Stock Code:4764

DOUBLE BOND CHEMICAL IND. CO., LTD.
And Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018 And Independent Auditors' Report

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DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

For the year ended December 31, 2019 (from January 1 to December 31, 2019), companies that should be included in the consolidated financial statements of affiliated enterprises according to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports" and companies that should be included in the consolidated financial statements of parent company and subsidiaries according to IFRS 10 are the same. Since the information that should be disclosed in the consolidated financial statements of affiliated enterprises has already been disclosed in the consolidated financial statements of parent company and subsidiaries, no consolidated financial statements of affiliated enterprises are prepared.

Very truly yours,

Double Bond Chemical Ind. Co., Ltd.
By:

WANG, TUNG-HAI
Chairman

March 25, 2020

Independent Auditors' Report

The Board of Directors and Shareholders
Double Bond Chemical Ind. Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Double Bond Chemical Ind. Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies ("collectively referred to as the consolidated financial statements").

In our opinion, the accompany consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, 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, Ruling No. 1090360805 announced by The Financial Supervisory Commission in February 25, 2020 and auditing standards generally accepted in the Republic of China. The audit work was carried out 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 in 2018.Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2019. 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 for the Group's consolidated financial statements for the year ended

December 31, 2019 are stated as follows:

Recognition of Sales Revenue

The Group's revenue is mainly contributed to from the sale of various chemical raw materials, coating monomers/oligomers, industrial additives, and special chemicals. Among them, the sales revenue of photo-curing materials has fluctuated greatly in recent years, and the amount of sales in 2019 accounts for a significant proportion of the total revenue. Therefore, the occurrence of sales revenue of photo-curing materials is listed as a key audit matters in 2019 for audit. According to the Group's accounting policies, sales revenue shall be recognized when the risks and rewards of ownership of the products are transferred to the buyer. If the Group fails to comply with the appropriate sales revenue policy or IFRS15, the recognition of sales revenue without completing the obligation will result in a significant misrepresentation of the consolidated financial statements. For the accounting policies related to the recognition of operating revenue, please refer to Note 4 and 24 of the consolidated financial statements.

Regarding our audit procedures in respect of the key audit matter, we performed the compliance tests to understand the Group's process for the recognition of revenue from the sale of Group's products and the design and implementation of its controls over the process. We tested sample transaction of revenue from the sale of company products to determine whether the timing of the transfer of the risks and rewards of ownership of the Group products matched the timing of revenue recognition.

Other Matter

We have also audited the parent company only financial statements of the Group as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations 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 the supervisors, 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when its 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 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 omission, 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 disclosure 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 achieve 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 and 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 compiled 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, 2019 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 CHEN,CHIH-YUAN and CHANG,CHING-JEN.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 25, 2020

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

December 31, 2019 and 2018

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 4 & 6)	$ 1,261,134	31	$ 1,118,547	26
1110	Financial assets at fair value through profit or loss－current (Note 4 & 7)	-	-	368,940	9
1136	Financial assets at amortized cost - current (Note 4, 9, 32)	9,583	-	20,004	-
1150	Notes receivable, net (Note 4,10, 24)	151,494	4	137,206	3
1170	Accounts receivable, net (Note 4,10, 24)	547,632	14	763,155	18
1180	Accounts receivable from related parties, net (Note 4,10, 24,31)	983	-	4,713	-
1200	Other receivables	9,870	-	8,883	-
130X	Inventories, net (Note 4 & 11)	394,831	10	586,468	14
1412	Lease paid in advance (Note 3,4 ,17)	-	-	215	-
1479	Other current assets (Note 4, 18, 32)	156,220	4	206,061	5
11XX	Total current assets	2,531,747	63	3,214,192	75
	Noncurrent Assets				
1517	Financial assets at fair value through other comprehensive income - noncurrent(Note 4, 8)	136,970	3	136,080	3
1600	Property, plant and equipment (Note 4, 13, 32)	1,077,652	27	835,381	19
1755	Right-of-use assets(Note 3, 4, 14)	25,414	-	-	-
1805	Goodwill (Note 4 & 15)	26,593	1	26,593	1
1821	Other intangible assets (Note 4 & 16)	2,356	-	3,620	-
1840	Deferred tax assets (Note 4 & 26)	29,645	1	14,311	-
1985	Long-term lease paid in advance (Note 3,4,17)	-	-	19,278	1
1915	Prepayments for Business Facilities	191,941	5	43,347	1
1990	Other noncurrent assets (Note 18)	16,061	-	19,155	-
15XX	Total noncurrent assets	1,506,632	37	1,097,765	25
1XXX	Total assets	$ 4,038,379	100	$ 4,311,957	100
Code	**Liabilities and Equity**				
	Current Liabilities				
2100	Short-term borrowings (Note 19 & 32)	$ 155,000	4	$ -	-
2120	Financial liabilities at fair value through profit or loss - current (Note 4, 7, 20)	1,980	-	-	-
2130	Contract liabilities (Note 4 & 24)	5,981	-	13,133	-
2150	Notes payable	68,919	2	126,414	3
2170	Accounts payable	219,098	5	214,485	5
2180	Accounts payable to related parties (Note 31)	86,615	2	131,719	3
2219	Other accounts payable (Note 21)	112,714	3	162,049	4
2230	Current tax liabilities (Note 4 & 26)	26,693	1	84,407	2
2280	Lease liabilities - current(Note 3, 4, 14)	4,640	-	-	-
2321	Current portion of long-term bonds payable (Note 4 & 20)	585,815	15	-	-
2322	Current portion of long-term borrowings (Note 19 & 32)	9,621	-	6,601	-
2399	Other current liabilities (Note 21)	3,483	-	3,762	-
21XX	Total current liabilities	1,280,559	32	742,570	17
	Noncurrent liabilities				
2500	Financial liabilities at fair value through profit or loss - noncurrent (Note 4, 7, 20)	-	-	3,180	-
2530	Bonds payable (Note 4 & 20)	-	-	577,232	14
2540	Long-term borrowings (Note 19 & 32)	345,780	9	341,701	8
2570	Deferred tax liabilities (Note 4 & 26)	41,635	1	57,450	1
2580	Lease liabilities - non-current(Note 3, 4, 14)	2,378	-	-	-
2640	Net defined benefit liabilities - noncurrent (Note 4 & 22)	10,062	-	8,347	-
2670	Other noncurrent liabilities (Note 21)	-	-	3	-
25XX	Total noncurrent liabilities	399,855	10	987,913	23
2XXX	Total Liabilities	1,680,414	42	1,730,483	40
	Owner's equity of this Company				
3110	Common stock	767,886	19	698,078	16
3200	Capital surplus	362,640	9	362,640	9
	Retained earnings				
3310	Legal reserve	201,760	5	145,537	3
3320	Special reserve	19,736	-	82,327	2
3350	Unappropriated earnings	1,076,903	27	1,297,176	30
3300	Total retained earnings	1,298,399	32	1,525,040	35
3490	Other equity	(78,639)	(2)	(19,735)	-
31XX	Total owner's equity of this Company	2,350,286	58	2,566,023	60
36XX	Noncontrolling interest	7,679	-	15,451	-
3XXX	Total equity	2,357,965	58	2,581,474	60
	Total liabilities and equity	$ 4,038,379	100	$ 4,311,957	100

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

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2019 and 2018

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

		For the Year Ended December 31, 2019		For the Year Ended December 31, 2018	
Code		Amount	%	Amount	%
4000	Operating revenue (Note 4, 24, 31)	$ 3,496,960	100	$ 4,530,279	100
5000	Operating costs (Note 11, 25, 31)	2,819,768	81	3,278,141	72
5900	Gross profit	677,192	19	1,252,138	28
	Operating expenses (Note 4,10,14,22,25,31)				
6100	Sales and marketing expense	226,416	6	268,412	6
6200	General and administration expense	132,071	4	142,744	3
6300	Research and development expense	73,497	2	95,736	2
6450	Gain(loss)on reversal of expected credit loss	1,808	-	(261)	-
6000	Total operating expenses	433,792	12	506,631	11
6900	Net operating profit	243,400	7	745,507	17
	Nonoperating income and expenses				
7010	Other income (Note 25)	49,111	2	56,395	1
7020	Other gains and losses (Note 25)	(23,525)	(1)	3,072	-
7050	Financial costs (Note 25&31)	(11,869)	-	(7,569)	-
7000	Total nonoperating income and expenses	13,717	1	51,898	1
7900	Profit before income tax	257,117	8	797,405	18
7950	Income tax expense (Note 4, & 26)	59,699	2	232,550	5
8200	Net profit for the year	197,418	6	564,855	13

(Carried forward)

(Brought forward)

Code		For the Year Ended December 31, 2019 Amount	%	For the Year Ended December 31, 2018 Amount	%
	Other comprehensive income (loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 22)	($ 805)	-	$ 3,009	-
8316	Unrealized gain or loss on investments in equity instrument at fair value through other comprehensive income	890	-	900	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	(59,153)	(2)	(33,495)	(1)
8300	Other comprehensive income (loss) of the year	(59,068)	(2)	(29,586)	(1)
8500	Total comprehensive income of the year	$ 138,350	4	$ 535,269	12
	Net profit attributable to:				
8610	Owners of the company	$ 194,461	6	$ 562,234	13
8620	Non-controlling interests	2,957	-	2,621	-
8600		$ 197,418	6	$ 564,855	13
	Comprehensive income attributable to:				
8710	Owners of the company	$ 134,752	4	$ 533,005	12
8720	Non-controlling interests	3,598	-	2,264	-
8700		$ 138,350	4	$ 535,269	12
	Earnings per share (Note 27)				
9750	Basic	$ 2.53		$ 7.32	
9850	Diluted	$ 2.36		$ 7.08	

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

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2019 and 2018

(In Thousands of New Taiwan Dollars)

		Equity attributable to owners of the Company														
		Capital Stock					Retained Earnings (Note 12,23,28)				Other Equity					
		Ordinary Shares (Note 23)														
Code		Number of Shares (thousand)	Amount	Capital Collected in Advance (Note 23)	Minor Sum	Capital Surplus (Note 4, 20, 23)	Legal Reserve	Special Reserve	Unappropriated Earnings	Minor Sum	Exchange Differences on Translating Foreign Operations (Note 4)	Unrealized gain (loss) on financial assets at fair value through other comprehensive income (Note 4)	Minor Sum	Total	Noncontrolling Interest	Total Equity
A1	Balance as of January 1, 2018	63,360	$ 633,598	$ 46,416	$ 680,014	$ 62,907	$ 112,443	$ 72,794	$ 963,041	$ 1,148,278	($ 82,327)	$ -	($ 82,327)	$ 1,808,872	$ 13,493	$ 1,822,365
A3	Cumulative effect of retrospective application	-	-	-	-	-	-	-	-	-	-	94,830	94,830	94,830	-	94,830
A5	Balance after retrospective application as of January 1, 2018	63,360	633,598	46,416	680,014	62,907	112,443	72,794	963,041	1,148,278	(82,327)	94,830	12,503	1,903,702	13,493	1,917,195
	Appropriation of 2018 earnings															
B1	Legal reserve	-	-	-	-	-	33,094	-	(33,094)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	-	9,533	(9,533)	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	-	-	(188,481)	(188,481)	-	-	-	(188,481)	-	(188,481)
		-	-	-	-	-	33,094	9,533	(231,108)	(188,481)	-	-	-	(188,481)	-	(188,481)
	Other changes in capital surplus															
C5	Equity component of convertible bonds issued by the company	-	-	-	-	17,493	-	-	-	-	-	-	-	17,493	-	17,493
C17	Other changes in capital surplus	-	-	-	-	5,821	-	-	-	-	-	-	-	5,821	-	5,821
	Minor Sum	-	-	-	-	23,314	-	-	-	-	-	-	-	23,314	-	23,314
D1	Net profit for the year ended December 31, 2018	-	-	-	-	-	-	-	562,234	562,234	-	-	-	562,234	2,621	564,855
D3	Other comprehensive income (loss) after tax for the year ended December 31, 2018	-	-	-	-	-	-	-	3,009	3,009	(33,138)	900	(32,238)	(29,229)	(357)	(29,586)
D5	Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	-	565,243	565,243	(33,138)	900	(32,238)	533,005	2,264	535,269
E1	Capital increase by cash	6,448	64,480	(46,416)	18,064	276,419	-	-	-	-	-	-	-	294,483	-	294,483
O1	Changes in noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	(306)	(306)
Z1	Balance as of December 31, 2018	69,808	698,078	-	698,078	362,640	145,537	82,327	1,297,176	1,525,040	(115,465)	95,730	(19,735)	2,566,023	15,451	2,581,474
	Appropriation of 2018 earnings															
B1	Legal reserve	-	-	-	-	-	56,223	-	(56,223)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	-	(62,591)	62,591	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	-	-	(349,039)	(349,039)	-	-	-	(349,039)	-	(349,039)
B9	Stock dividends	6,981	69,808	-	69,808	-	-	-	(69,808)	(69,808)	-	-	-	-	-	-
		6,981	69,808	-	69,808	-	56,223	(62,591)	(412,479)	(418,847)	-	-	-	(349,039)	-	(349,039)
M5	Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	-	-	(1,450)	(1,450)	-	-	-	(1,450)	(1,673)	(3,123)
D1	Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	194,461	194,461	-	-	-	194,461	2,957	197,418
D3	Other comprehensive income (loss) after tax for the year ended December 31, 2019	-	-	-	-	-	-	-	(805)	(805)	(59,794)	890	(58,904)	(59,709)	641	(59,068)
D5	Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	193,656	193,656	(59,794)	890	(58,904)	134,752	3,598	138,350
O1	Changes in noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,697)	(9,697)
Z1	Balance as of December 31, 2019	76,789	$ 767,886	$ -	$ 767,886	$ 362,640	$ 201,760	$ 19,736	$ 1,076,903	$ 1,298,399	($ 175,259)	$ 96,620	($ 78,639)	$ 2,350,286	$ 7,679	$ 2,357,965

