

# **Jinan Acetate Chemical Co., LTD.**

## **2021 Annual Shareholders' Meeting Minutes**

(Translation)

**Time and Date:** 9:00 a.m., April 15, 2021

**Place:** No. B2 meeting room, 176, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City  
(B2 Conference Room of Concord Securities Corp)

**Total outstanding shares:** 49,992,700 shares

**Total shares represented by shareholders present in person or by proxy:** 36,094,393 shares

**Percentage of shares held by shareholders present in person or by proxy:** 72.19%

**Directors present:** Wang, Ko-Chang 、 Hsu, Cheng-Tsai 、 Meng, Ching-Li 、 Lin, Tzer-Jong 、  
Lin, Wen-Cheng 、 Yu, Ching-Hsien

**Chairman:** Wang, Ko-Chang, the Chairman of the Borad of Directors

**Recorder:** Yu, Chih-Lin

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum, The Chairman called the meeting to order.

**Chair's Address:** omitted

### **A.Matters to Report**

1. Business Report of 2020

Explanation: Business Report of 2020, please refer to Attachment 1.

2. Audit Committee's Review Report of 2020

Explanation: Audit report issued by Audit Committee for of 2020, please refer to Attachment 2.

3. The Status report on the First and Second Domestic Unsecured Convertible Corporate Bonds

Explanation:

- i. To repay the loans issued by the bank and expand working capital, the Company was approved, through with Ref. No.: Jin-Guan-Zheng-Fa-Tzu No. 1060016481 dated May 19, 2017 from Financial Supervisory Commission, Executive Yuan, to issue 5-year unsecured convertible bonds in the amount of NT\$500,000,000, which were exchange-traded from June 9, 2017. As of February 17, 2021, no creditor exercised the conversion right.
  - ii. To repay the loans issued by the bank and expand working capital, the Company was approved, through with Ref. No.: Jin-Guan-Zheng-Fa-Tzu No. 1090353890 dated August 28, 2020 from Financial Supervisory Commission, Executive Yuan, to issue 5-year unsecured convertible bonds in the amount of NT\$600,000,000, which were exchange-traded from September 25, 2020. As of February 17, 2021, no creditor exercised the conversion right.
  - iii. The Status report on the First and Second Domestic Unsecured Convertible Corporate Bonds is attached. Please refer to Attachment 3.
4. The distribution of employees' and directors' remuneration of 2020
- Explanation:
- i. According to the Articles of Incorporation, when the Company has any profit in any fiscal year, it shall allocate no less than 1% of the profit to be employees' remuneration. The persons to whom the employees' remuneration is allocated shall include the employees of its affiliate who have met the requirements provided. The Company shall also allocate no more than 3% of the aforementioned profit to be directors' remuneration.
  - ii. The directors' remuneration and the employees' remuneration allocated by the Company in 2020 were NT\$1,000,000 and NT\$5,122,000 respectively. Both were allocated in cash.

## **B.Matters for Approval**

Case 1

**Subject: Adoption of the 2020 Business Report and Consolidated Financial**

## Statements.

### Explanation:

1. The Company's business report and consolidated financial statements of 2020 have been prepared, and the financial statements have been audited and certified by CPAs. The financial statements and the business report have also been reviewed by audit committee and adopted by the board of directors through its resolution, and are hereby presented to the shareholders' meeting for recognition.
2. For the aforementioned statements and report, please refer to Attachments 1, 2, 4.

### Resolution:

### Voting Results:

Shares represented at the time of voting: 36,094,393

Voting Results*	%of the total represented share present
Votes in favor : 35,995,059 votes ( 23,565,759 votes )	99.72%
Votes against : 2,235 votes ( 2,235 votes )	0.00%
Votes invalid : 0 votes	0.00%
Votes abstained : 97,099 votes ( 11,089 votes )	0.26%

\*including votes casted electronically ( numbers in brackets )

**RESOLVED**, that the above proposal be and hereby was approved as proposed.

Case 2

**Subject: Adoption of the Proposal for Distribution of 2020 Profits.**

### Explanation:

1. The Company's statement of earning distribution of 2020 is provided below.
2. It is proposed to distribute a stock dividend of NT\$74,989,050, and an allotment

of NT\$1.5 per share, that is, a stock dividend of 150 shares per 1,000 shares; and a cash dividend of NT\$274,959,850, that is, a new allotment per share. NT\$5.5, rounded to the nearest integer, shall be allocated and that the total of any fractional amount less than NT\$1 shall be listed as other incomes of the Company.

