basket option contracts				
Inflows	\$ 61,911	\$ -	\$ -	\$ -
Outflows	<u>(61,820)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 91</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

	<u>December 31</u>	
	<b>2024</b>	<b>2023</b>
Unsecured bank loan facilities which may be extended by mutual agreements:		
Amount unused	<u>\$ 746,300</u>	<u>\$ 1,064,802</u>
Secured bank loan facilities which may be extended by mutual agreements:		
Amount unused	<u>\$ 1,071,657</u>	<u>\$ 804,318</u>

## 28. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Global Filter S.A (GF)	Substantive related party
Tabacalera Hernandarias S.A. (TH)	Substantive related party
SAF - INDUSTRIA E COMERCIO DE FILTEROS LTDA	Substantive related party
Yan Kuangmeihua Supply And Marketing Limited Company (Yankuang Kuangmeihua)	Substantive related party (Note 1)

(Continued)

<b>Related Party Name</b>	<b>Related Party Category</b>
Yankuang Lunan Chemical Co., Ltd. (Yankuang Lunan Chemical)	Substantive related party (shareholder of a subsidiary) (Note 1)
LA/ES LAMINATI ESTRUSI TERMOPLASTICI S.R.L. (LA/ES)	Substantive related party (Note 2)
Zhongshan Taly Plastic Extrusion Co., Ltd. (Zhongshan Taly)	Substantive related party
Jinan Hezhen Industry And Trade CO., Ltd. (Jinan Hezhen)	Substantive related party
Eleung Limited (ELEUNG)	Substantive related party (Note 2)
HOLYARD INTERNATIONAL CO., LTD. (HOLYARD)	Associate (Note 3)
Wang, Ke-Chang	Key management
	(Concluded)

Note 1: 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.

Note 2: 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 3: Due to the Group's resignation from the board of HOLYARD, it lost significant influence, and thus, HOLYARD has not been considered a related party since April 2024.

b. Operating revenue

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2024</b>	<b>2023</b>
Sales	Related party in substance		
	GF	\$ 124,527	\$ 531,589
	TH	51,897	133,415
	Zhongshan Taly	32,630	120,825
	LA/ES	<u>2,732</u>	<u>65,049</u>
		211,786	850,878
	Associates	<u>-</u>	<u>1,152</u>
		<u>\$ 211,786</u>	<u>\$ 852,030</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

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2024</b>	<b>2023</b>
Purchases of goods	Related party in substance		
	Yankuang Kuangmeihua	\$ -	\$ 249,813
	Others	<u>13,813</u>	<u>17,555</u>
		<u>\$ 13,813</u>	<u>\$ 267,368</u>

The purchase prices in related-party transactions were conducted based on the agreed procurement prices and terms.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2024	2023
Accounts receivable - related parties	Related party in substance		
	GF	\$ 6,079	\$ 88,113
	TH	15,082	17,646
	LA/ES	<u>-</u>	<u>7,276</u>
		21,161	113,035
	Associates	<u>-</u>	<u>53</u>
		<u>\$ 21,161</u>	<u>\$ 113,088</u>
Other receivables	Related party in substance		
	Zhongshan Taly	<u>\$ -</u>	<u>\$ 1,109</u>

The outstanding receivables from related parties were unsecured. For the years ended December 31, 2024 and 2023, no impairment loss was recognized on accounts receivable from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31, 2023
Accounts payable - related parties	Related party in substance/ Jinan Hezhen	<u>\$ 2,838</u>

The outstanding payables to related parties were unsecured.

f. Refundable deposits (classified as other current assets)

Related Party Category	December 31, 2023
Related party in substance/Yankuang Lunan Chemical	<u>\$ 433</u>

g. Disposal of financial assets

For the year ended December 31, 2024

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Proceeds
Related party in substance/LA/ES	Investments accounted for using the equity method	146,667	Shares of ELEUNG	\$ 61,562
Related party in substance/ELEUNG	Investments accounted for using the equity method	53,333	Shares of ELEUNG	<u>22,386</u>
				<u>\$ 83,948</u>

For the year ended December 31, 2024, the gain recognized from a realized profit of \$52,527 thousand (proceeds of \$83,948 thousand less the carrying amount of the interest disposed of amounting to \$31,421 thousand) and an unrealized profit of \$38,536 thousand (fair value less the carrying amount of the 10% retained interest). Please refer to Note 13 for details on the sale.