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

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018

(In Thousands of New Taiwan Dollars)

Code		For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
	Cash Flows from Operating Activities		
A00010	Profit before income tax	$ 257,117	$ 797,405
A20010	Adjustments for:		
A20100	Depreciation expense	68,470	50,542
A20200	Amortization expense	3,079	2,065
A20300	Gain/loss on reversal of expected credit loss	1,808	(261)
A20400	Net gain/loss of financial assets and liabilities at fair value through profit and loss	(1,200)	834
A20900	Financial cost	11,869	7,569
A21200	Interest income	(17,067)	(18,667)
A21300	Dividend revenue	(9,856)	(9,504)
A22500	Loss on disposal of property, plant and equipment	9,769	2,014
A23800	Loss for market price decline and obsolete and slow-moving inventories	15,169	6,927
A24100	Unrealized gain or loss on foreign exchange	2,294	1,995
A30000	Net changes in operating assets and liabilities		
A31110	Financial assets and liabilities at fair value through profit or loss	-	(1,165)
A31130	Notes receivable	(17,812)	96,923
A31150	Accounts receivable	193,322	(88,833)
A31160	Accounts receivable from related parties	3,730	(4,196)
A31180	Other receivable	(771)	6,300
A31200	Inventories	162,251	(128,846)
A31240	Other current assets	43,097	(143,505)
A32125	Contract liabilities	(7,152)	(7,912)
A32130	Notes payable	(57,495)	119,338
A32150	Accounts payable	10,872	(55,423)
A32160	Accounts payable to related parties	(45,104)	(10,234)
A32180	Other accounts payable	(46,481)	(1,356)
A32230	Other current liabilities	(221)	1,052
A32240	Net defined benefit liabilities	910	110
A33000	Cash generated from operating activities	580,598	623,172
A33100	Interest received	16,851	18,463
A33200	Stock dividend received	9,856	9,504
A33300	Interest paid	(6,531)	(4,429)
A33500	Income taxes paid	(148,562)	(201,955)
AAAA	Net cash generated from operating activities	452,212	444,755

(Carried forward)

(Brought forward)

Code		For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
	Cash Flows from Investing Activities		
B00040	Acquisition of financial assets at amortized cost	$ -	($ 223,600)
B00050	Disposal of financial assets at amortized cost	9,996	235,090
B00010	Acquisition of Financial assets at fair value through profit or loss	(2,610,160)	(1,644,784)
B00020	Proceeds from sale of financial assets at fair value through profit or loss	2,961,157	1,675,282
B02700	Purchase of property, plant and equipment	(316,437)	(458,407)
B02800	Disposal of property, plant and equipment	4,400	1,442
B03700	Decrease in refundable deposits	4,592	3,168
B04500	Purchase of intangible assets	-	(1,602)
B07100	Increase in Prepayments for Business	(142,663)	(19,172)
B06700	Increase in other noncurrent assets	(3,334)	(4,290)
BBBB	Net cash used in investing activities	(92,449)	(436,873)
	Cash Flows from Financing Activities		
C00100	Increase (decrease) in short-term borrowings	155,000	(320,000)
C01200	Proceeds from issuance of convertible bonds	-	595,000
C01600	Proceeds from long-term borrowing	13,700	288,000
C01700	Repayment of long-term borrowing	(6,601)	(27,880)
C03100	Refund of guarantee deposits received	(3)	-
C04020	Repayments of Lease liabilities	(12,303)	-
C04500	Payment of dividends	(349,039)	(188,481)
C04600	Issuance of new stocks	-	294,483
C05800	Changes in noncontrolling interest	(12,820)	(306)
C09900	Other changes in capital surplus	-	5,821
CCCC	Net cash (used in) generated from financing activities	(212,066)	646,637
DDDD	Impact of changes in exchange rate on cash and cash equivalents	(5,110)	(10,300)
EEEE	Net increase in cash and cash equivalents of the year	142,587	644,219
E00100	Cash and cash equivalents at the beginning of the year	1,118,547	474,328
E00200	Cash and cash equivalents at the end of the year	$1,261,134	$1,118,547

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

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2019 and 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. General

Established on February 17, 1994, Double Bond Chemical Ind. Co., Ltd. (hereinafter referred to as “the Company”) mainly engages in the production and sales of various chemical raw materials, monomer-polymers for coating, industrial additives, and textile chemicals as special chemicals.

In October 2016, the Group was authorized to trade its stocks on the over-the-counter (OTC) securities exchange in Taiwan. In January 4, 2018, the Group’s stock ceased to be OTC traded and the Group later obtained authorization to have its stock listed on the Taiwan Stock Exchange.

The consolidated financial statements are presented in the Group’s functional currency, New Taiwan Dollars.

II. Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the Group’s board of directors on March 25, 2020.

III. Application of New, Amended and Revised Standards and Interpretations

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

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies:

IFRS 16 "Leases"

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4“Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

Except for payments for short-term leases which are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities, which is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights in China were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the parent company only statements of cash flows.

Leases agreements classified as operating leases under IAS 17, except for short-term leases, are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, as if IFRS 16 had been applied since the commencement date, but discounted using the aforementioned incremental borrowing rate. Right-of-use assets are subject to impairment testing under IAS 36.

The Group also applies the following practical expedients:

(1) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

(2) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

(3) The Group determined lease terms (e.g. lease periods) based on the projected status on January 1, 2019, to measure lease liabilities.

The weighted average lessee's incremental borrowing rate used by the Group to calculate lease liabilities recognized on January 1, 2019 is 1.2%~11.5%. The reconciliation between the lease liabilities recognized and the future minimum lease payments of non-cancellable operating lease on December 31, 2018 is presented as follows:

The future minimum lease payments of non-cancellable operating lease on December 31, 2018	$ 25,020
Less: Recognition exemption for short-term leases	(6,925)
Undiscounted amounts on January 1, 2019	$ 18,095

Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 17,202
Lease liabilities recognized on January 1, 2019	$ 17,202

The Group as Lessor

The Group will not make any adjustments for lease in which it is a lessor, and will account for those leases under IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Lease paid in advance	$ 215	($ 215)	$ -
Long-term lease paid in advance	19,278	(19,278)	-
Right-of-use assets	-	36,695	36,695
Total effect on assets	$ 19,493	$ 17,202	$ 36,695
Lease liabilities - current	$ -	$ 11,422	$ 11,422
Lease liabilities - noncurrent	-	5,780	5,780
Total effect on liabilities	$ -	$ 17,202	$ 17,202

(II) The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New, revised, or amended standards and interpretations	Effective Date Issued by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Company shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

As of the date the accompanying consolidated financial statements were issued, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

(III) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

As of the date the accompanying consolidated financial statements were issued, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs that have been endorsed and issued by the Financial Supervisory Commission (FSC).

(II) Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and the net defined benefit liabilities recognized by the present value of the defined benefit obligation less the fair value of the project assets.

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

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

(III) Classification of current and noncurrent assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading.
2. Asset 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, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue.
3. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified at current are classified as noncurrent.

(IV) 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 disposal 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 date 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 attributable to the owners of the Company and to the noncontrolling interests even if this results in the noncontrolling 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.

Please see Note 12 and Annex 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

(V) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity’s functional currency (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 on 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 case, 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 assets and liabilities of the Company's foreign operations (including the subsidiaries and associates in other countries or currencies used are different from the functional currency of the Company) are translated into NTD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

(VI) Inventories

Inventories consist of finished goods and raw materials and are stated at the lower cost or net realizable value. Inventory write-down 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 weighted-average cost on the balance sheet date.

(VII) 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.

Depreciation on 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 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.

(VIII) Goodwill

The goodwill acquired by the Group is measured as the cost of the goodwill recognized on the date of acquisition and subsequently measured at cost less any accumulated impairment losses.

For the purpose of the impairment testing, goodwill is allocated to each of the Group's cash-generating unit or cash-generating group (referred to as "cash-generating units") that the Group expects to benefit from the synergies of the consolidation.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal.

(IX) Intangible assets

1. Separate Acquisition

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2. Derecognition

   On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(X) Impairment on tangible and intangible assets (goodwill excluded)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets (goodwill excluded) 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 individual cash-generating units on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell or 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 or cash-generating unit 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 or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities are recognized when a group entity 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 issuance 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 or issuance 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.

(1) Measurement category

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through comprehensive income.

A. Financial asset at fair value through profit or loss

Financial assets at fair value through profit and loss include financial assets mandatorily measured at fair value through profit and loss, which, in turn, include investment in equity instruments at fair value through other comprehensive income that have not yet been designated by the Group.

Financial assets at fair value through profit and loss are measured at fair value. The benefits or losses arising from its re-measurement are recognized in profit or loss.

B. Financial assets at amortized cost

Financial assets invested by the Group are classified as financial assets at amortized cost if they meet the following 2 conditions:

a. Financial assets are held under a business model in which the purpose of the model is to hold financial assets so that the contractual cash flows can be collected;

b. Cash flows generated on the specific date as stated in the contract terms are used to pay principal and outstanding interest.

After the initial recognition of financial assets at amortized cost (including cash and cash equivalents and receivables at amortized cost), measurement is done through amortized cost based on the total carrying value less any impairment loss with effective interest method. Exchange differences are recognized in profit or loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total carrying value of the financial assets:

a. After purchasing or initiating financial assets with credit loss, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of financial assets.

b. For credit loss that has nothing to do with purchasing or initiation but later becomes financial assets of credit loss, the interest income shall be calculated by multiplying the effective interest rate by the amortized cost of financial assets from the second reporting period after credit loss.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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.

C. Investment in equity instruments at fair value through other comprehensive income

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.

Measured at fair value, investment in equity instruments at fair value through other comprehensive income are recognized in other comprehensive gains and losses and accumulated in other equity when there are subsequent changes to fair value. At the time of investment disposal, the accumulated gains and losses are transferred directly to retained earnings and are not reclassified as profit or loss.

Unless the dividend clearly represents the recovery of part of the investment cost, dividends on investment in equity instruments at fair value through other comprehensive income are recognized in profit or loss when the Group's right to receive the dividends is established.

(2) Impairment of financial assets

At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable).