3. It is proposed that the chairman of the board of directors shall be authorized at the shareholders' meeting to adjust the distribution yield in case that the distribution yield needs to be amended due to outstanding shares influenced by any change of capital stock in the future.
4. It is proposed that the chairman of the board of directors shall be authorized at the shareholders' meeting to determine ex-dividend date, distribution date and other matters relevant to distribution of cash dividends.

**Jinan Acetate Chemical Co., LTD.**

**Earning Distribution Statement**

**Year 2020**

Unit: NT\$

Item	Amount
<b>Beginning balance of undistributed earnings</b>	4,967,535
<b>Add: Net profit this year</b>	504,557,580
<b>Allocated legal reserve (10%)</b>	(50,455,758)
<b>Turnover special reserve</b>	15,389,960
Earnings distributable	474,459,317
Allocated items:	
<b>Bonuses to shareholders × Cash dividend NT\$5.5</b>	(274,959,850)
<b>Bonuses to shareholders × Stock dividend NT\$1.5</b>	(74,989,050)
Ending balance of undistributed earnings	124,510,417

Note 1: The number of shares is calculated based on the number of the shares outstanding upon the board meeting convened on March 5, 2021, i.e.

49,992,700 shares. The treasury stock of 1,084,000 shares was excluded.

Note 2: In the earning distribution, the earnings distributable in 2020 were distributed first, and in case of any insufficiency, the distributable earnings accumulated from previous years are distributed by using the first in first out method based on the year when earnings have been generated.

Chairman: Wang, Ko-Chang Manager: Wang, Ko-Chang Accounting Supervisor: Chen, Chieh-Jui

Resolution:

Voting Results:

Shares represented at the time of voting: 36,094,393

Voting Results*	%of the total represented share present
Votes in favor : 35,983,060 votes ( 23,553,760 votes )	99.69%
Votes against : 14,234 votes ( 14,234 votes )	0.03%
Votes invalid : 0 votes	0.00%
Votes abstained : 97,099 votes ( 11,089 votes )	0.26%

\*including votes cated electronically ( numbers in brackets )

**RESOLVED**, that the above proposal be and hereby was approved as proposed.

## **C.Matters for Discussion**

Case 1

**Subject: Amendment to the Regulations Governing Derivatives Transactions Conducted. Please proceed to discuss.**

Explanation:

Since the company has already replaced the function of supervisor with

independent directors, it is proposed to amend some of the “Regulations Governing Derivatives Transactions Conducted ”.Please refer to Attachment 5 for the comparison table between the proposed amendments and the original Regulations Governing Derivatives Transactions Conducted (this handbook pp 26).

Resolution:

Voting Results:

Shares represented at the time of voting: 36,094,393

Voting Results*	%of the total represented share present
Votes in favor : 35,960,772 votes ( 23,531,472 votes )	99.62%
Votes against : 20,235 votes ( 20,235 votes )	0.05%
Votes invalid : 0 votes	0.00%
Votes abstained : 113,386 votes ( 27,376 votes )	0.31%

\*including votes cated electronically ( numbers in brackets )

**RESOLVED**, that the above proposal be and hereby was approved as proposed.

Case 2

**Subject: Amendment to the Rules of Procedure for Shareholder Meetings. Please proceed to discuss.**

Explanation:

In order to comply with laws and regulations, improve corporate governance and safeguard shareholders’ rights, the company plans to amend the "Rules of Procedures for Shareholders’ Meetings".Please refer to Attachment 6 for the comparison table between the proposed amendments and the original Rules of Procedure for Shareholder Meetings (this handbook pp 27~29).

