

(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

Stock Code: 4764



Double Bond Chemical Ind. Co., Ltd.

2020 Annual Report

You may view the annual report at the following site:

<http://mops.twse.com.tw>

Published on May 18, 2021

I. Spokesperson and Deputy Spokesperson of the Company:

1. Spokesperson of the Company:

Name : YU, HUI-LIN
Job Title : Assistant Vice President and
Chief Financial Officer
Contact Number : (02)8228-1168
Email : ir@dbc.com.tw

2. Deputy Spokesperson of the Company

Name : CHEN CHUNG-PIN
Job Title : Vice President of Business
Department
Contact Number : (02)8228-1168
Email : ir@dbc.com.tw

II. Address and telephone number of the headquarter, factory and branch

1. Headquarter, factory, and branch

<u>Name</u>	<u>Address</u>	<u>TEL</u>
Headquarter	4F, No. 959, Zhongzheng Road, Zhonghe District, New Taipei City, Taiwan (R.O.C.)	(02)8228-1168
Factory	No. 28, Sec. 2, Ligong 1st Rd., Wujie Township, Yilan County 268, Taiwan (R.O.C.)	(03)9906-278
Factory	Dafeng port petrochemical new material industrial park, Dafeng District, Yancheng, Jiangsu Province, China	86-0515-83551088

III. Stock Transfer Agency and Contact Info.:

Name : Shareholders Service Dept., Yuanta Securities Co., Ltd.
Address : B1F., No. 210, Sec. 3, Chengde Rd., Datong District, Taipei City, Taiwan (R.O.C.)
Website : <http://www.yuanta.com.tw/>
TEL : (02)2586-3117

IV. Name, Firm, Address, Website, and TEL of Certified Public Accountants Who Audit the Latest Annual Financial Statements

CPA : CPA CHEN,CHIH-YUAN &
CPA CHANG,CHING-JEN
Firm : Deloitte & Touche
Address : 20F, No. 100, Songren Road, Xinyi District, Taipei City, Taiwan (R.O.C.)
Website : <http://www.deloitte.com.tw>
TEL : (02)2725-9988

V. Name of any exchanges where the Company's securities are traded overseas and the method by which to access information on the overseas securities: None

VI. Company's website: <http://www.dbc.com.tw/tw/>

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2020 Annual Report
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I. LETTER TO SHAREHOLDERS

Dear Shareholders,

In 2020, while faced with the unprecedented Covid-19, the recovery pace of the global economy has been disrupted, and the world was under the chaotic shadow of continuous recession and confrontation of the international political situation. After being at the bottom of the operation in the past two years, DBC held a ribbon-cutting ceremony for the completion and start-up of the Yilan plant on March 30, 2021. Besides, Dafeng plant, which is still in shutdown, has been actively rectified and improved. And we are all waiting for the resumption of work cautiously and optimistically, hoping to get out of the bottom in 2021 and make our performance gradually return to steady growth.

For the 2020 annual business summary, the report is as follows:

I. 2020 Business Report

(I) Business plan implementation outcome

The consolidated operating income of the Company in 2020 was NT\$2,632,875 thousand, which was decreased by approximately 24.71% comparing with the consolidated operating income in 2019. In terms of operating profit, the consolidated net profit before tax in 2020 was NT\$109,984 thousand, which was decreased by approximately 57.22% comparing with the consolidated net profit before tax of 2019; the net profit after tax attributable to the owner of the company was NT\$62,084 thousand.

(II) Revenue, Expense, and Profitability Analysis

1. Financial revenues and expenditures:

Unit: NT\$ thousand

Item	2020	2019
Operating Income	2,632,875	3,496,960
Operating Profit Margin	443,048	677,192
Operating Gain (Loss)	89,682	243,400
Non-operating Income (Expenditure)	20,302	13,717
Net profit before tax	109,984	257,117
Net profit (loss) this term	62,801	197,418
Net profit attributable to owners of the Company	62,084	194,461
Net profit attributable to non-controlling interest	717	2,957

2. Profitability analysis:

Item	2020	2019
Return on Asset (%)	1.69%	4.88%
Return on Equity (%)	2.72%	7.91%
Proportion of operating income to the paid-in capital (%)	11.89%	31.70%
Proportion of net profit before tax to the paid-in capital (%)	14.58%	33.48%
Net Profit Margin (%)	2.36%	5.56%
Earnings per share (NT\$)	0.81	2.53

(III) Research and Development
Core R&D Products of the Group:

	2020 R&D Results	Future R&D Directions
Plastic Additives	(1) Environment-friendly water-based high-performance antioxidant and UV absorber (2) High-quality antioxidant for polyurethane (3) Anti-yellowing agent for PU foam shoes	(1) Environment-friendly water-based high-performance antioxidant and UV absorber (2) High heat-resistant antioxidant for nylon (3) Anti-yellowing agent for PU foam shoes (4) Emulsion type antioxidant for PVC/ABS polymerization
UV Curable Materials	(1) PVC matting floor coating (2) High temperature and humidity resistant adhesive (3) Anti-salt fog surface of metal coating (4) PET/PET adhesive (5) Packaging glue for electronic components	(1) Development of paulownia window paint (2) Development of PMMA-bending resistant coating (3) Development of PC/PET silver film adhesive (4) Development of golf Topcoat (5) Development of primer coatings for rubber soles
Digital Printing Inks	(1) High color fastness water-based pigment inkjet ink (2) High color fastness acid inkjet ink (3) High dye uptake reactive inkjet ink (4) Quick-drying and low-smoke disperse inkjet ink (5) High-adhesion light-curing UV inkjet ink	(1) Quick-drying water-based latex inkjet ink (2) High color fastness acid inkjet ink (3) High dye uptake reactive inkjet ink (4) Quick-drying and low-smoke disperse inkjet ink (5) High-stability light-curing UV inkjet ink (6) Suitable for various materials customization inkjet ink
Synthetic Group	(1) 3D printing UV curable resin (2) Macromer of Contact lens (3) Anion-type waterborne polyurethane for foot adhesive (4) Development of environment friendly process for photo-initiator (5) Development of special surfactant (6) Development of photo-initiator BDK (7) Development of stabilizer DBM83 for PVC	(1) Development of anion/non-ion type waterborne polyurethane (2) Development of Special functional resin (3) Development of Contact lens macromer (4) Development of LED encapsulant material (5) Development of pharmaceutical intermediate (6) Development of pesticide intermediate (7) Development of developer

II. 2021 Business Plan Overview

Future business policy and sales strategy of the Company:

(I) Plastic Additives:

Providing products that meet market trends or customer needs within the shortest period of time.

1. Examples include anti-yellowing agents for PU foam & non-trisphenol PU foam, agricultural film coating liquid, and other new products. We also continue to develop customized products for the direct customers based on key markets and key applications.
2. Registered products have been promoted in the European districts to maintain key customers and market development.
3. Expand sales markets of anti-yellowing agent for recycled PE, anti-yellowing agent for PU foam, UV absorber for PVC blinds; launch products of new light stabilizer for agricultural film and antioxidant for ABS.

(II) UV Curable Materials:

1. After the new factory in Yilan is put into operation, the advantage of upstream and downstream cost integration will strengthen market competitiveness and increase market share for the niche products such as DC173 and DC184 photo-initiators.
2. Continue to promote the sale of specialty monomers, oligopolymers.

(III) Digital Printing Inks:

1. Ink-UV and textile inks are fully promoted for key markets (US, Turkey, Indonesia, Vietnam, Taiwan, etc.).

III. Company Future Development Strategy

Following the China-US trade war in 2019, the global economy was impacted again by the Covid-19 pandemic, which has hit free trade activities worldwide in 2020. Relief packages and expansions initiated worldwide for economy recovery resulted in market rate fluctuation and inflation. In addition, commodities were limited but highly demanded. After experiencing impact and challenge for the past two years, a company surviving will face a more changeable business challenge in 2021. DBC was so impacted by the supply-side innovation policy promoted continuously by China for the past two years that Yancheng Plant has shut down for over two years. The progress of the phase I construction of the plant in Yilan was slow due to the environmental protection laws getting stricter and the enhancement and complexity of such automation as stated in the specifications for engineering design. The scheduled commissioning was therefore delayed. After the arduous business environment experiencing internally and externally for the past two years, DBC is confident of getting out of adverse circumstances in 2021 to return the consistent support of shareholders.

Chairman: WANG,TUNG-HAI
General Manager: TSAY,MAW-DER

II. Company Profile

I Date of incorporation: February 17, 1994

II Company history:

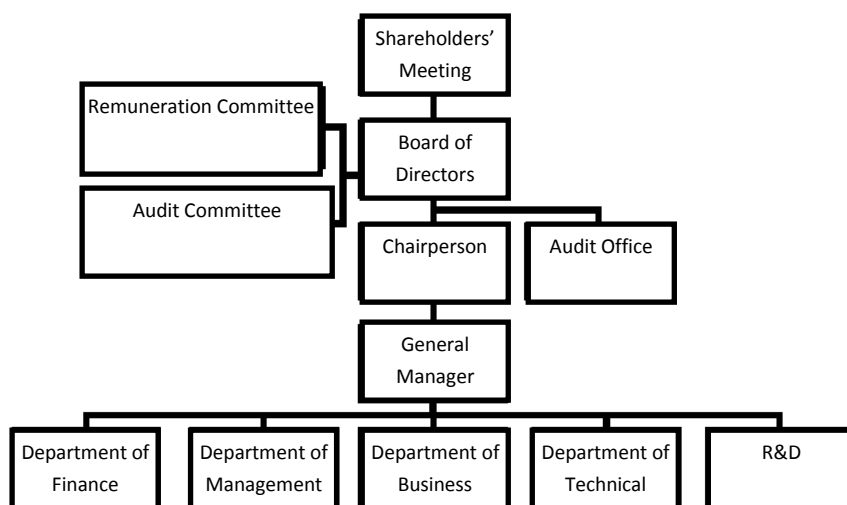
February 1994	Incorporated as Double Bond Chemical Ind. Co., Ltd., the Company started up with the paid-in capital of NT\$5,000 thousand and mainly engaged in the research, development, production and sale of various chemical raw materials, monomer-polymers for coating, industrial additives and special chemicals.
June 1998	Capital increase in cash by NT\$1,000 thousand and paid-in capital increased as NT\$6,000 thousand.
January 2000	Capital increased in cash by NT\$3,000 thousand and paid-in capital increased as NT\$9,000 thousand.
January 2001	Capital increased in cash by NT\$6,000 thousand and paid-in capital increased as NT\$15,000 thousand.
October 2001	Capital increased in cash by NT\$10,000 thousand and paid-in capital increased as NT\$25,000 thousand.
October 2002	Completed the development of antioxidants for PVC emulsion polymerization.
February 2003	Acquire ISO 9001 quality management certification of “plastic, UV curing resin and additives, textile auxiliaries, ink coating additives, and other chemical supplies”.
April 2003	Capital increased in cash by NT\$10,000 thousand and paid-in capital increased as NT\$35,000 thousand.
May 2003	Set up R&D center in New Taipei City Zhonghe Dist.
August 2003	Capital increased in cash NT\$15,000 thousand and paid-in capital increased as NT\$50,000 thousand.
October 2003	Successful launch of sponge anti-yellowing agents, used in textiles and clothing.
June 2004	UV curing resin materials were listed.
August 2006	Capital increased in cash by NT\$25,000 thousand and paid-in capital increased as NT\$75,000 thousand.
June 2007	Establishment of digital printing center.
June 2008	Cooperate with Japan to develop high-end LED package Daicel recipe.
October 2009	Capital increased in cash by NT\$25,000 thousand and paid-in capital increased as NT\$100,000 thousand.
November 2010	Act as a proxy for the digital printing equipment of Malaysia ATEX.
June 2012	PVC heat stabilizers were listed.
December 2012	In response to the adjustment of the Group’s organizational structure, DBC purchased a 100% stake in Free Radical Technology Co., LTD; and purchased a 70% stake in Dafeng Xin Yuan Da Chemical Co., Ltd. through Total Triumph Limited.
January 2013	In response to the adjustment of the Group’s organizational structure, DBC purchased a 100% stake in DBC Europe GmbH 100%, a 100% stake in DBC Europe Holding AG, a 100% stake in Double Bond Chemical Ind USA, Inc., a 99.9% stake in DBC Korea Co., Ltd., and a 51% stake in PT. Double Bond Chemindo.
February 2013	Establishment of DBC China-Shanghai branch Co., Ltd.

October 2013	Our subsidiary Dafeng Xin Yuan Da Chemical Co., Ltd obtained an ISO 9001 quality management certification of the "manufacturing of photo-initiators for coating additives and basic aluminum polychloride for water treatment agents".
December 2013	Capital increased in cash by NT\$110,000 thousand and paid-in capital increased as NT\$210,000 thousand.
July 2014	Capital increased in cash by NT\$150,000 thousand and paid-in capital increased as NT\$360,000 thousand.
October 2014	DBC became the first company in Taiwan as Japan Kyocera's certification nozzle ink supplier.
February 2015	Our acid dye ink and disperse dye ink had passed certification and we had become the first manufacturer in Asia to pass the Japanese Kyocera nozzle certification.
October 2015	Capital increased in cash by NT\$39,280 thousand and paid-in capital increased as NT\$399,280 thousand.
June 2015	DBC had established a subsidiary in Thailand to expand the market in Thailand.
February 2016	Capital increased in cash by NT\$32,400 thousand and paid-in capital increased as NT\$431,680 thousand.
March 2016	Capital increased in cash by NT\$148,464 thousand and paid-in capital increased as NT\$ 580,144 thousand.
April 2016	Capital increased in cash by NT\$35,000 thousand and paid-in capital increased as NT\$615,144 thousand.
August 2016	The public offering declaration took effect.
September 2016	In response to the adjustment of the Group's organizational structure, DBC merged with its subsidiaries, Free Radical Technology Co., LTD of which DBC held 100%.
October 2016	DBC was approved by GTSM for registering on the emerging stock market.
July 2017	Dafeng Xin Yuan Da Chemical Co., Ltd. passed ISO 14001 certification.
September 2017	Capital increased in earnings by NT\$18,454 thousand and paid-in capital increased as NT\$633,598 thousand.
January 2018	DBC was approved by Taiwan Stock Exchange as a listed company.
January 2018	Capital increased in cash by NT\$64,480 thousand and paid-in capital increased as NT\$698,078 thousand (which took effect on Feb. 1 st)
June 2018	DBC had established a subsidiary in Vietnam to expand the market in Vietnam.
August 2018	DBC issued the unsecured corporate convertible bonds of NT\$600,000 thousand domestically for the first time.
September 2019	DBC increased its shareholding of PT. Double Bond Chemindo from 51% to 67%.
September 2019	Capital increased in earnings by NT\$69,808 thousand and paid-in capital increased as NT\$767,886 thousand.
August 2020	Write off treasury shares of NT\$13,680 thousand and paid-in capital decreased as NT\$754,206 thousand

III. Corporate Governance Report

I Organization:

(I) Organizational structure



Operations by department:

Department	Function
Chairperson	Responsible for hosting board of directors meetings and shareholders meeting, the Chairperson shall guide the Company's decision making and major activities based on the resolutions made in the meetings.
General Manager	Responsible for the formulation and execution of the Company's overall business plan; the development and execution of the Company's medium-long term business strategies; the establishment and supervision of each department's organizational operation and system; directly responsible to the board of directors.
Audit Office	With an aim to making the internal control system effective for each department of the Company, the Auditing Office follows the Company's various management methods for auditing to ensure accurate statements, business performance, operational efficiency, legal compliance and audit reports to the independent directors regularly. In response to changes in company transactions, business models, and laws & regulations, the Audit Office also provides advice for the enforcement of internal control systems and the amendments to various management practices.
Department of Finance	Responsible for financial planning, capital management, capital movement, budget planning, account processing, settlement, tax system establishment, tax system execution, investment planning, share operations, and investor relationship.
Department of Management	Responsible for company procurement, personnel affairs, general affairs, fixed assets, etc. and evaluation, planning, maintenance, implementation and management of information software and hardware systems.
Department of Business Operation	Responsible for product sales, customer service, market development, industry trend analysis, marketing information collection, competitor information survey.
Department of Technical Service	Provide customers with technical services, patent applications, chemical data reporting, chemical laws & regulation inquiries.
Department of R&D	Responsible for the research and development of new products and formulas, sample testing experiments, process design and improvement, and the establishment of raw materials and product inspection methods/standards.

II Information about directors, presidents, vice presidents, assistant vice presidents, heads of each department and branch

(I) Members of the board of directors

1. Information about directors

April, 25, 2021; Unit: shares

Title	Nationality or place of registration	Name	Gender	Date elected / appointed	Term	First Elected Date	Shareholding as of elected date		Current shareholding		Shares held by spouse and underage children		Shares held by proxy		Major career (academic) achievements	Concurrent positions in the Company and other companies	Spouse or relatives of second degree of closer acting as other supervisors, directors, or independent directors			Notes
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Job Title	Name	Relationship	
Chairman	ROC	WANG, TUNG -HAI	Male	2020.06.23	2023.06.22	2014.06.23	3,704,686	4.82%	3,704,686	4.91%	466,785	0.62%	9,795,571	12.99%	President of DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD Graduated from Chemical Engineering Department of Kuang Wu Industry & Technology Junior College	Legal Representative of Double Bond Chemical Global Co., Ltd. Legal Representative of DBC Group Co., Ltd. Legal Representative of Total Triumph Limited Chairperson of DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD Director of DAFENG XIN YUAN DA CHEMICAL CO., LTD Chairperson of Double Bond Chemical Vietnam Co., Ltd.	N/A	N/A	N/A	N/A
Director	ROC	LIN, LIANG	Female	2020.06.23	2023.06.22	2014.06.23	787,811	1.03%	782,811	1.04%	606,136	0.80%	16,191,801	21.47%	Chairperson & President of DOUBLE BOND CHEMICAL IND. CO., LTD Product Manager of NICE ENTERPRISE CO., LTD Planning Specialist of FORMOSA WATCH CO., LTD. Complete National Taiwan University EMBA	Chairperson of JATDIX INVESTMENTS INTERNATIONAL LIMITED Chairperson of JATDIA INVESTMENTS LIMITED Chairperson of Belize Mega Grand Holdings Corp. Legal representative director of Innonyx International Co., Ltd.	N/A	N/A	N/A	N/A
Director	ROC	TSAY, MAW-DER	Male	2020.06.23	2023.06.22	2003.03.17	2,562,755	3.34%	2,562,755	3.40%	—	—	918,153	1.22%	Business Manager of EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION Technician of Far Eastern New Century Corporation Bachelor in textile science, National Taipei University of Technology	President of DOUBLE BOND CHEMICAL IND. CO., LTD Director of PT. Double Bond Chemindo Director of DBC Switzerland AG Director of Double Bond Chemical (Thailand) Co., Ltd. Director of DBC Europe Holding AG Chairperson of Double Bond Chemical Ind USA, Inc. Director of DBC KOREA CO., LTD Chairperson of DAFENG XIN YUAN DA CHEMICAL CO., LTD Director of DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD Legal Representative of Corporate Director of SIN HUN CHEMICAL CO., LTD.	N/A	N/A	N/A	N/A