The loss allowance for account receivable is measured at an amount equal to lifetime expected credit losses. For financial assets at amortized cost and investments in debt instruments that are measured at fair value through other comprehensive income, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

The expected credit loss is the weighted average credit loss measured by the risk of default; the 12-month expected credit loss represents the expected credit loss arising from the possible default of the financial instrument within 12 months after the reporting date; and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument over its expected lifetime.

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(3) Derecognition of financial assets

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

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 a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, 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 either as 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.

3. Financial liabilities

(1) Subsequent measurement

Aside from the following conditions, financial liabilities are subsequently measured at amortized cost using effective interest method.

Financial liabilities measured at fair value through profit or loss.

Financial liabilities measured at fair value through profit or loss include financial liabilities that are held for trading.

Financial liabilities held for trading are measured at fair value, with any gains or losses arising on remeasurement (excluding any dividends or interests paid with financial liabilities) recognized in profit or loss.

(2) Derecognition of financial liabilities

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

4. Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, an is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5. Derivative Financial Instruments

Derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative financial instrument is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of the derivative financial instrument is positive, it is classified as a financial asset. When the fair value of the derivative financial instrument is negative, it is classified as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

(XII) Revenue recognition

After identifying the performance obligation in a customer contract, the Group distributes the transaction price to each one of the performance obligations and recognizes the revenue when the performance obligations are met.

<u>Sale of goods</u>

Sale of good mainly comes from the sale of various chemical raw materials and special chemicals for textile. Since the customer has the right to set the price and dispose of the goods and has the primary responsibility for reselling and bearing the risk of obsolete goods as the goods arrive at the customer’s designated location, the Group will recognize revenue and accounts receivable at these timings. Sale of goods collected in advance is recognized as contract liabilities before the good arrives.

When material processing is performed, the control of the ownership of the processed product is neither transferred nor recognized.

(XIII) Leasing

<u>2019</u>

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.

2. The Group as a lessee

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

   Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

   Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payment. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the consolidated balance sheets.

2018

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

1. The Group as lessor

   Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2. The Group as a lessee

   Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(XIV) Borrowing costs

Borrowing costs directly attributable to the 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.

In accordance with the requirements, investment income earned from the temporary investment of specific borrowings prior to the occurrence of capital expenditures is deducted from the borrowing costs eligible for capitalization.

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

(XV) Employee benefits

1. Short-term employee benefits

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

2. Retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

   Defined benefit costs (including service cost, net interest, and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan.

(XVI) Taxation

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

1. Current tax

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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 profits. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditure and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary difference can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 asset 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 liability is settled or the asset 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.

3. Current tax and deferred tax for the year

Current tax and deferred tax 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 tax and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

VI. Cash and cash equivalent

	December 31, 2019	December 31, 2018
Cash on hand	$ 1,269	$ 1,433
Checking accounts and demand deposits	1,013,782	549,791
Cash equivalents		
Time deposits (investments with original maturities less than 3 months)	246,083	567,323
	$ 1,261,134	$ 1,118,547

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

	December 31, 2019	December 31, 2018
Demand deposits and time deposits	0.001%-2.12%	0.001%-2.66%

VII. Financial Asset At Fair Value Through Profit or Loss

	December 31, 2019	December 31, 2018
Financial assets - current		
Mandatorily measured at FVTPL		
Non-derivative financial assets		
- Wealth management product	$ -	$368,940
Financial liabilities - current		
Mandatorily measured at FVTPL		
Derivatives (not designated for hedging)		
- The first convertible corporate bond (Note 20)	$ 1,980	$ -

	December 31, 2019	December 31, 2018
Financial liabilities - noncurrent		
Mandatorily measured at FVTPL		
Derivatives (not designated for hedging)		
- The first convertible corporate bond (Note 20)	$ -	$ 3,180

VIII. Financial Assets At Fair Value Through Other Comprehensive Income

	December 31, 2019	December 31, 2018
Noncurrent		
Domestic investment		
Unlisted stock		
Sin Hun Chemical Co., Ltd. - common stock	$136,970	$136,080

The Group invests in Sin Hun Chemical Company common stock for medium and long-term strategic purposes and expects to make a profit through long-term investments. The management of the Group believes that if the short-term fair value fluctuations of these investments are recognized in profit and loss, it is inconsistent with the aforementioned long-term investment plan. Therefore, the choice of designating such investments is measured at fair value through other comprehensive income.

IX. Financial assets measured at amortized cost

	December 31, 2019	December 31, 2018
Current		
Domestic investment		
Time deposits (with original maturities more than 3 months)	$ 9,583	$ 20,004

For information on the pledge of financial assets measured at amortized cost, please refer to Note 32.

X. Notes receivable and accounts receivable (including related parties)

	December 31, 2019	December 31, 2018
Notes receivable		
Incurred from business operation	$151,494	$137,206
Accounts receivable		
Total carrying value measured at amortized cost	$568,491	$786,736
Less: loss allowance	(20,859)	(23,581)
	$547,632	$763,155
Accounts receivable from related party		
Total carrying value measured at amortized cost	$ 983	$ 4,713

The average credit period of the Group's sales of goods is 60 days, and the accounts receivable are not interest-bearing. The impairment assessment of receivable is based on the past default history of the counterparty and its current financial position to estimate the amount that cannot be recovered.

In order to reduce the credit risk, the management of the Group assigns a dedicated team responsible for deciding credit lines, credit approvals and other monitoring procedures so that appropriate actions are taken to recover overdue receivables. In addition, the Group also reviews the recoverable amount of the receivables progressively at the end of the reporting period to ensure that the receivables that cannot be recovered have been recognized in impairment losses. For this, the management of the Group believes that the credit risk of the Group has been significantly reduced.

The Group uses the simplification of IFRS 9 to recognize the loss allowance for accounts receivables based on expected credit losses during the lifetime. The expected credit loss during the lifetime is calculated using the preparation matrix, which takes into account the customer's past default record, current financial status, and industrial economic situation. Due to the historical experience of credit loss of the Group, there is no significant difference in the loss patterns of different customer groups. Therefore, the preparation matrix does not further segregate the customer base but set expected credit loss rate based on the overdue days of accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, the Group directly writes off the relevant accounts receivable. However, the recourse will continue to be pursued and the amount recovered will be recognized in profit or loss.

The Group's loss allowance for the notes and accounts receivable is based on the preparation matrix as follows:

December 31, 2019

	Not Past Due	Past Due 1 to 30 days	Past Due 31 to 60 days	Past Due 61 to 90 days	Past Due 91 to 120 days	Past Due 121 to 150 days	Past Due 151 to 180 days	Past Due 181 days or more	Total
Expected credit loss rate	0.26%	1.72%	5.3%	14.57%	34.34%	56.6%	77.1%	100%	-%
Total carrying value	$ 610,220	$ 67,958	$ 14,015	$ 11,907	$ 1,287	$ 847	$ 83	$ 14,651	$ 720,968
Loss allowance (expected credit loss during the lifetime)	(1,582)	(1,169)	(737)	(1,735)	(442)	(479)	(64)	(14,651)	(20,859)
Amortized cost	$ 608,638	$ 66,789	$ 13,278	$ 10,172	$ 845	$ 368	$ 19	$ -	$ 700,109

December 31, 2018

	Not Past Due	Past Due 1 to 30 days	Past Due 31 to 60 days	Past Due 61 to 90 days	Past Due 91 to 120 days	Past Due 121 to 150 days	Past Due 151 to 180 days	Past Due 181 days or more	Total
Expected credit loss rate	0.23%	1.53%	4.66%	10.97%	23.54%	37.05%	58.19%	100%	-
Total carrying value	$ 766,681	$ 95,242	$ 29,297	$ 11,991	$ 6,571	$ 3,242	$ 1,715	$ 13,916	$ 928,655
Loss allowance (expected credit loss during the lifetime)	(1,787)	(1,453)	(1,364)	(1,315)	(1,547)	(1,201)	(998)	(13,916)	(23,581)
Amortized cost	$ 764,894	$ 93,789	$ 27,933	$ 10,676	$ 5,024	$ 2,041	$ 717	$ -	$ 905,074

The changes in loss allowance of notes and accounts receivable are as follows:

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Beginning of year balance	$ 23,581	$ 30,965
Add: impairment loss this year	1,808	-
Less: reversal of impairment loss this year	-	(261)
Less: actual write-off this year	(3,644)	(6,527)
Exchange difference	(886)	(596)
End of year balance	$ 20,859	$ 23,581

XI. Inventories

	December 31, 2019	December 31, 2018
Raw materials	$126,726	$ 120,268
Finished products	268,105	466,200
	$394,831	$ 586,468

As of December 31, 2019 and 2018, the cost of inventories recognized as cost of goods sold was NT$2,819,768 thousand and NT$3,278,141 thousand, respectively.

As of December 31, 2019 and 2018, the cost of goods sold included inventory write-downs of NT$15,169 thousand and 6,927 thousand, respectively.

DAFENG XIN YUAN DA CHEMICAL CO., LTD. has halted production to carry out an in-plant safety inspection since March 25, 2019, and doesn't resume production as of March 25, 2020. The loss on work stoppage of NT$97,802 thousand is included in the cost of goods sold, and the related information please refer to note 33.

XII. Subsidiaries

Subsidiaries included in the consolidated financial statements

The main body of the consolidated financial statements is as follows:

Investor	Investee	Nature of Activities	Percentage of Ownership and Voting Right December 31, 2019	Percentage of Ownership and Voting Right December 31, 2018
Parent	DBC Group Co., Ltd. (DBC Group)	Invest	100%	100%
Parent	PT. Double Bond Chemindo (PT. DBC)	Trade	67%	51%
Parent	DBC Europe Holding AG (DBC Europe Holding)	Invest	100%	100%
Parent	DBC Europe GmbH (DBC Europe)	Trade	100%	100%
Parent	Double Bond Chemical Ind. USA., Inc. (DBC USA)	Trade	100%	100%
Parent	Double Bond Chemical (Thailand) Co., Ltd. (DBC Thailand)	Trade	49%	49%
Parent	DBC Korea Co., Ltd. (DBC Korea)	Trade	99.98%	99.98%
Parent	Double Bond Chemical (Vietnam) Co., Ltd. (DBC Vietnam)	Trade	100%	100%
DBC Group	Double Bond Chemical Global Co., Ltd.	Invest	100%	100%
DBC Group	Total Triumph Limited.	Invest	100%	100%
DBC Global	Double Bond Chemical (Shanghai) Co., Ltd.	Trade	100%	100%
Total Triumph	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Manufacture	100%	100%
DBC Europe Holding	DBC Switzerland. AG (DBC Switzerland)	Trade	80%	80%

The Group holds a 49% share in DBC Thailand Co., Ltd. on December 31, 2019, and December 31, 2018. However, according to the agreement between shareholders, the company has the right to appoint more than half of the members of the board of directors and has the ability to lead its activities, making it a listed subsidiary.

On September 27, 2019, the Group purchased shares of PT.DBC from other non-controlling interests at a cost of NT$ 3,123 thousands (IDR 1,323,790 thousands). The shareholding ratio increasing from 51% to 67%, and the net equity decreasing of NT$ 1,450 thousands was adjusted to the retained earnings.

PT.DBC decided to distribute cash dividends of NT$ 17,641 thousands (IDR 7,910,756 thousands) on August 27, 2019 with the approval of shareholders. The Group received NT$ 8,997 thousands (IDR 4,034,485 thousands) for 51% of its shares.

In August, 2019, the Group handled capital increase by cash for DBC Vietnam by NT$7,841 thousand (US$250 thousand) and subscribed 100% with a shareholding ratio of 100%.

On June 12, 2018, the Group established DBC Vietnam at NT$6,884 thousand (US$230 thousand) with a 100% shareholding.

On April 12, 2018, the Group handled capital increase by cash for DBC USA by NT$5,842 thousand (US$200 thousand) and subscribed 100% with a shareholding ratio of 100%.

The DBC Group held a board meeting on February 19, 2019 and August 27, 2018 to decide the distribution of cash dividends of NT$136,440 thousand (RMB30,000 thousand) and NT$67,800 thousand (RMB15,000 thousand), respectively.