h. Other transactions with related parties

Line Item	Related Party Category/Name	<b>For the Year Ended December 31</b>	
		<b>2024</b>	<b>2023</b>
Manufacturing expense - steam fee	Related party in substance/ Yankuang Lunan Chemical	\$ -	\$ 237,211
Research and development expense - steam fee	Related party in substance/ Yankuang Lunan Chemical	-	5,564
Operating expense - rental	Key management	360	360
Operating expense - rental	Related party in substance/ Yankuang Lunan Chemical	<u>-</u>	<u>230</u>
		<u>\$ 360</u>	<u>\$ 243,365</u>
Other income - rental	Related party in substance	<u>\$ -</u>	<u>\$ 97</u>

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

The key management provides rental service to the Company, 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.

i. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 105,873	\$ 112,728
Post-employment benefits	<u>218</u>	<u>362</u>
	<u>\$ 106,091</u>	<u>\$ 113,090</u>

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

## 29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Financial assets at amortized cost	\$ 9,409	\$ 12,425
Pledge deposits (classified as other current assets)	50,470	125,923
Property, plant and equipment, net	42,252	39,059
Right-of-use assets	<u>98,728</u>	<u>96,296</u>
	<u>\$ 200,859</u>	<u>\$ 273,703</u>

## 30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

As of December 31, 2024 and 2023, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$268,071 thousand and \$366,473 thousand, respectively.

Unrecognized commitments were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Payments for property, plant and equipment	<u>\$ 67,215</u>	<u>\$ 295,517</u>

## 31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>December 31, 2024</u>			
<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
<u>Financial liabilities</u>			
Monetary items			
USD	7,110	7.321 (USD:RMB)	228,855
			(Continued)

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>December 31, 2023</u>			
<u>Financial assets</u>			
Monetary items			
USD	\$ 120,136	7.083 (USD:RMB)	\$ 3,681,779
USD	49,595	30.705 (USD:NTD)	1,535,821
<u>Financial liabilities</u>			
Monetary items			
USD	4,773	7.083 (USD:RMB)	146,269 (Concluded)

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

<b>For the Year Ended December 31</b>				
<b>2024</b>		<b>2023</b>		
<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gains (Losses)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gains (Losses)</b>
USD	7.1203 (USD:RMB)	\$ 251,723	7.0423 (USD:RMB)	\$ (61,814)
Others	-	<u>10,957</u>	-	<u>25</u>
		<u>\$ 262,680</u>		<u>\$ (61,789)</u>

## 32. SEPARATELY DISCLOSED ITEMS

### a. Information on significant transactions and investees:

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

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
  - 9) Trading in derivative instruments. (Note 7)
  - 10) Intercompany relationships and significant intercompany transactions. (Table 6)
- b. Information on investees. (Table 7)
  - 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 8)
    - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
      - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
      - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
      - c) The amount of property transactions and the amount of the resultant gains or losses.
      - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
      - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
      - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
  - d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 9)

### 33. SEGMENT INFORMATION

- a. Financial information of the operating segment

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



b. Revenue from major products and services

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

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Cellulose acetate tow	\$ 14,142,609	\$ 9,357,125
Cellulose acetate	1,564,567	1,599,827
Cellulose anhydride	<u>6,149</u>	<u>68,690</u>
	<u><b>\$ 15,713,325</b></u>	<u><b>\$ 11,025,642</b></u>

c. Geographical information

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

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

	<b>Revenue from External Customers</b>	
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Europe	\$ 8,302,358	\$ 5,825,098
Asia	5,444,135	3,707,759
Africa	1,532,302	266,766
America	<u>434,530</u>	<u>1,226,019</u>
	<u><b>\$ 15,713,325</b></u>	<u><b>\$ 11,025,642</b></u>

d. Information about major customers

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

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Customer A	\$ 2,255,395	\$ 662,143
Customer B	<u>2,182,462</u>	<u>1,155,677</u>
	<u><b>\$ 4,437,857</b></u>	<u><b>\$ 1,817,820</b></u>

TABLE 1

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(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	\$ 65,570 (US\$ 2,000 thousand)	\$ 65,570 (US\$ 2,000 thousand)	\$ - (US\$ - thousand)	1.5	Short-term financing	\$ -	Operation turnover	\$ -	-	\$ -	\$ 2,837,146	\$ 3,782,861	Note 3

- Note 1: The maximum balance for the period and ending balance represent the amounts approved by the board of directors.
- Note 2: For foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, when the funds are used for financing, the total amount shall not exceed 100% of the net worth of the lender. The total amount for lending to a company for funding shall not exceed 30% of the net worth of the Company.
- Note 3: For companies with short-term funding needs, the amount for lending to a company shall not exceed 30% of the net worth of the lender. The total amount for lending shall not exceed 40% of the net worth of the Company.
- Note 4: The limit on the amount for lending is calculated according to the recent financial statements audited by the Company’s independent accountants.
- Note 5: Spot buy/sell average exchange rates of Bank of Taiwan as of the end of December 2024 are used to estimate the amount in New Taiwan dollar.