Resolution:

Voting Results:

Shares represented at the time of voting: 36,094,393

Voting Results*	%of the total represented share present
Votes in favor : 35,975,059 votes ( 23,545,759 votes )	99.66%
Votes against : 17,235votes ( 17,235 votes )	0. 04%
Votes invalid : 0 votes	0. 00%
Votes abstained : 102,099 votes ( 16,089 votes )	0. 28%

\*including votes cated electronically ( numbers in brackets )

**RESOLVED**, that the above proposal be and hereby was approved as proposed.

Case 3

**Subject: Increase Capital through Transferring Retained Earnings and Issuing of New Shares.**

Explanation:

1. The company intends to increase capital of NT\$74,989,050 by transferring retained earnings, and issue 7,498,905 new shares with a par value of NT\$10 per share. After the issuance of new shares, the paid-in capital will be NT\$585,756,050.
2. The new share issuance of this capital increase is based on the number of shares held by shareholders as recorded in the shareholder register on the base date of the allotment. 150 new shares will be allotted for every thousand shares. The allotment of odd shares will be changed to cash (rounded to the nearest integer). The shares shall be subscribed by the board of directors authorized by the chairman of the board to contact a specific person at face value.
3. It is proposed that the chairman of the board of directors shall be authorized at the shareholders' meeting to adjust the allotment ratio in case that the allotment ratio needs to be amended due to outstanding shares influenced by any change of capital stock in the future.
4. The shareholder rights and obligations of the new shares are the same as those of existing shares.
5. After the approval of the Annual Meeting of Shareholders, the new shares will be distributed on a record date determined by the Board.



Resolution:

**VOTING RESULTS:**

Voting Results:

Shares represented at the time of voting: 36,094,393

Voting Results*	%of the total represented share present
Votes in favor : 35,969,059 votes ( 23,539,759 votes )	99.65%
Votes against : 29,235 votes ( 29,235 votes )	0. 08%
Votes invalid : 0 votes	0. 00%
Votes abstained : 96,099 votes ( 10,089 votes )	0. 26%

\*including votes cated electronically ( numbers in brackets )

**RESOLVED**, that the above proposal be and hereby was approved as proposed.

**D. Questions and Motions:** None

**E. Adjournment:** The meeting was adjourned at 9:45 a.m.

## Attachment 1

# Jinan Acetate Chemical Co., LTD. Business Report of 2020

Dear Shareholders, Madams and Sirs:

First, we would like to thank all of you for your support and encouragement for the past year. The Company's business result of 2020 is hereby reported as follows:

### I. Business Result of 2020

#### (i) Result of Implementation of Business Plan

In 2020, the consolidated revenue of the Company was NT\$2,353,380 thousand, which is 8.20% more than NT\$2,174,990 thousand of last year. The consolidated net profit after tax was NT\$509,581 thousand, which is 53.83% more than NT\$331,257 thousand of last year. Revenues from tow and flake in this period both hit a record high. Although the world is affected by COVID-19, overall, the changes in the company's product portfolio are conducive to profitability. The increase in gross profit margin is mainly due to the continuous optimization of the manufacturing process and production efficiency improvement and expanding economies of scale. Tow revenue increased by 9.17% compared with last year, and vinegar tablets increased by 5.82% compared with last year.

Therefore, the Company will continue to develop better specifications for products and be devoted to integrate upstream materials to reduce cost further. In addition to maintaining existing customers, the Company will also develop niche market, look for strategic alliance and expand supply. Basically, the Company remains optimistic for the growth of business in the future.

#### (ii) Analysis of Financial Incomes and Expenses and Profitability

Items		Year 2019	Year 2020
Financial structure (%)	Debt Ratio	46.92	48.27
	Ratio of long-term capital to property, plant and equipment	167.18	244.10
Profitability	Return on asset (%)	14.32	18.67
	Return on equity (%)	24.87	34.19
	Pre-tax income to paid-in capital (%)	74.08	108.24
	Profit ratio (%)	15.23	21.65
	Earnings per share (NT\$)	6.52	10.07

The ratio of liabilities to assets in 2020 is slightly higher than that in 2019, and the ratio of long-term capital to real estate, plant and equipment in 2020 is higher than that in 2019, which is mainly due to convertible corporate bonds and enrich working capital.

The return on assets, return on equity, Pre-tax income to paid-in capital, and Profit ratio and Earnings per share in 2020 are all better than 2019, mainly due to the company's 2020 pre-tax and tax. The net profit afterwards has improved compared

with 2019.