The DBC Global held a board meeting on February 19,2019 and August 27, 2018 to decide the distribution of cash dividends of NT$136,440 thousand (RMB30,000 thousand) and NT$67,800 thousand (RMB15,000 thousand), respectively.

DBC Europe Holding convened a shareholder meeting on March 19, 2019 and January 26, 2018 to decide the distribution of cash dividends of NT$928 thousand (Swiss francs 30 thousand) and NT$1,554 thousand (Swiss francs 50 thousand), respectively.

Subsidiaries listed in the consolidated financial statements above are audited by the accountants.

XIII. Property, plant and equipment

	Land	Buildings and Structure	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2018	$ 118,242	$ 191,322	$ 174,524	$ 15,287	$ 37,540	$ 34,065	$ 33,160	$ 604,140
Additions	367,948	3,967	15,531	1,382	21,160	1,011	47,408	458,407
Disposals	-	(1,140)	(4,370)	(479)	(2,034)	(367)	-	(8,390)
Reclassification	-	1,128	16,260	-	140	-	(17,557)	(29)
Net exchange difference	-	(2,108)	(3,095)	(208)	(1,081)	(76)	(671)	(7,239)
Balance at December 31, 2018	$ 486,190	$ 193,169	$ 198,850	$ 15,982	$ 55,725	$ 34,633	$ 62,340	$1,046,889
Accumulated depreciation and impairment								
Balance at January 1, 2018	$ -	$ 40,706	$ 78,734	$ 7,535	$ 25,470	$ 16,059	$ -	$ 168,504
Disposals	-	(357)	(2,258)	(313)	(1,730)	(276)	-	(4,934)
Depreciation expense	-	7,703	29,554	2,617	8,480	2,188	-	50,542
Net exchange difference	-	(260)	(1,453)	(79)	(609)	(203)	-	(2,604)
Balance at December 31, 2018	$ -	$ 47,792	$ 104,577	$ 9,760	$ 31,611	$ 17,768	$ -	$ 211,508
Carrying amount at December 31, 2018	$ 486,190	$ 145,377	$ 94,273	$ 6,222	$ 24,114	$ 16,865	$ 62,340	$ 835,381
Cost								
Balance at January 1, 2019	$ 486,190	$ 193,169	$ 198,850	$ 15,982	$ 55,725	$ 34,633	$ 62,340	$1,046,889
Additions	-	13,755	35,883	4,355	8,426	530	253,488	316,437
Disposals	-	(9,936)	(11,356)	(652)	(5,701)	(359)	-	(28,004)
Reclassification	-	729	11,000	-	280	-	(12,106)	(97)
Interest capitalization	-	-	-	-	-	-	3,286	3,286
Net exchange difference	-	(3,777)	(6,261)	(129)	(2,094)	(78)	(1,194)	(13,533)
Balance at December 31, 2019	$ 486,190	$ 193,940	$ 228,116	$ 19,556	$ 56,636	$ 34,726	$ 305,814	$1,324,978
Accumulated depreciation and impairment								
Balance at January 1, 2019	$ -	$ 47,792	$ 104,577	$ 9,760	$ 31,611	$ 17,768	$ -	$ 211,508
Disposals	-	(2,650)	(5,684)	(562)	(4,581)	(358)	-	(13,835)
Depreciation expense	-	8,023	33,094	2,490	10,193	1,987	-	55,787
Net exchange difference	-	(1,360)	(3,299)	(116)	(1,299)	(60)	-	(6,134)
Balance at December 31, 2019	$ -	$ 51,805	$ 128,688	$ 11,572	$ 35,924	$ 19,337	$ -	$ 247,326
Carrying amount at December 31, 2019	$ 486,190	$ 142,135	$ 99,428	$ 7,984	$ 20,712	$ 15,389	$ 305,814	$1,077,652

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful life:

Buildings and Structure	20 to 50 years
Machine and Equipment	3 to 10 years
Transportation Equipment	5 years
Office Equipment	3 to 5 years
Other Equipment	5 to 10 years

Please refer to Note 32 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure borrowings.

XIV. Lease Arrangements

1. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 18,558
Buildings	3,163
Transportation equipment	3,693
	$ 25,414

	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ 1,923
Depreciation charge for right-of-use assets	
Land	$ 214
Buildings	8,736
Transportation equipment	3,733
	$ 12,683

2. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 4,640
Non-current	$ 2,378

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	5.22%
Buildings	1.2%~11.5%
Transportation equipment	1.2%~3.5%

3. Material lease-in activities and terms

The Company leases transportation equipment for employees to carry out business, with the remaining lease terms of 1-3 years.

The Group also leases land and certain buildings for the use of offices and staff quarters, with the remaining lease terms of 1-40 years. The Group does not have bargain purchase options to acquire the land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

4. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 8,732
Total cash outflow for leases	($ 21,556)

The Group leases certain transportation equipment, offices and staff quarters, which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

XV. Goodwill

	December 31, 2019	December 31, 2018
Goodwill	$ 26,593	$ 26,593

The determination of the recoverable amount of goodwill is based on the value in use, which is an estimate of the cash flow approved by the Group's management for the next five years. The management believes that any reasonably possible change in the key assumptions underlying the recoverable amount will not result in a total of the goodwill carrying amount exceeding the total recoverable amount.

XVI. Other Intangible Assets

	Trademark	Patent	Computer Software Cost	Total
Cost				
Balance at January 1, 2018	$ 3,299	$ 2,658	$ 1,584	$ 7,541
Separate Acquisition	433	125	1,044	1,602
Net exchange difference	-	-	(19)	(19)
Balance at December 31, 2018	$ 3,732	$ 2,783	$ 2,609	$ 9,124
Accumulated amortization and impairment				
Balance at January 1, 2018	$ 2,437	$ 1,263	$ 1,210	$ 4,910
Amortization expense	185	94	318	597
Net exchange difference	-	-	(3)	(3)
Balance at December 31, 2018	$ 2,622	$ 1,357	$ 1,525	$ 5,504
Balance at December 31, 2018	$ 1,110	$ 1,426	$ 1,084	$ 3,620
Cost				
Balance at January 1, 2019	$ 3,732	$ 2,783	$ 2,609	$ 9,124
Net exchange difference	-	-	(39)	(39)
Balance at December 31, 2019	$ 3,732	$ 2,783	$ 2,570	$ 9,085
Accumulated amortization and impairment				
Balance at January 1, 2019	$ 2,622	$ 1,357	$ 1,525	$ 5,504
Amortization expense	200	631	412	1,243
Net exchange difference	-	-	(18)	(18)
Balance at December 31, 2019	$ 2,822	$ 1,988	$ 1,919	$ 6,729
Balance at December 31, 2019	$ 910	$ 795	$ 651	$ 2,356

The amortization cost is recognized on the straight-line basis for the following number of years:

Trademark	10 years
Patent	15 to 20 years
Computer Software Cost	5 years

XVII. Prepayment for leases

	December 31, 2018
Current	$ 215
Noncurrent	19,278
	$ 19,493

Prepayments for leases are prepaid land use rights for land located in China.

XVIII. Other assets

	December 31, 2019	December 31, 2018
Current		
Other assets		
Prepaid account	$ 69,507	$ 36,713
Refundable deposit (Note 32)	47,394	126,414
Prepaid expense	24,359	36,655
Bank deposit of reserved account (Note 32)	5,462	5,599
Others	9,498	680
	$156,220	$ 206,061
Noncurrent		
Other assets		
Refundable deposit	$ 5,912	$ 10,504
Other deferred expenses	10,149	8,651
	$ 16,061	$ 19,155

XIX. Borrowings

(I) Short-term borrowings

	December 31, 2019
Secured loan (Note 32)	
Bank loan	$ 55,000
Unsecured loan	
Bank loan	100,000
	$155,000

The annual rate of bank transition loans was 1.05%~1.11% on December 31, 2019.

(II) Long-term borrowings

	December 31, 2019	December 31, 2018
Secured loan (note 32)		
Bank loan	$341,701	$348,302
Unsecured loan		
Bank loan	13,700	-
Less: listed as part of long-term loans due within one year	(9,621)	(6,601)
	$345,780	$341,701

The Group borrows from the bank with its own land and building mortgage guarantee (see Note 32). The maturity of the Group's long-term borrowings in the form of secured loan is from February 28, 2023 to March 24, 2030. As of December 31, 2019 and 2018, the annual interest rates of the Company's long-term borrowings in the form of secured loan are 1.36%~1.67% and 1.36%~1.57%, respectively.

The maturity of the Group's long-term borrowing in the form of unsecured loan on December 31, 2019 is November 6, 2022. As of December 31, 2019, the annual interest rate of long-term borrowings in the form of unsecured bank loan is 1.60%.

XXI. Bonds payable

	December 31, 2019	December 31, 2018
Unsecured domestic convertible bonds	$585,815	$577,232
Less: Current portions due within one year	(585,815)	-
	$ -	$577,232

On August 15, 2018, the Company issued for the first time the unsecured domestic convertible bonds of 6 thousand units. A total principal amount of NT$600,000 thousand was issued at the carrying value of 100% and the carrying interest rate of 0 for a total of 3 years at the end of which the maturity date was August 15, 2021. The bondholder may request to convert the bonds into common stocks of the Company from the next day 3 months after the date of issuance to the maturity date at an original convertible price of NT$82.5 per share. Thereafter, the conversion price was adjusted in accordance with the formula set forth in the contract (from August 14, 2019, the conversion price has been adjusted to NT$68). From the next day 3 months after the date of issuance to the 40 days before the maturity date, if the closing price of the ordinary shares of the company exceeds 30% of the original conversion price for 30 consecutive business days or the outstanding balance of the bonds is less than 10% of the total amount of the original issuance, the company's outstanding bonds may be redeemed for cash. The date 2 years after the bond was issued can be referred to as the base date for the bondholder to put the bond in advance. Bondholders may require the company to add interest compensation to the carrying value of the bond within 40 days before the base date to redeem the bonds they held in cash. In addition to being converted into ordinary shares of the Company or recovered in advance according to the foregoing circumstances, the bonds are repaid in cash at the maturity of the bonds. As of December 31, 2019, the bondholder did not exercise the right to convert.

The convertible corporate bonds comprise a liability and equity component, where the equity component is expressed under equity in the capital surplus-stock option. On the one hand, the liability components are classified as liabilities embedded in derivative financial products and non-derivative goods, where the embedded derivative financial products are valued at NT$1,980 thousand and NT$3,180 thousand at fair value on December 31, 2019 and December 31, 2018, respectively. On the other hand, the liabilities of non-derivative financial products are measured at amortized cost of NT$585,815 thousand and NT$577,232 thousand on December 31, 2019 and December 31, 2018 respectively, where the original effective interest rates are both 1.4769%.

Proceeds from issue (less transaction costs NT$5,000 thousand)	$595,000
Equity component	(17,493)
Financial liabilities at fair value through profit or loss - noncurrent	(3,511)
Liability component on the date of issuance	573,996
Interest charged at effective interest rate	3,236
Liability component on December 31, 2018	$577,232
Liability component on January 1, 2019	$577,232
Interest charged at effective interest rate	8,583
Liability component on December 31, 2019	$585,815

XXI. Other Liabilities

	December 31, 2019	December 31, 2018
Current		
Other payable		
Salaries and bonuses payable	$ 61,140	$ 86,022
Director remuneration payable	4,000	10,000
Employee remuneration payable	2,500	9,500
Other fee payable	45,074	56,527
	$112,714	$162,049
Other liabilities		
Deferred credit	$ 122	$ 556
Temporary credit	-	102
Others	3,361	3,104
	$ 3,483	$ 3,762
Noncurrent		
Other liabilities		
Deposits received	$ -	$ 3

XXII. Retirement Benefit Plans

(I) Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

Among the consolidated companies, DAFENG XIN YUAN DA CHEMICAL Co., LTD. and Double Bond Chemical (Shanghai) Co., Ltd. allocate a certain percentage of the pension from the employee's monthly salary and deposits it into the special account of the pension fund. The special account is managed by the local statutory insurance institution so that at the time of retirement, the employee is able to withdraw cash deposits and interests from the special account of the pension fund.