Title	Nationality or place of registration	Name	Gender	Date elected / appointed	Term	First Elected Date	Shareholding as of elected date		Current shareholding		Shares held by spouse and underage children		Shares held by proxy		Major career (academic) achievements	Concurrent positions in the Company and other companies	Spouse or relatives of second degree of closer acting as other supervisors, directors, or independent directors			Notes
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Job Title	Name	Relationship	
Director	ROC	YU, HUI-LIN	Female	2020.06.23	2023.06.22	2016.06.06	125,236	0.16%	139,236	0.18%	—	—	—	—	Financial Manager of TANGAGE International INC. Deputy Project Manager of First Securities Inc Auditor of Deloitte Touche Tohmatsu Limited Master Degree in Accounting, National Cheng Gung University	Assistant Vice President and Chief Financial Officer of DOUBLE BOND CHEMICAL IND., CO., LTD	N/A	N/A	N/A	N/A
Independent Director	ROC	TSAI, KAO-CHUNG	Male	2020.06.23	2023.06.22	2016.12.02	—	—	—	—	—	—	—	—	Underwriting Manager of TAIWAN INTERNATIONAL SECURITIES CO., LTD. Vice President of Capital Market Department, Barits Securities Corporation Master Degree in Economics, Soochow University	Chairperson & President of Best Yield Development Consulting Inc. Chairman of Champion Microelectronic Corp. Director of GLYCONEX INC. Independent Director & Remuneration Committee of SONIX TECHNOLOGY CO., LTD. Independent Director & Remuneration Committee of MICROBIO CO., LTD. Independent Director & Remuneration Committee of HOLY STONE HEALTHCARE CO., LTD. Supervisor of SOLYTECH ENTERPRISE CORPORATION Remuneration Committee of Nien Hsing Textile Co., Ltd.	N/A	N/A	N/A	N/A
Independent Director	ROC	JU, FU-CHEN	Male	2020.06.23	2023.06.22	2016.12.02	—	—	—	—	—	—	—	—	President of TAIWAN STOCK EXCHANGE President of Taiwan Depository & Clearing Corporation Chairperson of Taiwan Depository & Clearing Corporation Chairperson of Bank Taiwan Securities Co., Ltd Master Degree in Economics, National Taiwan University	Legal representative director of KGI Securities Co., LTD. Independent Director & Remuneration Committee of Julien's International Entertainment Group Co., LTD.	N/A	N/A	N/A	N/A
Independent Director	ROC	SU, WEN-CHIUNG	Male	2020.06.23	2023.06.22	2020.06.23	21,000	0.03%	21,000	0.03%	—	—	—	—	R&D Engineer, National Chung-Shan Institute of Science & Technology Ph. D, Institute of Chemistry, National Taiwan University	None	N/A	N/A	N/A	N/A

Note1: Where the Company's Chairperson and President or personnel with equivalent position (chief manager) are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and measures to be taken (e.g. increase the number of Independent Directors and have majority of Directors not serving as employees or managerial officers): None.

2. Major shareholders of corporate shareholders: not applicable

3. If the major shareholder is also a corporate entity, please also specify its major shareholders: not applicable.

4. Whether or not the directors (including independent directors) have no less than five years' experience in business, law, or finance and meet the following requirements:

April 25, 2021

Name	Qualification	Have more than 5 years of experience and the following professional qualifications			Status of Independence (Note 1)												Number of public companies where the person holds the title as independent director or
		Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities	A judge, public prosecutor, attorney-at-law, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company.	Required work experience in commerce, law, finance, accounting or others required by the business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
WANG, TUNG -HAI			✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A
LIN, LIANG			✓		✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	N/A
TSAY, MAW-DER			✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A
YU, HUI-LIN			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A
TSAI, KAO- CHUNG			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
JU, FU-CHEN			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
SU, WEN-CHIUNG			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A

Remark: The respective director (including independent directors) who meet said qualifications 2 years before the assumption of office or at the time of assumption office shall put a "✓" in the appropriate space.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1) or personnel in (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, a top five shareholder, or appointed as the Company's director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
- (6) Not a director, supervisor, or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
- (7) Not a director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
- (8) Not a director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the company or to any affiliate of the company, or a spouse thereof. This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company.
- (11) Not having any of the situations set forth in Article 30 of the Company Act of the ROC.
- (12) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the ROC.

(II) Information about the presidents, vice presidents, assistant vice presidents and heads of departments and branches:

April 25, 2021; Unit: shares

Title	Nationality	Name	Gender	Date elected / appointed	Shares held		Shares held by spouse and minor children		Shares held by proxy		Major career (academic) achievements	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers			Notes (Note1)
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Job Title	Name	Relationship	
President	ROC	TSAY, MAW-DER	Male	2015.05.01	2,562,755	3.40%	—	—	918,153	1.22%	Business Manager of EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION Technician of Far Eastern New Century Corporation Bachelor in textile science, National Taipei University of Technology	(Note 2)	N/A	N/A	N/A	N/A
Vice President	China	WU, YI-KAI	Male	2012.03.01	—	—	—	—	—	—	Business/Technical/Purchasing Manager of DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD Import & Export Manager of Omron Electronic Components Trading (Shanghai) Ltd. Sales of Suzhou Everlight Chemical Co., LTD Bachelor in chemistry, Fudan University	N/A	N/A	N/A	N/A	N/A
Vice President	ROC	CHEN, CHUNG-PIN	Male	2012.01.01	205,214	0.27%	—	—	—	—	Sales manager of BASF Taiwan Ltd. Business manager of ATOTECH TAIWAN LTD Business specialist of CHINA GENERAL PLASTICS CORPORATION Bachelor in chemical engineering, National Tsing Hua University	N/A	N/A	N/A	N/A	N/A
Vice President	ROC	HUANG, CHI-CHEN	Male	2018.05.14	69,246	0.09%	—	—	—	—	Business director of Sunko Ink Company Master in chemical engineering, National Central University	N/A	N/A	N/A	N/A	N/A
Vice President	ROC	CHIU, MING-HO	Male	2017.08.01	88,768	0.12%	—	—	—	—	Technical manager of Everlight Chemical Industrial Corporation Master in applied chemistry, National Chiao Tung University	N/A	N/A	N/A	N/A	N/A
Financial Manager	ROC	TSAI, HSUI-HUEI	Female	2015.01.30	138,996	0.18%	—	—	—	—	Accountant in charge of Lai Hsin Industry Co., Ltd. Bachelor in accounting, Chihlee Junior College	N/A	N/A	N/A	N/A	N/A
Assistant Vice President and Chief Financial Officer	ROC	YU, HUI-LIN	Female	2015.05.04	139,236	0.18%	—	—	—	—	Financial Manager of TANGAGE International INC. Deputy Project Manager of First Securities Inc Auditor of Deloitte Touche Tohmatsu Limited Master Degree in Accounting, National Cheng Kung University	N/A	N/A	N/A	N/A	N/A

Note 1: Where the Company's President or personnel with equivalent position (chief manager) and Chairperson are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and measures to be taken (e.g. increase the number of Independent Directors and have majority of Directors not serving as employees or managerial officers): None.