(iii) Status of R&D

As for the R&D direction, the Group not only continues to develop and improve manufacturing process to strengthen its ability of production and manufacturing, but also designs different process conditions. In addition to applying its experience obtained from current products, the Group also develops relevant material parameters, equipment parameters and craftwork parameters. To develop new products, a company has to accumulate necessary technology and experience. With such technology and experience, a company is then able to mass-produce new products with high yield and high quality to enhance the technical threshold for the industry. The Company, after making effort for many years, has obtained a high level of technology maturity, and its relevant products have also been recognized by lots of companies in more than 50 countries in the world.

II. Summary of Business Plan of 2021

(i) Guidelines for Management

1. Focus the niche market with growth potential in an emerging country, and make revenue grow stably.
2. Focus on development of the products with special specifications of cellulose diacetate tow, in addition to the products with general specifications, to satisfy the requirements of specifications required by customers in the world.
3. Strengthen on-the-job training for existing employees, enhance R&D ability, and cooperate with external resources, including institute of science and technology and relevant agencies, to positively research and develop the strategy of applying acetate fiber materials to products, in order to accumulate experience and develop new technology rapidly and ensure and enhance competitiveness in research and development.
4. Provide sound technical service, and customize diversified products with stable quality and a small quantity based on the need for products required by the customer.
5. Continue to look for opportunities of integrating upstream and downstream suppliers vertically, reduce cost and expand downstream supply.

(ii) Important Production and Marketing Policies

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

III. Corporate Future Development Strategy

(i) Development of Products

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

(ii) Marketing Strategy

Maintain existing customers, positively look for potential customers by participating trade shows overseas, develop in an emerging country the market that has potential in order to expand business, and choose quality customers to be partners in business and grow with the partners.

(iii) Production Strategy

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

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

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

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

We wish you good health and all the best.

Chairman: Wang, Ko-Chang

General Manager: Wang, Ko-Chang

CFO: Chen, Chieh-Jui

Attachment 2

Jinan Acetate Chemical Co., LTD.  
Audit Committee's Review Report

The board of directors has prepared the company's business report, consolidated financial statements and statement of earning distribution of 2020. The consolidated financial statements have already been audited and certified by Lee Tung-Feng and Huang Yao-Lin, CPAs of Deloitte Taiwan, and the auditors' report has been issued. The audit committee has reviewed the above business report, consolidated financial statements and statement of earning distribution and believed that nothing in those statements was non-compliant. This report is hereby issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

This report is hereby submitted to the general meeting of shareholders of 2021.

Jinan Acetate Chemical Co., LTD.

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

On the Date of March 5, 2021

Attachment 3:

Trading of First and Second Unsecured Convertible Bonds of the Company in 2020 in the R.O.C.

Type of Bonds	1 <sup>st</sup> Unsecured Convertible Corporate Bond.
Date of Issue (Trading)	Issued on June 9, 2017
Denomination	NT\$100 thousand
Place of Issue and Trading	Taipei Exchange (OTC Market)
Total Amount	Amount issued: NT\$500,000,000 Amount raised: NT\$505,000,000
Interest Rate	Annual interest rate 0%
Period	5-year period; Date of maturity: June 9, 2022
Capital Not Repaid Yet	NT\$500,000 thousand
Other Rights Attached	Amount of converted (exchanged or subscribed) common shares, overseas depository receipts or other marketable securities as of the date of publication of the annual report  Amount of convertible bonds after exercise of conversion right: NT\$0; Total converted common shares: 0 share
Possible dilution of share rights and current shareholders' equity influenced by regulations of issuance, conversion, exchange or subscription or conditions of issuance	If all are converted to common shares at the current conversion price NT\$137.0, then 3,649,635 shares have to be issued, which are 7.15% of total issued shares. Its influence on shareholders' equity is limited.