However, there is currently no pension plan for employees from DBC Europe Holding, DBC Switzerland, DBC Europe, PT. DBC, DBC Korea, DBC USA, DBC Group, DBC Thailand, DBC Vietnam, DBC Global, and Total Triumph.

(II) Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group’s defined benefit plans were as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit obligation	$ 18,298	$ 15,147
Fair value of plan assets	(8,236)	(6,800)
Net defined benefit liability	$ 10,062	$ 8,347

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2018	$ 17,597	($ 6,351)	$ 11,246
Service cost			
Current service cost	527	-	527
Net interest expense (income)	286	(106)	180
Recognized in profit or loss	813	(106)	707
Remeasurement			
Return on plan assets	-	254	254
Actuarial (gain) loss - changes in financial assumptions	605	-	605
Actuarial (gain) loss - experience adjustments	(3,868)	-	(3,868)
Recognized in other comprehensive income	(3,263)	254	(3,009)
Contributions from the employer	-	(597)	(597)
Balance at December 31, 2018	$ 15,147	($ 6,800)	$ 8,347
Service cost			
Current service cost	266	-	266
Past service cost	1,580	-	1,580
Net interest expense (income)	208	(100)	108
Recognized in profit or loss	2,054	(100)	1,954
Remeasurement			
Return on plan assets	-	(292)	(292)
Actuarial loss			
- changes in demographic assumptions	24	-	24
- changes in financial assumptions	1,012	-	1,012
- experience adjustments	61	-	61
Recognized in other comprehensive income	1,097	(292)	805
Contribution from the employer	-	(1,044)	(1,044)
Balance at December 31, 2019	$ 18,298	($ 8,236)	$ 10,062

Defined benefit plans are recognized in profit or loss as summarized by function:

	December 31, 2019	December 31, 2018
Marketing expenses	$ 635	$ 226
Management expenses	653	224
R&D expenses	666	257
	$ 1,954	$ 707

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest

rate for a 2-year time deposit with local banks.

2. Interest risk: A decrease in government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2019	December 31, 2018
Discount rate(s)	1.00%	1.375%
Expected rate(s) of salary increase	4.00%	4.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2019	December 31, 2018
Discount rate(s)		
0.25% increase	($ 682)	($ 605)
0.25% decrease	$ 715	$ 635
Expected rate(s) of salary increase		
0.25% increase	$ 684	$ 610
0.25% decrease	($ 657)	($ 585)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2019	December 31, 2018
The expected contributions to the plan for the next year	$ 960	$ 960
The average duration of the defined benefit obligation	15.5 years	16.6 years

XXIII. Equity

(I) Share Capital

Ordinary Shares

	December 31, 2019	December 31, 2018
Number of shares authorized (in thousands)	$ 120,000	$ 80,000
Shares authorized	$ 1,200,000	$ 800,000
Number of shares issued and fully paid (in thousands)	76,789	69,808
Shares issued	767,886	698,078

As approved by the Company's Board of Directors and Taiwan Stock Exchange Co., Ltd. with an official letter numbered 1061805233 on October 27, 2017 and November 9, 2017, respectively, the Company's board of directors resolved to issue 6,448 thousand ordinary shares, with a par value of NT$10. Among them, 967 thousand shares were subject to the provisions of Article 267 of the Company Act, retaining 15% of the new shares to be subscribed by employees at the subscription price of NT$48 per share. Regarding to the giving date of December 20, 2017, the employees exercise their stock options on December 28, 2017 by collecting a total capital stock of NT$46,416 thousand which was later recognized under the account of capital collected in advance on December 31, 2017. The remaining 5,481 thousand shares were issued at a public underwriting price of NT$48 per share and a weighted average price of NT$55.84 generated from the bid auction, with a paid-up capital of NT$698,078 thousand after the capital increase by cash. The aforementioned capital increase by cash was based on January 2, 2018 and was approved by the Ministry of Economic Affairs on February 1, 2018.

On June 26, 2019, the Company's shareholders meeting resolved to use the stock dividend of NT$69,808 thousand to make up the share capital and allocate 6,981 thousand shares of common stock. The case was approved by the Securities and Futures Bureau, and the board of directors sets August 14, 2019 as the base date of capital increase.

(II) Capital Surplus

	December 31, 2019	December 31, 2018
Share premium	$345,147	$345,147
Stock option	17,493	17,493
	$362,640	$362,640

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares, conversion of bonds and treasury share transactions) and donations 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).

In 2018, for the Company employees who resigned during the stock trust period, the employee stock trust management committee sold the resigned employee trust holding shares to a third party according to the trust deed, which was to be reissued after deemed as the Company-recovered shares. After deducting the amount of money that should be returned to the employee, the remaining amount remitted back to the company was NT$5,821 thousand, which was credited under the equity account "capital surplus - share premium".

The capital surplus arising from stock options of issuance of convertible bonds may not be used for any purpose.

(III) Retained Earnings and Dividend Policy

The Company passed an amendment to the Articles of Association on June 26, 2019 by resolution of the shareholders' meeting, stipulating that the Company's surplus allocation or loss compensation shall be made after the end of each half fiscal year. If the surplus is distributed in cash, the Board of Directors shall make a resolution, and the board of shareholders shall make a resolution when issuing new shares.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholder's meeting for distribution of dividends and bonus to shareholders. Under the surplus distribution policy provisions of the Company's revised Articles of Association, if the dividends, legal reserves and capital reserves referred to in the preceding paragraph are distributed in cash, the Board of Directors may be authorized to attend by more than two thirds of the directors and adopt a resolution by more than half of the directors present and report to the shareholders' meeting.

For the policies on distribution of employees' compensation and remuneration of directors, refer to "Employee's compensation and remuneration of directors" in Note 25 (7).

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 deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of the 2018 and 2017 earnings had been approved by the Company's shareholders in its meetings held on June 26, 2019 and June 20, 2018, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Fiscal Year 2018	For Fiscal Year 2017	For Fiscal Year 2018	For Fiscal Year 2017
Legal capital reserve	$ 56,223	$ 33,094		
Special capital reserve	(62,591)	9,533		
Stock dividend	69,808	-	$ 1	$ -
Cash dividend	349,039	188,481	5	2.7

The Company's appropriation of earnings for 2019 had been approved in the meeting of the Board of Directors held on March 27, 2020. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal capital reserve	$ 19,446	
Special capital reserve	58,904	
Cash dividend	92,146	$ 1.2

The aforementioned cash dividends had been resolved by the Company's board of directors, and the rest is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 23, 2020.

XXIV. Revenue

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Revenue from contracts with customers		
Sales revenue	$ 3,496,960	$ 4,530,279

(I) Contract Balance

	December 31, 2019	December 31, 2018	January 1, 2018
Net Notes Receivable (Note 10)	$ 151,494	$ 137,206	$ 237,895
Net Accounts Receivable (Note 10)	547,632	763,155	686,747
Net Accounts Receivable from Related Party (Note 10)	983	4,713	517
	$ 700,109	$ 905,074	$ 925,159
Contract liabilities			
Sale of Goods	$ 5,981	$ 13,133	$ 21,045

(II) Classification of revenue from contracts with customers

For classification of revenue from contracts with customers, please refer to Note 36 of the operating income statement.

XXV. Net Profit from Continuing Operation

Net profit from continuing operation includes the follows:

(I) Other income

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Interest income	$ 17,067	$ 18,667
Dividend income	9,856	9,504
Others	22,188	28,224
	$ 49,111	$ 56,395

(II) Other gains and losses

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Net gains (losses) on financial assets and liabilities		
Mandatorily measured at FVTPL	$ 1,200	($ 834)
Loss on disposal of property, plant and equipment	(9,769)	(2,014)
Exchange gain (loss), net	(12,484)	6,749
Others	(2,472)	(829)
	($ 23,525)	$ 3,072

(III) Financial costs

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Interest expense		
Bank loan	$ 6,051	$ 4,333
Convertible bond	8,583	3,236
Interest on lease liabilities	521	-
	15,155	7,569
Less: Amounts included in the cost of qualifying assets	(3,286)	-
	$ 11,869	$ 7,569

Information about capitalized interest is as follows:

	For the Year Ended December 31, 2019
Capitalized interest amount	$ 3,286
Capitalization rate	1.38%

(IV) Impairment loss (gain on reversal of impairment loss)

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Notes receivable and accounts receivable	$ 1,808	($ 261)
Inventories (included in operating costs)	$ 15,169	$ 6,927

(V) Depreciation and amortization

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Property, plant and equipment	$ 55,787	$ 50,542
Right-of-use assets	12,683	-
Intangible assets, deferred expense and lease payment in advance	3,079	2,065
	$ 71,549	$ 52,607

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
An analysis of depreciation by function		
Operating costs	$ 36,254	$ 30,840
Operating expenses	32,216	19,702
	$ 68,470	$ 50,542
An analysis of amortization by function		
Operating costs	$ 1,262	$ 1,093
Operating expenses	1,817	972
	$ 3,079	$ 2,065

(VI) Personnel Expenses

	For the Year Ended December 31, 2019			For the Year Ended December 31, 2018		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Personnel expenses						
Salaries	$ 14,420	$ 164,112	$ 178,532	$ 47,216	$ 189,702	$ 236,918
Labor insurance and health insurance	2,062	13,191	15,253	1,376	12,162	13,538
Pension cost						
Defined contribution plan	5,391	12,233	17,624	5,462	10,927	16,389
Defined benefit plan (note 22)	-	1,954	1,954	-	707	707
Director's remuneration	-	6,585	6,585	-	12,030	12,030
Others	4,776	21,358	26,134	7,965	21,763	29,728
	$ 26,649	$ 219,433	$ 246,082	$ 62,019	$ 247,291	$ 309,310

(VII) Employee's compensation and remuneration to directors

The Company accrued employees' compensation and remuneration of directors at the rates no less than 1% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the year ended December 31, 2019 and 2018, employee's compensation and remuneration to directors were resolved by the board of directors on March 25, 2020 and March 27, 2019, respectively:

Estimated ratio

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Employee's compensation	1.02%	1.38%
Remuneration to director	1.63%	1.45%

Amount

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
	Cash	Cash
Employee's compensation	$ 2,500	$ 9,500
Remuneration to directors	4,000	10,000

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

There was 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 year ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

XXVI. Income Taxes Relating To Continuing Operations

(I) Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Current tax		
In respect of the current period	$105,843	$191,136
Surtax on undistributed earnings	7,638	10,027
In respect of prior periods	(21,740)	246
	91,741	201,409
Deferred tax		
In respect of the current period	(32,042)	27,286
Change in tax rate	-	3,855
	(32,042)	31,141
Income tax expense recognized in profit or loss	$ 59,699	$232,550

A reconciliation of accounting profits and income tax expenses is as follows:

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Income from continuing operation before tax	$ 257,117	$ 797,405
Income tax expense calculated at statutory rate	$ 84,686	$ 271,131
Fees that cannot be deducted from taxes	12,702	22,256
Surtax on undistributed earnings	7,638	10,027
Adjustments to prior year's income tax expense (benefit)	(21,040)	246
Tax exempt income	(1,971)	(1,900)
Temporary difference that has not yet been recognized	(8,983)	(40,934)
Tax-exempt lease	(12,014)	(30,274)
Change in tax rates	-	3,855
Others	(619)	(1,857)
Income tax expense recognized in profit or loss	$ 59,699	$ 232,550

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

(II) Current tax liabilities

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Current tax liabilities		
Income tax payable	$ 26,693	$ 84,407

(III) Deferred tax assets and liabilities

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

For the Year Ended December 31, 2019

Deferred tax assets	Opening Balance	Recognized in Profit and Loss	Exchange Difference	Closing Balance
Temporary differences				
Allowance for doubtful accounts	$ 5,478	($ 647)	($ 180)	$ 4,651
Allowance for price decline in inventory	6,438	3,092	(204)	9,326
Unrealized loss on foreign exchange	-	609	-	609
Unrealized gain from inter-affiliate accounts	2,107	(445)	-	1,662
Net loss on disposal of fixed assets	222	(203)	-	19
Others	66	186	-	252
	14,311	2,592	(384)	16,519
Loss carryforwards	-	13,635	(509)	13,126
	$ 14,311	$ 16,227	($ 893)	$ 29,645