Note 2: Director of PT. Double Bond Chemindo, Director of DBC Switzerland AG, Director of Double Bond Chemical (Thailand) Co., Ltd., Director of DBC Europe Holding AG, Chairperson of Double Bond Chemical Ind USA, Inc., Director of DBC KOREA CO., LTD, Chairperson of DAFENG XIN YUAN DA CHEMICAL CO., LTD, Director of DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD, and Legal Representative of Corporate Director of SIN HUN CHEMICAL CO., LTD.

III Remuneration to directors (including independent directors), presidents and vice presidents in the most recent year

(I) Remuneration to directors (including independent directors) for the year ended December 31, 2020

Unit: NT\$ thousand; thousand shares;%

Job Title	Name	Directors' remuneration								Sum of A, B, C and D as a percentage of after-tax gain		Remuneration received as an employee concurrently								Sum of A, B, C, D, E, F, and G as a percentage of after-tax gain		Remuneration from invested businesses other than the subsidiaries or Parent Company
		Remuneration(A)		Pension(B)		Remuneration to directors (C)		Fees for services rendered (D)				Salaries, bonuses and special allowance, etc. (E)		Pension (F)		Remuneration to employees (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Amount of cash	Amount of stock	Amount of cash	Amount of stock			
Chairman	WANG, TUNG-HAI	3,324	3,324	—	—	4,000	4,000	115	115	11.98 %	11.98 %	4,428	4,428	70	70	125	—	125	—	19.43%	19.43%	None
Director	LIN, LIANG																					
Director	TSAY, MAW-DE R																					
Director	YU, HUI-LIN																					
Independent Director	JU, FU-CHEN	2,400	2,400	—	—	—	—	75	75	3.99%	3.99%	—	—	—	—	—	—	—	—	3.99%	3.99%	None
Independent Director	CHAO, YU-CHOU																					
Independent Director	SU, WEN-CHIUNG																					
Independent Director	TSAI, KAO-CHUNG																					

1. Please state the policy, system, standard and structure of remuneration paid to Independent Directors and the correlation between factors such as responsibilities and risks assumed as well as time contributed and the amount of payment: If the Company is profitable in the year, it shall allocate no more than 5% for the directors' remuneration based on the regulations specified in Article 20 of the Articles of Incorporation and the level of participation and the value of contributions to the Company operations. The procedures for setting the remuneration are determined in accordance with the Company's articles of association and the powers of approval. In addition to the Company's overall operating performance, future business risks, and developmental trends, the Company also refers to the individual's personal achievement and contribution to the Company to provide reasonable remuneration. In addition to performance assessment and reasonableness of remuneration, the Compensation Committee and the Board of Directors also review the remuneration system based on the Company's business operations, statutory compliance and regulatory compliance, so as to strike a balance between the Company's sustainable operation and risk control.

2. Except for information disclosed above, remuneration paid for services rendered by Directors of the Company to all consolidated entities (e.g. being a nonemployee consultant) in the most recent year: None.

Breakdown of remuneration to directors (including independent directors)

Breakdown of remuneration to each of the Company's directors	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Less than NT\$1,000,000	JU, FU-CHEN; CHAO, YU-CHOU; SU, WEN-CHIUNG; TSAI, KAO-CHUNG; LIN, LIANG	JU, FU-CHEN; CHAO, YU-CHOU; SU, WEN-CHIUNG; TSAI, KAO-CHUNG; LIN, LIANG	JU, FU-CHEN; CHAO, YU-CHOU; SU, WEN-CHIUNG; TSAI, KAO-CHUNG; LIN, LIANG	JU, FU-CHEN; CHAO, YU-CHOU; SU, WEN-CHIUNG; TSAI, KAO-CHUNG; LIN, LIANG
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	TSAY, MAW-DER; YU, HUI-LIN	TSAY, MAW-DER; YU, HUI-LIN	—	—
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	—	—	YU, HUI-LIN	YU, HUI-LIN
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	WANG, TUNG -HAI	WANG, TUNG -HAI	TSAY, MAW-DER; WANG, TUNG -HAI	TSAY, MAW-DER; WANG, TUNG -HAI
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	—	—	—	—
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	—	—	—	—
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	—	—	—	—
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	—	—	—	—
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	—	—	—	—
NT\$100,000,000 and above	—	—	—	—
Total	8	8	8	8

(II) Remuneration to presidents and vice presidents for the year ended December 31, 2020