Type of Bonds	2 <sup>rd</sup> Unsecured Convertible Corporate Bond.	
Date of Issue (Trading)	Issued on September 25, 2020	
Denomination	NT\$100 thousand	
Place of Issue and Trading	Taipei Exchange (OTC Market)	
Total Amount	Amount issued: NT\$600,000,000 Amount raised: NT\$606,000,000	
Interest Rate	Annual interest rate 0%	
Period	5-year period; Date of maturity: September 25, 2025	
Capital Not Repaid Yet	NT\$600,000 thousand	
Other Rights Attached	Amount of converted (exchanged or subscribed) common shares, overseas depositary receipts or other marketable securities as of the date of publication of the annual report	Amount of convertible bonds after exercise of conversion right: NT\$0; Total converted common shares: 0 share
Possible dilution of share rights and current shareholders' equity influenced by regulations of issuance, conversion, exchange or subscription or conditions of issuance	If all are converted to common shares at the current conversion price NT\$130.7, then 4,590,666 shares have to be issued, which are 8.99% of total issued shares. Its influence on shareholders' equity is limited.	

## Attachment 4

### **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, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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, 2020. 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, 2020 are stated as follows:

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

At the year ended December 31, 2020, the Group's revenue increased compare to the year ended December 31, 2019. In 2020, among part of the Group's customers have substantial growth in operating revenue than previous year. We, therefore, consider the recognition of operating revenue growth with customers sales, which have substantial growth in operating revenue than previous year as a key audit matter. Please refer to Notes 4 and 22 to the consolidated financial statements for the relevant accounting policy.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in 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 auditing standards generally accepted in 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 Group'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, 2020 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 Tung-Feng Lee and Yao-Ling Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 5, 2021

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 831,330	27	\$ 589,261	23
Financial assets at amortized cost - current (Notes 4, 9 and 29)	4,865	-	98,106	4
Notes and accounts receivable, net (Notes 4, 10 and 22)	586,078	19	350,644	14
Accounts receivable from related parties (Notes 4, 10, 22 and 28)	75,387	3	87,249	3
Other receivables (Note 4)	35,585	1	26,128	1
Current tax assets (Notes 4 and 24)	3,628	-	14,028	-
Inventories, net (Notes 4 and 11)	219,979	7	242,969	9
Prepayments (Notes 16 and 28)	63,982	2	54,319	2
Other current assets (Notes 4, 28 and 29)	92,318	3	67,065	3
Total current assets	<u>1,913,152</u>	<u>62</u>	<u>1,529,769</u>	<u>59</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	25,829	1	31,716	1
Property, plant and equipment (Notes 4, 13 and 29)	898,321	29	826,705	32
Right-of-use assets (Notes 4, 14 and 29)	53,811	2	55,248	2
Investment properties, net (Notes 4, 15 and 29)	101,897	3	100,220	4
Deferred tax assets (Notes 4 and 24)	34,080	1	21,533	1
Other non-current assets (Note 4 and 16)	81,977	2	21,083	1
Total non-current assets	<u>1,195,915</u>	<u>38</u>	<u>1,056,505</u>	<u>41</u>
<b>TOTAL</b>	<u>\$ 3,109,067</u>	<u>100</u>	<u>\$ 2,586,274</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 17)	\$ 56,960	2	\$ 299,800	11
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 18)	21,798	1	46,300	2
Contract liabilities - current (Note 22)	47,573	1	16,450	1
Notes and accounts payable, net (Note 28)	157,488	5	222,386	9
Other payables (Notes 19 and 28)	156,896	5	157,288	6
Current portion of bonds payable (Notes 4 and 18)	473,921	15	456,564	18
Other current liabilities	1,657	-	5,382	-
Total current liabilities	<u>916,293</u>	<u>29</u>	<u>1,204,170</u>	<u>47</u>
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss - non-current (Notes 4, 7 and 18)	61,140	2	-	-
Bonds payable (Notes 4 and 18)	513,646	17	-	-
Deferred tax liabilities (Notes 4 and 24)	9,577	-	9,420	-
Total non-current liabilities	<u>584,363</u>	<u>19</u>	<u>9,420</u>	<u>-</u>
Total liabilities	<u>1,500,656</u>	<u>48</u>	<u>1,213,590</u>	<u>47</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)</b>				
Share capital				
Ordinary Shares	510,767	17	510,767	20
Capital surplus	433,575	14	433,575	17
Retained earnings				
Legal reserve	133,588	4	100,620	4
Special reserve	78,601	3	21,406	1
Unappropriated earnings	509,525	16	332,779	13
Total retained earnings	721,714	23	454,805	18
Other equity				
Exchange differences on translating the financial statements of foreign operations	(110,395)	(4)	(130,806)	(5)
Unrealized valuation loss on financial assets at fair value through other comprehensive income	(15,619)	-	(10,597)	-
Revaluation surplus	65,146	2	65,146	2
Total other equity	(60,868)	(2)	(76,257)	(3)
Treasury shares	(115,905)	(4)	(63,586)	(3)
Total equity attributable to owners of the Company	1,489,283	48	1,259,304	49
<b>NON-CONTROLLING INTERESTS</b>	<u>119,128</u>	<u>4</u>	<u>113,380</u>	<u>4</u>
Total equity	<u>1,608,411</u>	<u>52</u>	<u>1,372,684</u>	<u>53</u>
<b>TOTAL</b>	<u>\$ 3,109,067</u>	<u>100</u>	<u>\$ 2,586,274</u>	<u>100</u>