Deferred tax liabilities	Opening Balance	Recognized in Profit and Loss	Exchange Difference	Closing Balance
Temporary differences				
Investment income recognized under equity methods	$ 57,464	($ 16,135)	$ -	$ 41,329
Unrealized gain on foreign exchange	(80)	80	-	-
Others	66	240	-	306
	$ 57,450	($ 15,815)	$ -	$ 41,635

For the year ended December 31, 2018

Deferred tax assets	Opening Balance	Recognized in Profit and Loss	Exchange Difference	Change in Tax Rate	Closing Balance
Temporary differences					
Allowance for doubtful accounts	$ 7,299	($ 1,705)	($ 116)	$ -	$ 5,478
Allowance for price decline in inventory	4,693	1,470	(71)	346	6,438
Unrealized loss on foreign exchange	282	(332)	-	50	-
Unrealized gain from inter-affiliate accounts	1,230	660	-	217	2,107
Net loss on disposal of fixed assets	243	(64)	-	43	222
Others	37	23	-	6	66
	$ 13,784	$ 52	($ 187)	$ 662	$ 14,311

Deferred tax liabilities	Opening Balance	Recognized in Profit and Loss	Exchange Difference	Change in Tax Rate	Closing Balance
Temporary differences					
Investment income recognized under equity method	$ 25,595	$ 27,352	$ -	$ 4,517	$ 57,464
Unrealized gain on foreign exchange	-	(80)	-	-	(80)
Others	-	66	-	-	66
	$ 25,595	$ 27,338	$ -	$ 4,517	$ 57,450

(IV) Information about unused loss carryforwards

Loss carryforwards as of December 31, 2019 comprised:

Unused Amount	Expiry Year
$ 87,506	2024

(V) The information of unrecognized deferred income tax liabilities associated with investments

As of December 31, 2019 and 2018, aggregate taxable temporary differences associated with investments in subsidiaries and not recognized as deferred income tax liabilities amounted to NT$214,200 thousand and NT$205,217 thousand, respectively.

(VI) Income tax assessments

The Company’s tax returns through 2016 have been assessed by the tax authorities.

Income tax exemption is applicable to DBC Group, DBC Global, and Total Triumph which are located in Samoa. For the year ended December 31, 2018, business income tax of DBC China-Shanghai Branch, Dafeng Xinyuanda Chemical, DBC Europe, DBC Europe Holding, DBC Korea, DBC USA, PT. DBC, DBC Thailand, DBC Switzerland and DBC Vietnam have been approved by the tax authorities.

XXVII. Earnings Per Share

Unit: NT$ per share

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Basic earnings per share of continuing operation units	$ 2.53	$ 7.32
Diluted earnings per share of continuing operation units	$ 2.36	$ 7.08

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the distribution of stock dividends on August 14, 2019. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2018 are as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 8.06	$ 7.32
Diluted earnings per share	$ 7.77	$ 7.08

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

Net Profit for the Period

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Net profit	$194,461	$562,234
Effects of dilutive potential ordinary shares on earnings		
Interests of convertible bonds after tax and valuation of financial liabilities	7,383	2,906
	$201,844	$565,140

Ordinary Shares Outstanding

Unit: thousand shares

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Weighted average number of ordinary shares in computation of basic earnings per share	76,789	76,769
Effects of dilutive potential ordinary shares on earnings:		
Corporate convertible bonds	8,824	2,867
Employee compensations	65	141
Weighted average number of ordinary shares used in the computation of diluted earnings per share	85,678	79,777

If the Group has to choose to pay employee compensation in stock or cash, it is assumed that the employee's compensation will be paid in stock when calculating the diluted earnings per share. When the potential ordinary shares have a dilutive effect, the weighted average number of shares outstanding is included to calculate the diluted earnings per share. The dilution effect of these potential ordinary shares will continue to be considered when calculating the diluted earnings per share before deciding the employee's compensation and stock issuance for the next year.

XXVIII. Equity transactions with non-controlling equity

On September 27, 2019, the Group acquired 16% of the subsidiary PT. DBC from non-controlling interests, increasing its shareholding from 51% to 67%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	Amount
Cash consideration paid	($ 3,123)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	1,673
Differences recognized from equity transactions	($ 1,450)

Line items adjusted for equity transactions	
Retained earnings	($ 1,450)

XXIX. Capital risk management

Based on the current industrial operations, future company development, and external environmental changes, the Group plans its future capital, R&D expenses, and dividends payment, etc. so that the companies within the Group can continue as a going concern while their shareholder value can be further improved by optimizing the balance of debt and equity to maintain an optimal capital structure.

The key management of the Group has re-examined the capital structure of the Group from one time to another. The content of the review includes consideration of the cost of various types of capital and related risks. Based on the recommendations of the key management, the Group will balance its overall capital structure by paying dividends, issuing new shares, buying back shares, issuing new debts, or repaying old debts.

XXX. Financial Instrument

(I) Fair value - financial instruments not measured at fair value

December 31, 2019

		Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost —convertible bonds	$585,815	$589,980	$ -	$ -	$589,980

December 31, 2018

		Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost —convertible bonds	$577,232	$581,280	$ -	$ -	$581,280

(II) Fair value - financial instruments measured at fair value on a recurring basis

1. Fair Value Hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
Domestic unlisted common stocks	$ -	$ -	$ 136,970	$ 136,970
Financial liabilities at fair value through profit and loss				
Derivatives (not designated for hedging)	$ -	$ 1,980	$ -	$ 1,980

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Wealth management product	$ -	$ 368,940	$ -	$ 368,940
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
Domestic unlisted common stocks	$ -	$ -	$ 136,080	$ 136,080
Financial liabilities at fair value through profit and loss				
Derivatives (not designated for hedging)	$ -	$ 3,180	$ -	$ 3,180

For the year ended December 31, 2019 and 2018, there was no transfer of fair value measurement between the first level and the second level.

2. Pricing modes and input values for the second level of fair value measurement

Financial instrument category	Pricing models and input values
Wealth management product	Discounted cash flow model: The future cash flows are estimated at the end of the year by observing the interest rate and the rate of return of the contract, and are discounted separately at a discount rate that reflects the credit risk of each counterparty.
Derivatives – first-time convertible bonds	Based on the conversion price volatility, the risk-free interest rate, the risk discount rate, and the number of remaining years, the convertible bonds are evaluated by the binomial options pricing model.

3. Pricing models and input values for the third level of fair value measurement

Unlisted company stock for which no active market exists are evaluated by the market approach to have their fair value fully assessed. The market approach is based on the trading price and relevant information of the marketable target to estimate the fair value of the investment target.

(III) Categories of financial instruments

	December 31, 2019	December 31, 2018
Financial assets		
At fair value through profit and loss		
Mandatorily at fair value through profit and loss	$ -	$ 368,940
Financial assets at amortized cost (Note 1)	2,033,942	2,189,426
Financial assets at fair value through other comprehensive income		
Investment in equity instrument	136,970	136,080
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Mandatorily at fair value through profit or loss	1,980	3,180
At amortized cost (Note 2)	1,583,562	1,560,201

Note 1: The balances included cash and cash equivalents, financial assets measured at amortized cost - current, net notes receivable, net accounts receivable, net accounts receivable from related parties, other receivables, refundable deposits, and other financial assets measured at amortized cost.

Note 2: The balances included short-term borrowings, notes payable, accounts payable, accounts payable by related parties, other accounts payable, long-term borrowings and corporate bonds payable that are due within one year, corporate bonds payable, long-term borrowings, and other financial liabilities measured at amortized cost.

(IV) Financial risk management objectives and policies

The Group’s major financial instruments included accounts receivable, accounts payable borrowings and lease liabilities. The Group’s financial risk management objectives include market risk (exchange rate risk and interest rate risk), credit risk, and liquidity risk related to management and operational activities.

1. Market risks

The Group’s operating activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

The Group’s exposure to the risk of financial instrument market and the management and measurement of these exposures have not changed.

(1) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Approximately 54% of the Group’s sales is denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst almost 55% of costs is denominated in currencies other than the functional currency of the entity in the Group.

For the carrying amount of monetary assets and monetary liabilities denominated in the non-functional currency at the end of the reporting period (including monetary items in the consolidated financial statements that have been written off against non-functional currency denominations), see Note 34.

Sensitivity analysis

The Group was mainly exposed to the USD, RMB and EUR.

The following table details the Group’s sensitivity to a 1% increase and decrease in New Taiwan Dollars (the 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 is for a 1% change in foreign currency rates and included only outstanding foreign currency denominated monetary items at the end of the reporting period. A positive number below indicates an increase in pre-tax profit when New Taiwan Dollars weakened by 1% against the relevant currency. For a 1 % strengthening of New Taiwan Dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and balances below would be negative.

	USD Impact		RMB Impact		RMB Impact	
	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Profit or loss	$ 2,459	$ 2,828	($ 115)	($ 946)	$ 942	$ 908

The impact of foreign currency on profit and loss as stated in the above table was mainly attributable to the non-derivative financial assets and liabilities denominated in USD and RMB that were outstanding but with no cash flow hedge at the end of the reporting period.

(2) Interest rate risk

The Group regularly evaluated hedging activities to align with interest rate perspectives and existing risk preferences to ensure that the most cost-effective hedging strategies were adopted.

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

	December 31, 2019	December 31, 2018
Fair value interest rate		
—Financial assets	$ 255,666	$ 587,327
—Financial liabilities	734,515	577,232
Cash flow with interest rate risk		
—Financial assets	1,013,782	549,791
—Financial liabilities	361,701	348,302

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk of non-derivatives at the end of the reporting period. For floating rate liabilities, the analysis is based on the assumption that the amount of liabilities outstanding at the end of the reporting period are outstanding during the reporting period. The rate of change used by the Group to report interest rate to the key management is the interest rate increased or decreased by 100 basis points. This also represents the management's assessment of the reasonably possible range of interest rates.

If the interest rate increases/decreases by 100 basis points, the Group's net profit before tax for 2019 and 2018 will increase/decrease by NT$6,521 thousand and NT$2,015 thousand if all other variables remain unchanged. The main reason is the net portion of the Group's bank deposits and bank borrowings with variable interest rates.

2. Credit risk

Credit risk refers to the risk that 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 approximates the carrying amount of the financial assets recognized in the consolidated balance sheets.

In order to mitigate credit risk, the management of the Group assigns a dedicated team responsible for credit line decisions, credit approvals and other monitoring procedures to ensure that appropriate actions are taken for the recovery of overdue receivables. In addition, the Group will review the recoverable amount of the receivables one by one at the end of the reporting period to ensure that the receivables that cannot be recovered have been recognized as impairment losses. For this, the management of the Group believes that the credit risk of the Group has been significantly reduced.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of customers in view of trade receivables.

Since the counterparty of liquidity and derivative financial instruments are financial institutions and corporate organizations with good credit ratings, the credit risk is quite limited.

3. Liquidity risk

The Company 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 ensure compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2019 and 2018, the Group had available unutilized bank loan facilities set out in (2) below.

(1) Liquidity and interest risk for non-derivative financial liabilities

The analysis of the remaining contractual maturity of non-derivative financial liabilities is prepared based on the un-discounted cash flows of financial liabilities (including principal and estimated interest) and the earliest date on which the Group may be required to repay. Therefore, the bank borrowings that the Group can be required to repay immediately should be included in the earliest period of the following table, with disregard to the probability that the bank will immediately execute the right. The analysis of the maturity of other non-derivative financial liabilities is prepared in accordance with the agreed repayment date.