TABLE 2

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(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	\$ 40,554,013	\$ 1,124,290	\$ 1,124,290	\$ 109,475	\$ -	6.93	\$ 40,554,013	Y	N	Y	Notes 4, 5 and 6
		Acetek Material	b	4,866,482	423,810	379,030	127,205	-	2.34	16,221,605	Y	N	Y	Note 4, 5 and 6
		Acetek Momentum	b	40,554,013	44,780	44,780	-	-	0.28	40,554,013	Y	N	Y	Note 4
1	Jinan Acetate Chemical	Jinan Acetate Chemical Co., Ltd.	c	1,891,431	393,420	163,925	-	-	1.73	4,728,576	N	Y	N	-
		Acetek Material	b	1,891,431	143,135	98,355	-	-	1.04	4,728,576	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, the total balance of guarantee shall not exceed the Company’s total 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, shall not exceed two-hundred-and-fifty percent (250%) of the Company’s 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.
- 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 audited by the Company’s independent accountants.
- Note 8: Spot buy/sell average exchange rates of Bank of Taiwan as of the end of December 2024 are used to estimate the amount in New Taiwan dollar.

**TABLE 3**

**JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(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	December 31, 2024				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	\$ 56,381	11	\$ 56,381	-
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 and net of allowance for losses. The carrying amount of the financial assets that is not measured at fair value is the carrying amount of the amortized cost (net of allowance for losses).
- 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 information about subsidiaries, associates and joint ventures, please refer to Tables 7 and 8.

**TABLE 4**

**JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Jinan Acetate Chemical	Acetek Material	Subsidiary	Purchases	\$ 607,906	11.00	Same as those for unrelated parties	No significant difference	No significant difference	\$ -	-	Note 2
Acetek Material	Jinan Acetate Chemical	Parent company	Sales	(607,906)	(3.00)	Same as those for unrelated parties	No significant difference	No significant difference	-	-	Note 3
	Acetek Momentum	Brother-sister corporation	Purchases	329,860	6.00	Same as those for unrelated parties	No significant difference	No significant difference	(147,561)	(21.55)	-
Acetek Momentum	Acetek Material	Brother-sister corporation	Sales	(329,860)	(2.00)	Same as those for unrelated parties	No significant difference	No significant difference	147,561	11.23	-
Jinan Acetate Chemical	Acetek Environmental	Brother-sister corporation	Purchases	732,662	13.00	Same as those for unrelated parties	No significant difference	No significant difference	(233,986)	(34.16)	-
Acetek Environmental	Jinan Acetate Chemical	Brother-sister corporation	Sales	(732,662)	(4.00)	Same as those for unrelated parties	No significant difference	No significant difference	233,986	17.81	-
	Acetek Material	Brother-sister corporation	Purchases	154,201	3.00	Same as those for unrelated parties	No significant difference	No significant difference	-	-	-
Acetek Material	Acetek Environmental	Brother-sister corporation	Sales	(154,201)	(1.00)	Same as those for unrelated parties	No significant difference	No significant difference	-	-	-
Jinan Acetate Chemical	Global Filters S.A	Substantive related party	Sales	(124,535)	(1.00)	Same as those for unrelated parties	No significant difference	No significant difference	6,079	46.00	-

Note 1: Differences in the condition of transactions between related parties and general customers should be noted on the table.

Note 2: The prepayment of \$59,680 thousand; purchase prices have no significant difference from general customers.

Note 3: The advance receipt of \$59,680 thousand; sales prices have no significant difference from general customers.

Note 4: Actual capital amount is the actual amount from the parent company, issuer of no par stock or par value stock less than \$10 New Taiwan dollar shall follow the actual capital amount as 20% of transaction amount rule; equity is calculated at 10% of the equity in the parent company’s balance sheet.

Note 5: The transactions between the Company and investee companies, except Global Filters S.A. have already been eliminated in the preparation of the consolidated financial statements.