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

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

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 28)	\$ 2,353,380	100	\$ 2,174,990	100
OPERATING COSTS (Notes 11, 23 and 28)	<u>(1,564,853)</u>	<u>(67)</u>	<u>(1,501,761)</u>	<u>(69)</u>
GROSS PROFIT	<u>788,527</u>	<u>33</u>	<u>673,229</u>	<u>31</u>
OPERATING EXPENSES (Notes 23 and 28)				
Selling and marketing expenses	(126,578)	(5)	(116,685)	(5)
General and administrative expenses	(65,306)	(3)	(68,725)	(3)
Research and development expenses	<u>(97,428)</u>	<u>(4)</u>	<u>(96,675)</u>	<u>(5)</u>
Total operating expenses	<u>(289,312)</u>	<u>(12)</u>	<u>(282,085)</u>	<u>(13)</u>
PROFIT FROM OPERATIONS	<u>499,215</u>	<u>21</u>	<u>391,144</u>	<u>18</u>
NON-OPERATING INCOME AND EXPENSES (Note 23)				
Other income	49,077	2	26,859	1
Other gains and losses	(27,010)	(1)	(19,228)	(1)
Finance costs	(25,860)	(1)	(23,347)	(1)
Interest income	1,778	-	2,833	-
Net gain on fair value changes of financial liabilities at fair value through profit or loss (Note 18)	<u>55,650</u>	<u>2</u>	<u>100</u>	<u>-</u>
Total non-operating income and expenses	<u>53,635</u>	<u>2</u>	<u>(12,783)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	552,850	23	378,361	17
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(43,269)</u>	<u>(2)</u>	<u>(47,104)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>509,581</u>	<u>21</u>	<u>331,257</u>	<u>15</u>

(Continued)

# JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	\$ (6,278)	-	\$ (13,246)	(1)
Exchange differences arising on translation to the presentation currency	<u>22,392</u>	<u>1</u>	<u>(51,226)</u>	<u>(2)</u>
Total other comprehensive income (loss)	<u>16,114</u>	<u>1</u>	<u>(64,472)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 525,695</u>	<u>22</u>	<u>\$ 266,785</u>	<u>12</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 504,558	22	\$ 329,677	15
Non-controlling interests	<u>5,023</u>	<u>-</u>	<u>1,580</u>	<u>-</u>
	<u>\$ 509,581</u>	<u>22</u>	<u>\$ 331,257</u>	<u>15</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 519,947	22	\$ 272,482	12
Non-controlling interests	<u>5,748</u>	<u>-</u>	<u>(5,697)</u>	<u>-</u>
	<u>\$ 525,695</u>	<u>22</u>	<u>\$ 266,785</u>	<u>12</u>
EARNINGS PER SHARE (NT\$, Note 25)				
Basic	<u>\$ 10.07</u>		<u>\$ 6.52</u>	
Diluted	<u>\$ 9.87</u>		<u>\$ 6.40</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, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Other Equity							Total Equity
	Share Capital		Capital Surplus	Retained Earnings			Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gains on Property Revaluation	Total	Treasury Shares	Total	Non-controlling Interests	
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings									
BALANCE AT JANUARY 1, 2019	46,480	\$ 464,800	\$ 479,542	\$ 78,110	\$ 7,344	\$ 278,542	\$ 308,996	\$ (84,208)	\$ -	\$ 65,146	\$ (19,062)	\$ (52,124)	\$ 1,187,152	\$ 109,295	\$ 1,291,447
Appropriation of 2018 earnings	-	-	-	22,510	-	(22,510)	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	(19,062)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	(183,868)	(183,868)	-	-	-	-	-	(183,868)	-	(183,868)
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	22,510	19,062	(225,440)	(183,868)	-	-	-	-	-	(183,868)	-	(183,868)
Net profit (loss) for the year ended December 31, 2019	-	-	-	-	-	329,677	329,677	-	-	-	-	-	329,677	1,580	331,257
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	(46,598)	(10,597)	-	(57,195)	-	(57,195)	(7,277)	(64,472)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	329,677	329,677	(46,598)	(10,597)	-	(57,195)	-	272,482	(5,697)	266,785
Issuance of share dividends from capital surplus	4,597	45,967	(45,967)	-	-	-	-	-	-	-	-	-	-	-	-
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	(11,462)	(11,462)	-	(11,462)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	9,782	9,782
BALANCE AT DECEMBER 31, 2019	51,077	510,767	433,575	100,620	21,406	332,779	454,805	(130,806)	(10,597)	65,146	(76,257)	(63,586)	1,259,304	113,380	1,372,684
Appropriation of 2019 earnings	-	-	-	32,968	-	(32,968)	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	(57,195)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	(237,649)	(237,649)	-	-	-	-	-	(237,649)	-	(237,649)
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	32,968	57,195	(327,812)	(237,649)	-	-	-	-	-	(237,649)	-	(237,649)
Net profit (loss) for the year ended December 31, 2020	-	-	-	-	-	504,558	504,558	-	-	-	-	-	504,558	5,023	509,581
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	20,411	(5,022)	-	15,389	-	15,389	725	16,114
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	504,558	504,558	20,411	(5,022)	-	15,389	-	519,947	5,748	525,695
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	(52,319)	(52,319)	-	(52,319)
BALANCE AT DECEMBER 31, 2020	51,077	510,767	433,575	133,588	78,601	509,525	721,714	(110,395)	(15,619)	65,146	(60,868)	(115,905)	1,489,283	119,128	1,608,411

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 552,850	\$ 378,361
Adjustments for:		
Depreciation expenses	105,376	98,227
Net gain on fair value changes of financial liabilities at fair value through profit or loss	(55,650)	(100)
Finance costs	25,860	23,347
Interest income	(1,778)	(2,833)
Loss on disposal of property, plant and equipment	22	34
Write-downs of inventories	267	657
Changes in operating assets and liabilities		
Notes receivable	(137,307)	(15,768)
Accounts receivable	(98,127)	(71,963)
Accounts receivable from related parties	11,862	(38,099)
Other receivables	(8,822)	(8,741)
Inventories	22,723	77,069
Prepayments	(9,663)	28,999
Other current assets	(25,253)	56,525
Contract liabilities	31,123	9,254
Notes and accounts payable	(64,898)	(22,813)
Other payables	(392)	(91)
Other current liabilities	(2,682)	1,331
Cash generated from operations	<u>345,511</u>	<u>513,396</u>
Interest paid	(3,993)	(6,625)
Income taxes paid	<u>(46,796)</u>	<u>(41,048)</u>
Net cash generated from operating activities	<u>294,722</u>	<u>465,723</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	-	(47,308)
Purchase of financial assets at amortized cost	(3,798)	(98,106)
Proceeds from disposal of financial assets at amortized cost	98,680	633
Payments for property, plant and equipment	(141,008)	(84,453)
Proceeds from disposal of property, plant and equipment	2	14
Decrease in refundable deposits	-	15
Decrease in other non-current assets	1,368	12,260
Increase in prepayments for equipment	(80,162)	(20,442)
Interest received	<u>1,143</u>	<u>1,957</u>
Net cash used in investing activities	<u>(123,775)</u>	<u>(235,430)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (repayments of) short-term borrowings	(236,400)	191,654
Proceeds from issuance of convertible bonds	601,416	-

(Continued)



# JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

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	2020	2019
Proceeds from (refund of) guarantee deposits received	\$ (1,042)	\$ 1,318
Dividends paid to owners of the Company	(237,649)	(183,868)
Payments for buy-back of ordinary shares	(52,319)	(11,462)
Increase in non-controlling interests	<u>-</u>	<u>9,782</u>
Net cash generated from financing activities	<u>74,006</u>	<u>7,424</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(2,884)</u>	<u>(17,534)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	242,069	220,183
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>589,261</u>	<u>369,078</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 831,330</u>	<u>\$ 589,261</u>

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

(Concluded)

Attachment 5

Comparison Table between the Proposed Amendments and the Original Regulations Governing Derivatives Transactions Conducted.