December 31, 2019

	On Demand or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 214,821	$ 134,269	$ 138,186	$ 70
Lease liabilities	503	1,069	3,238	2,521
Fixed rate instrument	30,147	105,139	589,163	10,671
Floating rate instrument	959	21,909	8,433	346,682
	$ 246,430	$ 262,386	$ 739,020	$ 359,944

Additional information about the maturity analysis for lease liabilities as follows:

	Less than 1 Year	1 Year to 5 Years
Lease liabilities	$ 4,810	$ 2,521

December 31, 2018

	On Demand or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 311,857	$ 91,319	$ 231,308	$ 183
Fixed rate instrument	-	-	-	577,232
Floating rate instrument	1,190	1,878	8,443	357,655
	$ 313,047	$ 93,197	$ 239,751	$ 935,070

(2) Financing Facilities

	December 31, 2019	December 31, 2018
Secured bank facilities		
—Amount used	$ 528,500	$ 348,302
—Amount unused	1,189,940	1,212,145
	$ 1,772,440	$ 1,560,447

(V) Financial risk management objectives and policies

During the years ended December 31, 2019, the Group transferred a portion of its commercial acceptance bills in mainland China with an aggregate carrying amount of NT$8,650 thousand, to some of its suppliers in order to settle the trade payables. According to the contract, if these commercial acceptance bills are not recoverable at maturity, suppliers have the right to request that the Group pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these commercial acceptance bills, it continues to recognize the full carrying amounts of these commercial acceptance bills and treats these commercial acceptance bills that have been transferred to suppliers as collateral for payment to suppliers As of December 31, 2019, there was no commercial acceptance bills that have been transferred but not derecognized.

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of December 31, 2019, the face amounts of these unsettled bills receivable were NT$326,594 thousand. The unsettled bills receivable will be due in 1 month to 7 months after December 31, 2019. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the years ended December 31, 2019, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the current year or cumulatively.

XXXI. Related-Party Transactions

The transactions, account balances, income and loss of the Company and its subsidiaries (which are the related parties of the Company) are eliminated in full at the time of the consolidation and are therefore not disclosed in this note. The transactions between the Group and other related parties are as follows.

(I) Names and relationships of the related parties

Related Party	Relationship with the Company
FDC, Lees Co., Ltd.	Substantive Related Party
Yi Ying Chemical Industry Co., Ltd.	Substantive Related Party
HG Co., Ltd.	Substantive Related Party
EVER EXCEL INTERNATIONAL LIMITED	Substantive Related Party
DOUBLEBOND CHEMICAL (TAIXING) CO. LTD	Substantive Related Party
DOUBLE BOND CHEMICAL (DBC) INDUSTRY. CO., LTD	Substantive Related Party
SIN HUN CHEMICAL CO., LTD.	Other Related Party (Note)

Note: A juridical person of the Company.

(II) Sales

Related Parties / Name	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Substantive related parties	$ 3,807	$ 5,721
Other related parties	-	4,926
	$ 3,807	$ 10,647

The Group has no significant difference in the transaction price and collection terms for the related parties mentioned above than for the general customers.

(III) Purchase of goods

Related Parties / Name	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Substantive related parties	$245,201	$284,547
Other related parties	110,328	252,636
	$355,529	$537,183

The Group has no significant difference in the transaction price and collection terms for the related parties mentioned above than for the general manufacturers.

(IV) Accounts receivable from related parties (excluding loans to related parties)

Account	Related Parties / Name	December 31, 2019	December 31, 2018
Accounts receivable from related parties	Substantive related partieies		
	FDC, Lees Co., Ltd.	$ 983	$ 1,740
	EVER EXCEL INTERNATIONAL LIMITED	-	2,580
	Others	-	387
		$ 983	$ 4,713

There are no guarantees for outstanding receivable from related parties.

(V) Accounts payable to related parties

Account	Related Parties / Name	December 31, 2019	December 31, 2018
Accounts payable to related parties	Other related parties		
	SIN HUN CHEMICAL CO., LTD.	$ 30,415	$ 95,252
	Substantive related parties		
	DOUBLEBOND CHEMICAL (TAIXING) CO. LTD.	38,962	25,383
	FDC, Lees Co., Ltd.	12,258	11,084
	Others	4,980	-
		$ 86,615	$ 131,719

There are no guarantees for the balance of outstanding payable to related parties

(VI) Lease arrangements

Related Parties / Name	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Interest expense		
Substantive related parties		
DOUBLE BOND CHEMICAL (DBC) INDUSTRY. CO., LTD	$ 137	$ -
Rent expense		
Substantive related parties		
DOUBLE BOND CHEMICAL (DBC) INDUSTRY. CO., LTD	$ -	$ 5,580

(VII) Other transactions with related parties

Other transactions

Related Parties / Name	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Processing expense		
Other related parties	$ -	$ 1,763

The terms of the processing cost between the Group and related parties is determined by mutual agreement.

(VIII) Compensation of key management personnel

	December 31, 2019	December 31, 2018
Short-term benefits	$ 39,658	$ 48,174
Post-employment benefits	378	259
	$ 40,036	$ 48,433

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

XXXII. Assets pledged as collateral or for security

The following assets were provided as collateral for bank borrowings and tariff guarantee:

	December 31, 2019	December 31, 2018
Property, plant and equipment	$556,663	$558,574
Refundable deposits (recognized in other current assets)	47,394	126,414
Financial assets at amortized cost - current	9,583	20,004
Bank deposits (recognized in other current assets)	5,462	5,599
	$619,102	$710,591

XXXIII. Major Disaster

On March 21, 2019, a major explosion broke out in a chemical plant of Chenjiagang Chemical Industry Park, Chenjiagang, Xiangshui County, Yancheng, Jiangsu, China. Suffering serious casualties, Huafeng Industrial Park, where the company's subsidiary DAFENG XIN YUAN DA CHEMICAL CO., LTD. is located, notified the company to stop work on March 25, 2019. After the company has conducted a comprehensive safety assessment by a third party and confirmed that it meets the safety conditions, it will apply to Huafeng Industrial Park for re-inspection and obtain the consent to resume production. The actual re-work time is yet to be approved by Huafeng Industrial Park.

As of March 25, 2020, DAFENG XIN YUAN DA CHEMICAL CO., LTD. stopped working in response to the requirements of the park and immediately carried out safety inspections and rectifications of the factory area, so that the third party could make verification within the shortest period of time before applying to the park for resuming production.

XXXIV. Significant assets and liabilities denominated in foreign currencies

The Group’s 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 are as follows:

December 31, 2019

Financial Assets	Foreign Currencies	Exchange Rate	Carrying Amount
Monetary items			
USD	$ 11,736	29.98 (USD: NTD)	$ 351,845
RMB	2,291	4.305 (RMB: NTD)	9,865
EUR	3,461	33.59 (EUR: NTD)	116,255
Financial Liabilities			
Monetary Items			
USD	3,535	29.98 (USD: NTD)	$ 105,979
RMB	4,970	4.305 (RMB: NTD)	21,396
EUR	658	33.59 (EUR: NTD)	22,102

December 31, 2018

Financial Assets	Foreign Currencies	Exchange Rate	Carrying Amount
Monetary items			
USD	$ 13,990	30.72 (USD: NTD)	$ 429,703
RMB	3,408	4.47 (RMB: NTD)	15,242
EUR	3,825	35.20 (EUR: NTD)	134,640
Financial Liabilities			
Monetary Items			
USD	4,782	30.72 (USD: NTD)	$ 146,879
RMB	24,570	4.47 (RMB: NTD)	109,877
EUR	1,246	35.20 (EUR: NTD)	43,859

Foreign exchange gains and losses with significant impact (realized and unrealized) are as follows:

	For the Year Ended December 31, 2019		For the Year Ended December 31, 2018	
Functional currency	Functional currencies in exchange for presentation currencies	Net foreign exchange losses	Functional currencies in exchange for presentation currencies	Net foreign exchange gains
NTD	1(NTD: NTD)	($ 11,787)	1(NTD: NTD)	$ 5,610
RMB	4.472(RMB: NTD)	(697)	4.56(RMB: NTD)	1,139
		($ 12,484)		$ 6,749

XXXV. Separately disclosed items

(I) Information about significant transactions and (II) reinvestments:

1. Financing provided to others (Annex 1).
2. Endorsements/guarantees provided (Annex 2).
3. Marketable securities held at the end of the year (Annex 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 (Annex 4).
5. Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None).

6. Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None).
7. The purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Annex 5).
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None).
9. Trading in derivative instruments (Note 7).
10. Intercompany relationships and significant intercompany transactions (Annex 8).
11. Information on investees (Annex 6).

(III) 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, 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 (Annex 7).
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Annex 5, 7, and 8).
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
   (3) The amount of property transactions and the amount of the resultant gains and losses.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
   (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
   (6) 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.

XXXVI. Segment Information

The Group’s chemical products segment is the only one reportable segment. The Group provides information to key decision makers to allocate resources and assess departmental performance, with a focus on the product categories provided.

(I) Segment revenues and results

The following is an analysis of the Group’s revenue and results from continuing operating by reportable segment.

	Segment Revenue		Segment Loss	
	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Chemical products segment	$ 3,496,960	$ 4,530,279	$ 377,279	$ 887,990
Headquarter management cost			(132,071)	(142,744)
Gain (loss) on reversal of expected credit Impairment loss			(1,808)	261
Other income			49,111	56,395
Other gains and losses			(23,525)	3,072
Financial costs			(11,869)	(7,569)
Net earnings before tax			$ 257,117	$ 797,405

Segment revenues reported above are generated by transactions with external customers. There is no inter-departmental sales in 2019 and 2018.

Segment revenue refers to the profit earned by each department. It does not include the headquarters management costs, gain (loss) on reversal of expected credit Impairment loss, other income, other profits and losses, financial costs and income tax expenses. This measure is provided to the key decision maker to allocate resources to the department and to assess its performance.

(II) Segment assets and liabilities

Since the measurement of the Group's assets and liabilities is not provided to the key decision maker, the segment assets and liabilities are measured at zero.

(III) Other segment information

	Depreciation and Amortization	
	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Chemical products segment	$ 71,549	$ 52,607

(IV) Revenue from major products and services

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Plastics additives	$ 1,930,795	$ 2,195,803
Light-cured materials	1,237,490	1,976,122
Others	328,675	358,354
Chemical products segment	$ 3,496,960	$ 4,530,279

(V) Geographical information

The Group operates in 2 principal geographical areas - Taiwan and China.

The Group’s revenue from continuing operations of external customers by location of operations is detailed below:

	Revenue from External Customers	
	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Taiwan	$ 1,225,041	$ 1,670,111
China	1,914,076	2,608,521
Others	357,843	251,647
	$ 3,496,960	$ 4,530,279

(VI) Information about major customers

No single customer contributed 10% or more to the Group's total revenue for both 2019 and 2018.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries

Financing Provided to Others

For the Year Ended December 31, 2019

Annex 1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate %	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1 and 2)	Aggregate Financing Limit (Notes 1 and 2)
													Item	Value		
0	Double Bond Chemical Ind. Co., Ltd.	PT. Double Bond Chemindo	Other Receivables from Related Parties	Yes	$ 29,980 (USD1,000,000)	$ 14,990 (USD500,000)	$ 14,990 (USD500,000)	1.15%	Short-term Financing	$ -	Operating Capital	$ -	-	-	$ 352,542	$ 940,114
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical Vietnam Co., Ltd.	Other Receivables from Related Parties	Yes	$ 7,495 (USD250,000)	$ -	$ -	1.15%	Short-term Financing	$ -	Operating Capital	$ -	-	-	$ 352,542	$ 940,114

Note 1: According to the Company's policy, the aggregated financing amount provided to others shall not exceed 40% of its net worth. If there is a need for short-term financing due to the business relationship with the Company, each of the financing amounts shall not exceed 15% of the Company's net worth.

Note 2: The loan and the loan limits are calculated based on the financial statements most recently audited by the accountant.

Note 3: The exchange rate is based on the average purchase/sell rate of the Bank of Taiwan on December 31, 2019.

Note 4: The NT$40 thousand interest receivable of the NT$14,990 thousand loan to PT. Double Bond Chemindo are listed as other receivables from related parties.