Unit: NT\$ thousand; thousand shares; %

Job Title	Name	Salary (A)		Pension (B)		Bonus and special allowance, etc. (C)		Remuneration to employees (D)				Sum of A, B, C and D as a percentage of after-tax gains (%)		Remuneration from invested businesses other than the subsidiaries or Parent Company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount of cash	Amount of stock	Amount of cash	Amount of stock			
President	TSAY, MAW-DER	6,892	9,281	276	276	1,281	2,681	179	—	179	—	13.9%	20%	None
Vice President	CHEN, CHUNG-PIN													
Vice President	WU, YI- KAI													
Vice President	CHIU, MING-HO													
Vice President	HUANG, CHI-CHEN													

Breakdown of remuneration to presidents and vice presidents

Breakdown of remuneration to each of the Company's presidents and vice presidents	Name of President and Vice President	
	The Company	All companies included in the financial statements
Less than NT\$1,000,000	—	—
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	HUANG, CHI-CHEN; CHIU, MING-HO	HUANG, CHI-CHEN
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	TSAY, MAW-DER; CHEN CHUNG-PIN	TSAY, MAW-DER; CHEN CHUNG-PIN; CHIU, MING-HO; WU, YI- KAI
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	—	—
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	—	—
NT\$10,000,000 (inclusive)~ NT\$15,000,000 (exclusive)	—	—
NT\$15,000,000 (inclusive)~ NT\$30,000,000 (exclusive)	—	—
NT\$30,000,000 (inclusive)~ NT\$50,000,000 (exclusive)	—	—
NT\$50,000,000 (inclusive)~ NT\$100,000,000 (exclusive)	—	—
NT\$100,000,000 and above	—	—
Total	4	5

(III) Remuneration to presidents, vice presidents, and assistant vice presidents:

December 31, 2020; Unit: NT\$ thousand

	Job Title	Name	Stock Amount	Cash Amount	Total	Percentage of remunerations to net income after tax (%)
Manager	President	TSAY, MAW-DER	—	245	245	0.39%
	Vice President	WU, YI- KAI				
	Vice President	CHEN, CHUNG-PIN				
	Vice President	CHIU, MING-HO				
	Vice President	HUANG, CHI-CHEN				
	Financial Manager	TSAI, HSUI-HUEI				
	Assistant Vice President and Chief Financial Officer	YU, HUI-LIN				

1. Analyze the total remuneration, as a percentage of net income stated in the Company's and consolidated companies' included in the consolidated financial statements in the most recent 2 years to directors (independent directors), presidents and vice presidents and describe remuneration policies, standards, packages, and procedure for determining remuneration, and its linkage to operating performance and future risk.
 - (1) The increase in the percentage of total remuneration to chairperson, president, and vice presidents paid by the Company for the most recent 2 years to net income after tax.

Unit: NT\$ thousand; %

Job Title	Percentage of remunerations to net income after tax for the year 2019(%)		Percentage of remunerations to net income after tax for the year 2020(%)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Director	7.83%	7.83%	23.42%	23.42%
President and Vice Presidents	4.47%	6.44%	13.9%	20%

- (2) Remuneration policies, standards, packages, and procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

If the Company is profitable in the year, it shall allocate no more than 5% for the directors' remuneration based on the regulations specified in Article 20 of the Articles of Incorporation and the level of participation and the value of contributions to the Company operations. The remuneration to presidents and vice presidents including salaries, bonuses, special allowances, remuneration to employees, employee stock warrants and new restricted employee shares, et al., shall be set based on the nature of position, responsibility, job title and duty to be assumed by the presidents and vice presidents and also the standards for the remuneration to equivalent job titles applicable in the same trade.

The procedures for setting the remuneration are determined in accordance with the Company's articles of association and the powers of approval. In addition to the Company's overall operating performance, future business risks, and developmental trends, the Company also refers to the individual's personal achievement and contribution to the Company to provide reasonable remuneration. In addition to performance assessment and reasonableness of remuneration, the Compensation Committee and the Board of Directors also review the remuneration system based on the Company's business operations, statutory compliance and regulatory compliance, so as to strike a balance between the Company's sustainable operation and risk control.

IV Status of corporate governance

(I) Operations of the Board of Directors

A total of 6 meetings of the board of directors were held for the year ended December 31, 2020 and the directors' status of attendance are specified as following:

Job Title	Name	Actual attendance	Attendance by proxy	Date of actual attendance (%)	Remarks
Chairman	WANG, TUNG -HAI	6	0	100%	The chairman was re-elected on June 23, 2020 and has held the position until now.
Director	TSAY, MAW-DER	6	0	100%	The director was re-elected on June 23, 2020 and has held the position until now.
Director	YU, HUI-LIN	6	0	100%	The director was re-elected on June 23, 2020 and has held the position until now.
Director	LIN, LIANG	6	0	100%	The director was re-elected on June 23, 2020 and has held the position until now.
Independent Director	TSAI, KAO-CHUNG	6	0	100%	The director was re-elected on June 23, 2020 and has held the position until now.
Independent Director	JU, FU-CHEN	6	0	100%	The director was re-elected on June 23, 2020 and has held the position until now.
Independent Director	CHAO, YU-CHOU	0	3	0%	The director resigned on June 23, 2020.
Independent Director	SU, WEN-CHIUNG	3	0	100%	The director was elected on June 23, 2020 and has held the position until now.