Item	Original	Proposed Amendment	Reason for Amendment
5~5.4~5.4.1	5. Content 5.4 Internal audit 5.4.1 The internal auditors should regularly understand the adequacy of the internal control of derivative commodity transactions, check the compliance of the trading department with these measures on a monthly basis, analyze the transaction cycle, and prepare an audit report. If a major violation is found, the <u>supervisor</u> should be notified in writing .	5. Content 5.4 Internal audit 5.4.1 The internal auditors should regularly understand the adequacy of the internal control of derivative commodity transactions, check the compliance of the trading department with these measures on a monthly basis, analyze the transaction cycle, and prepare an audit report. If a major violation is found, the <u>independent director</u> should be notified in writing .	The company replaces the supervisory function with independent directors
5.9	These Rules were established on <u>December 4, 2014</u> .	These Rules were established on <u>April 15, 2021</u> .	Update the revision date of the shareholders meeting

Attachment 6

Comparison Table between the Proposed Amendments and the Original Rules of Procedure for Shareholder Meetings.

Item	Original	Proposed Amendment	Reason for Amendment
Article 3	<p>4.The election or dismissal or directors, change to the Articles of Association, company dissolution, merger or demerger and any matter listed under any subparagraph, first paragraph, Article 185 of the Company Act of the Republic of China (hereinafter the “Company Act”) or Articles 26-1 and 43-6 of the Securities Transaction Act of the Republic of China <u>must</u> be listed in the agenda and shall not proposed under Questions and Motions.</p> <p>5.A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of</p>	<p>4.The election or dismissal or directors, change to the Articles of Association, company dissolution, merger or demerger and any matter listed under any subparagraph, first paragraph, Article 185 of the Company Act of the Republic of China (hereinafter the “Company Act”) or Articles 26-1 or 43-6 of the Securities Transaction Act of the Republic of China <u>and 56-1 or 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> must be listed in the agenda and shall not proposed under Questions and Motions.</p> <p>5.A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article</p>	<p>1.Added other laws and regulations that cannot be proposed as temporary motions.</p> <p>2. Cooperate with the amendment to Article 172-5 of the Company Law, and the Jingshangzi No.10700105410 Letter, to amend the sixth paragraph of this article.</p>

	directors may exclude it from the agenda.	172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. <u>Shareholders may submit proposed proposals to urge the company to promote the public interest or fulfill its social responsibilities. The procedures shall be limited to one item in accordance with the relevant provisions of Article 172-1 of the Company Law. Any proposal with more than one item shall not be included in the proposal.</u>	
Article 9	2.The chairman shall announce the start of the meeting at the meeting time. However, if the attending shareholders represent less than the majority of all outstanding shares, the chairman may announce the meeting adjourned. There may be up to 2 adjournments. The time of adjournment shall not exceed a total of one hour. If the attending shareholders after 2 adjournments still represent less than 1/3 of all outstanding shares, the chairman shall announce the meeting failed.	2.The chairman shall announce the start of the meeting at the meeting time <u>and announce the relevant information such as the number of non-voting rights and the number of shares present.</u> However, if the attending shareholders represent less than the majority of all outstanding shares, the chairman may announce the meeting adjourned. There may be up to 2 adjournments. The time of adjournment shall not exceed a total of one hour. If the attending shareholders after 2 adjournments still represent less than 1/3 of all outstanding shares, the chairman shall announce the meeting failed.	To improve corporate governance and safeguard shareholder rights.

Article 14	1.The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.	1.The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected <u>and the list of unsuccessful directors and their voting rights.</u>	To improve corporate governance and safeguard shareholder rights.
-	These Rules were established on <u>December 4,2014</u>	These Rules were established on <u>April 15,2021</u>	Update the revision date of the shareholders meeting