Note 5: The capital loans and interest transferred between investment companies have been fully written off in the preparation of the consolidated financial statements.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries

Endorsement/Guarantee Provided

For the Year Ended December 31, 2019

Annex 2

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		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 Collateral	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 (Note2)											
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical Ind. Co., Ltd.	(1)	$ 940,114	$ 6,000	$ 3,000	$ 1,500	$ -	0.13%	$ 940,114	N	N	N	Note 4

Note 1: The parent company and its subsidiaries are coded as follows:

(1) The parent company is coded “0”.

(2) The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: There are the following 7 relationships between the endorser/guarantor and endorsee/guarantee.

(1) Company with business relationship.

(2) Subsidiary that directly holds more than 50% of the common stock.

(3) Investee company of which the parent company and the subsidiaries hold more than 50% of the common stocks in total.

(4) Parent company that directly or indirectly, through subsidiaries, holds more than 50% of the common stocks.

(5) Company that is mutually protected under contractual agreements based on the needs of contracting engineering.

(6) Company that is endorsed/guaranteed by each of the contributing shareholders in accordance with their shareholding ratio because of their joint investment relationship.

(7) Joint and several securities between companies in the same industry for performance guarantees of pre-construction homes under the Consumer Protection Act.

Note 3: The total amount of the company's external endorsement/guarantee shall not exceed 40% of the net value of the financial statements most recently audited by the accountant. The same goes for the single company with endorsement/guarantee limit.

Note 4: As the company's endorsement/guarantee for the customs bank amount.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries

Marketable Securities Held

For the Year Ended December 31, 2019

Annex 3

(In Thousands of Shares / Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Double Bond Chemical Ind. Co., Ltd.	SIN HUN CHEMICAL CO., LTD.	Juridical person of this Company	Financial assets measured at fair value through other comprehensive income - noncurrent	3,520	$ 136,970	9.78	$ 136,970	-

Note: For information on the investments in subsidiaries and associates, please refer to Annex 6 and Annex 7.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries

Marketable Securities Acquired and Disposed at Costs or Prices of at Least NT$300 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2019

Annex 4

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Double Bond Chemical (Shanghai) Co., Ltd.	Shanghai Commercial and Savings Bank - Wealth Management Product	Financial assets measured at fair value through profit or loss - current	-	-	-	$ 313,040 (RMB 70,000 thousand)	-	$ 1,227,765 (RMB 274,000 thousand)	-	$ 1,538,626 (RMB 344,000 thousand) (Note1)	$ 1,538,626 (RMB 344,000 thousand)	$ -	-	$ -
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Jiangsu Dafeng Rural Commercial Bank - Wealth Management Product (open)	Financial assets measured at fair value through profit or loss - current	-	-	-	11,180 (RMB 2,500 thousand)	-	266,798 (RMB 59,000 thousand)	-	271,012 (RMB 61,500 thousand) (Note2)	271,012 (RMB 61,500 thousand)	-	-	-
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	China Bank - Wealth Management Product (open)	Financial assets measured at fair value through profit or loss - current	-	-	-	-	-	1,115,597 (RMB 250,000 thousand)	-	1,105,883 (RMB 250,000 thousand) (Note3)	1,105,883 (RMB 250,000 thousand)	-	-	-

Note 1: The amount includes impact of changes in exchange rate NT$ (2,179) thousand.

Note 2: The amount includes impact of changes in exchange rate NT$ (6,966) thousand.

Note 3: The amount includes impact of changes in exchange rate NT$ (9,714) thousand.

Double Bond Chemical Ind. 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, 2019

Annex 5

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase / Sale	Amount	% to Total Purchase / Sale	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total Notes/Accounts Receivable (Payable)	
Double Bond Chemical (Shanghai) Co., Ltd.	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Associate	Purchase	$ 128,658	8%	-	-	-	($ 37,045)	(15%)	Note 1 & 3
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Double Bond Chemical (Shanghai) Co., Ltd.	Associate	Sale	(128,658)	(39%)	-	-	-	37,045	53%	Note 1 & 3
Double Bond Chemical Ind. Co., Ltd.	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Subsidiary	Purchase	103,687	9%	-	-	-	(2,457)	(2%)	Note 1 & 3
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Double Bond Chemical Ind. Co., Ltd.	Parent Company	Sale	(103,687)	(31%)	-	-	-	2,457	4%	Note 1 & 3
Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical (Shanghai) Co., Ltd.	Subsidiary	Purchase	137,374	11%	-	-	-	(19,579)	(12%)	Note 1 & 3
Double Bond Chemical (Shanghai) Co., Ltd.	Double Bond Chemical Ind. Co., Ltd.	Parent Company	Sale	(137,374)	(7%)	-	-	-	19,579	4%	Note 1 & 3
DBC Switzerland. AG	Double Bond Chemical Ind. Co., Ltd.	Parent Company	Purchase	230,254	97%	-	-	-	(12,948)	(100%)	Note 1 & 3
Double Bond Chemical Ind. Co., Ltd.	DBC Switzerland. AG	Subsidiary	Sale	(230,254)	(14%)	-	-	-	12,948	5%	Note 1 & 3
Double Bond Chemical (Shanghai) Co., Ltd.	DOUBLEBOND CHEMICAL (TAIXING) CO. LTD	Substantive related party	Purchase	126,807	8%	-	-	-	(37,939)	(15%)	Note 2

Note 1: There is no significant difference in the transaction price and payment terms of purchase/sale made by the related parties than by the general suppliers.

Note 2: There is no significant difference in the transaction price, mutual negotiation, and payment periods of purchase made by the related parties than by the general firms.

Note 3: These transactions have been fully written off in the preparation of the consolidated financial statements.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries

Information on Investees

For the Year Ended December 31, 2019

Annex 6

(In Thousands of Shares / Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Shares	%	Carrying Amount			
Double Bond Chemical Ind. Co., Ltd.	DBC Group Co., Ltd.	Samoan Islands	Investment industry	$ 317,605	$ 317,605	10,430	100	$ 1,560,850	$ 88,396	$ 104,172	Note 1 & 2
	DBC Europe Holding AG	Switzerland	Investment industry	2,982	2,982	0.1	100	16,808	7,634	7,634	Note 2
	DBC Europe GmbH	Germany	Chemical industry	3,599	3,599	-	100	2,010	(100)	(100)	Note 2
	DBC Korea Co., Ltd.	Korea	Chemical industry	4,457	4,457	59	99.98	1,012	(1,143)	(1,143)	Note 2
	Double Bond Chemical Ind USA., Inc.	America	Chemical industry	13,822	13,822	2	100	1,455	(5,764)	(5,764)	Note 2
	PT. Double Bond Chemindo	Indonesia	Chemical industry	10,028	6,905	1.675	67	6,520	825	431	Note 2 & 3
	Double Bond Chemical (Thailand) Co., Ltd.	Thailand	Chemical industry	907	907	9.8	49	1,471	1,139	558	Note 2
	Double Bond Chemical Vietnam Co., Ltd.	Vietnam	Chemical industry	14,725	6,884	-	100	5,312	(5,113)	(5,113)	Note 2
DBC GROUP CO., LTD	Double Bond Chemical Global Co., Ltd.	Samoan Islands	Investment industry	79,338	79,338	2,530	100	858,916	146,345	146,345	Note 2
	Total Triumph Limited	Samoan Islands	Investment industry	237,595	237,595	7,900	100	706,412	(57,950)	(57,950)	Note 2
DBC Europe Holding AG	DBC Switzerland. AG	Switzerland	Chemical industry	2,679	2,679	0.08	80	11,748	9,915	7,932	Note 2

Note 1: According to the shareholding ratio, the net profit of investee company is NT$88,396 thousand plus the balance of unrealized and realized gain adjustments of NT$15,776 thousand for downstream and upstream transaction.

Note 2: As calculated in accordance with the financial statements of investee company audited by the accountant in 2019.

Note 3: The Group purchased shares of PT.DBC from other non-controlling interests at a cost of NT$ 3,123 thousands. The shareholding ratio increasing from 51% to 67%.

Note 4: Investment in profit and loss between the reinvestment companies, the long-term equity investment of the investment company and the net equity of the investee company have been fully written off in the preparation of the consolidated financial statements.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries

Information on Investments in Mainland China

For the Year Ended December 31, 2019

Annex 7

(In Thousands of New Taiwan Dollars/Thousands of RMB/Thousands of USD)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Double Bond Chemical (Shanghai) Co., Ltd.	Chemical	$ 75,849 (USD 2,530)	Note 1	$ 75,849 (USD 2,530)	$ -	$ -	$ 75,849 (USD 2,530)	$ 144,811 (RMB32,382)	100	$ 144,811	$ 858,902	$ 204,240	-
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Chemical	271,133 (RMB62,981)	Note 1	198,766 (RMB46,171)	-	-	198,766 (RMB46,171)	(57,919) (RMB-12,952)	100	(57,919)	705,561	-	Note 4

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 274,615 (RMB 46,171) (USD 2,530)	$ 348,919 (RMB 63,431) (USD 2,530)	$ 1,410,171

Note 1: Investing by setting up a company in the third region before reinvesting in the mainland companies.

Note 2: The exchange rate is based on the average purchase/sell rate of the Bank of Taiwan on December 31, 2019.

Note 3: As calculated in accordance with the financial statement of investee company audited by the accountant in 2019.

Note 4: Regarding DAFENG XIN YUAN DA CHEMICAL CO., LTD., the difference between the accumulated outward remittance for investment from Taiwan of 198,766 (RMB 46,171) and the paid-up capital of 271,133 (RMB 62,981) at the end of the current period was due to the capital increase out of earnings.

Note 5: Investment in profit and loss between the reinvestment companies, the long-term equity investment of the investment company and the net equity of the investee company have been fully written off in the preparation of the consolidated financial statements.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries
Intercompany Relationships and Significant Transactions
For the Year Ended December 31, 2019

Annex 8

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Terms	% to Total Sales or Assets
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical (Shanghai) Co., Ltd.	2	Revenue	$ 90,311	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	3%
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical (Shanghai) Co., Ltd.	2	Purchase	137,374	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	4%
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical (Shanghai) Co., Ltd.	2	Receivable	18,476	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	-
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical (Shanghai) Co., Ltd.	2	Payable	19,579	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	-
0	Double Bond Chemical Ind. Co., Ltd.	PT. Double Bond Chemindo	1	Revenue	23,230	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	1%
0	Double Bond Chemical Ind. Co., Ltd.	PT. Double Bond Chemindo	1	Receivable	7,676	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	-
0	Double Bond Chemical Ind. Co., Ltd.	PT. Double Bond Chemindo	1	Other Receivable	15,030	Base on the parties' agreement	-

No (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Terms	% to Total Sales or Assets
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical (Thailand) Co., Ltd.	1	Revenue	18,065	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	1%
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical (Thailand) Co., Ltd.	1	Receivable	8,659	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	-
0	Double Bond Chemical Ind. Co., Ltd.	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	2	Purchase	103,687	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	3%
0	Double Bond Chemical Ind. Co., Ltd.	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	2	Payable	2,457	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	-
0	Double Bond Chemical Ind. Co., Ltd.	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	2	Acquisition price of property, plant and equipment	2,506	Base on the parties ‘agreement	-
0	Double Bond Chemical Ind. Co., Ltd.	DBC Switzerland.AG	2	Revenue	230,254	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	7%
0	Double Bond Chemical Ind. Co., Ltd.	DBC Switzerland AG	2	Receivable	12,948	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	-
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical Ind. USA., Inc.	1	Revenue	14,802	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	-

No (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Terms	% to Total Sales or Assets
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical Ind. USA., Inc.	1	Receivable	4,004	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	-
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical Vietnam Co., Ltd.	1	Revenue	2,705	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	-
1	Double Bond Chemical (Shanghai) Co., Ltd.	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	3	Purchase	128,658	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	4%
1	Double Bond Chemical (Shanghai) Co., Ltd.	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	3	Payable	37,045	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	1%

Note 1: Parent company is coded “0” while the subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: 1 denotes Parent to its subsidiary; 2 denotes Parent to its sub-subsidiary; 3 denotes between subsidiaries.

Note 3: All the transactions listed in the above table have been fully eliminated in the preparation of the consolidated financial statements.