**TABLE 5**

**JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
My Parents	Jinan Acetate Chemical	Brother-sister corporation	Other receivables      \$ 2,549,043	-	\$ -	-	\$ -	\$ -	Notes 1 and 2
Acetek Environmental	Jinan Acetate Chemical	Brother-sister corporation	Accounts receivable      233,986	3.85	-	-	-	-	Note 1
Acetek Momentum	Acetek Material	Brother-sister corporation	Accounts receivable      147,561	3.19	-	-	-	-	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 \$2,549,043 thousand.

TABLE 6

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	Jinan Acetate Chemical Co., Ltd.	Jinan Acetate Chemical	1	Other non-current liabilities	\$ 291,707	In accordance with mutual contracts	1
1	My Parents	Jinan Acetate Chemical	1	Other non-current liabilities	385,327	In accordance with mutual contracts	1
2	Jinan Acetate Chemical	My Parents	2	Other payables	2,549,043	In accordance with mutual contracts	12
		Acetek Environmental	3	Accounts payable	233,986	In accordance with mutual contracts	1
		Acetek Environmental	3	Purchases	732,662	In accordance with mutual contracts	5
		Acetek Material	3	Purchases	607,906	In accordance with mutual contracts	4
3	Acetek Material	Acetek Momentum	3	Purchases	329,860	In accordance with mutual contracts	2
		Acetek Momentum	3	Accounts payable	147,561	In accordance with mutual contracts	1
4	Acetek Environmental	Acetek Material	3	Purchases	154,201	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 important transactions listed accord with the materiality principle of the Company.

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

**TABLE 7**

**JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2024	December 31, 2023	Shares	%	Carrying Amount			
Jinan Acetate Chemical Co., Ltd.	My Parents	Hong Kong	Investments	\$ 974,921	\$ 974,921	Note 3	100	\$ 15,273,648 (Note 2)	\$ 8,248,763	\$ 8,248,763 (Note 2)	-
	Acetek SG	Singapore	Investments	-	-	1	100	-	-	-	-
My Parents	Acetek Chemical	Hong Kong	Investments	39,196	39,196	Note 3	80	112,421 (Note 2)	90,212	72,169 (Note 2)	-

Note 1: The share of profit or loss of other companies was calculated according to the investee company’s financial statement audited 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 8.



TABLE 8

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 4)	Carrying Amount as of December 31, 2024 (Note 4)	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
Jinan Acetate Chemical	Manufacturing and sales of cellulose acetate tow	\$ 2,168,662 (RMB 493,017 thousand)	c	\$ -	\$ -	\$ -	\$ -	\$ 8,145,129	100	\$ 8,145,129 (Note 2 b (2))	\$ 9,322,813	\$ -	-
Acetek Material	Manufacturing and sales of cellulose acetate	678,648 (RMB 147,000 thousand)	c	-	-	-	-	267,764	88	228,835 (Note 2 b (2))	1,092,543	-	Note 3
Acetek Momentum	Manufacturing and sales of cellulose anhydride	394,799 (RMB 91,103 thousand)	c	-	-	-	-	36,361	100	36,361 (Note 2 b (2))	542,974	-	-
Acetek Environmental	Manufacturing and sales of cellulose acetate fiber	1,104,579 (RMB 248,897 thousand)	c	-	-	-	-	162,037	100	162,037 (Note 2 b (2))	1,374,441	-	-
Acetek Aspiration Trading	Sales of cellulose acetate	4 (RMB 1 thousand)	c	-	-	-	-	(61)	100	(61) (Note 2 b (2))	427	-	-
Acetek Aspiration	Manufacturing and sales of high-performance fibers	1,657,870 (RMB 372,073 thousand)	c	-	-	-	-	79,466	100	79,466 (Note 2 b (2))	1,370,622	-	-
Acetek Guardian	Manufacturing and sale of hydroxyethyl cellulose ether and specialty cotton cellulose	254,905 (RMB 56,986 thousand)	c	-	-	-	-	1,509	100	1,509 (Note 2 b (2))	256,703	-	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ -	\$ -	\$ -

(Continued)

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.

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 audited and certified by an international accounting firm in cooperation with accounting firm in the ROC.
  - 2) The financial statements were audited 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)

**TABLE 9****JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
BRIGHT PEARL ENTERPRISES LTD.	28,403,486	28.71
Yuanta Securities Co., Ltd. is entrusted with the custody of the investment account of Mark River Trading Co., Ltd.	12,038,040	12.17

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.