Other notes:

- I The operation of the board of directors shall state the date, period, content of the proposal, the opinions of all independent directors and the company's opinion on the independent directors if one of the following circumstances occurs:
- (1) For resolution(s) passed pursuant to Article 14-3 of the Securities and Exchange Act: none.
 - (2) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: none.
- II The actions of the directors with respect to the avoidance of conflict of interest shall be disclosed including the name of the director, the matter, the reasons for the avoidance and the voting and attendance status:

Name of Director	Motion content	Reasons for avoidance	Voting and attendance status
WANG, TUNG -HAI	Adjustment of salaries to the chairperson.	The avoiding director as a subject to whom the remuneration is paid to.	Except for the Director who recused themselves from the voting due to conflict of interest, the motion was approved by the remaining Directors in attendance.
WANG, TUNG -HAI	Distribution of annual bonus to chairperson for the year 2019.	The avoiding director as a subject to whom the remuneration is paid to.	Except for the Director who recused themselves from the voting due to conflict of interest, the motion was approved by the remaining Directors in attendance.
YU, HUI-LIN	The 2019 Business Report and the 2019 Financial Statements.	The avoiding director as Accounting Supervisor of DOUBLE BOND CHEMICAL IND., CO.,	Except for the Director who recused themselves from the voting due to conflict of interest, the motion was approved by the remaining

		LTD.	Directors in attendance.
TSAY, MAW-DER YU, HUI-LIN	Adjustment of salaries to the managers.	The avoiding directors as subjects to whom the remuneration is paid to.	Except for these two Directors who recused themselves from the voting due to conflict of interest, the motion was approved by the remaining Directors in attendance.
TSAY, MAW-DER YU, HUI-LIN	Distribution of annual bonus to managers for the year 2019.	The avoiding directors as subjects to whom the remuneration is paid to.	Except for these two Directors who recused themselves from the voting due to conflict of interest, the motion was approved by the remaining Directors in attendance.
WANG, TUNG -HAI TSAY, MAW-DER YU, HUI-LIN LIN, LIANG	Remuneration for directors and managers for the year 2019.	The avoiding directors as subjects to whom the remuneration is paid to.	Except for these four Directors who recused themselves from the voting due to conflict of interest, the motion was approved by the remaining Directors in attendance.
TSAI, KAO- CHUNG JU, FU-CHEN SU, WEN-CHIUNG	Appointment to members of Remuneration Committee of the Company.	The avoiding directors are the appointors in this proposal.	Except for these three Directors who recused themselves from the voting due to conflict of interest, the motion was approved by the remaining Directors in attendance.

III Performance assessment of the Board:

Frequency	Period	Scope	Method	Details
Annually	January 1, 2020 to December 31, 2020	Performance assessment on the Board	Internal performance assessment of the Board and functional committees 、 Internal performance assessment of the Board members	1. Level of participation in corporate operations. 2. Enhancement on the quality of Board decisions. 3. Composition and structure of the Board. 4. Election and continuing education of Directors. 5. Internal control
		Performance assessment on individual Board members		1. Command over corporate goals and mission. 2. Understanding of Directors' duties. 3. Level of participation in corporate operations. 4. Internal relationship management and communication. 5. Specialty and continuing education of Directors. 6. Internal control
		Performance assessment on functional committees		1. Level of participation in corporate operations. 2. Understanding of functional committees' duties. 3. Enhancement on the quality of functional committees' decisions. 4. Composition of the functional committees and election of members.

				5. Internal control.
IV Measures undertaken during the current year and the past year in order to strengthen the functions of the Board of Directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment of their implementations: 1. The current board of directors of the Company is composed of seven directors, of which three are independent directors. The number of seats, the number of people and the election method for independent directors are in line with relevant regulations, and there are also rules of procedure for the board of directors. In addition, the company has an audit committee and a remuneration committee to enhance corporate governance effectiveness. 2. The Company shall be responsible for the liability of the directors and key personnel for performing their duties during their terms of office, purchase Directors and Officers Liability Insurance (D&O), and review the contents of the insurance policy regularly. After renewing the insurance every year, the latest report on the insurance amount, insurance coverage, insurance rates, and other important matters is submitted to the board of directors to reduce the risk of directors and companies and establish a sound corporate governance mechanism. 3. The Company's website contains "Shareholders", "Corporate Governance" and "Corporate Social Responsibility" to provide relevant information about the company in a timely manner. In addition, the company's website also contains "Stakeholders", which provide stakeholders with transparent and effective communication channels to the Company to pursue sustainable business operations. 4. In January 2019, the Company passed the performance assessment method of the board of directors and functional committee. After assessing the performance of the members of the board, the board of directors and functional committee, the Company reports the results to the board of directors with a view to improving the operational quality of the board of directors and functional committees.				

Attendance status of independent directors in the meetings of the board of directors for the year ended December 31, 2020.

◎: Actual attendance; ☆: attendance by proxy; – : not applicable

	Jan. 16	Mar. 25	May. 12	Jun. 23	Aug. 12	Nov. 11
TSAI, KAO-CHUNG	◎	◎	◎	◎	◎	◎
JU, FU-CHEN	◎	◎	◎	◎	◎	◎
CHAO, YU-CHOU	☆	☆	☆	—	—	—
SU, WEN-CHIUNG	—	—	—	◎	◎	◎

(II) Status of Audit Committee

1. Operations of Audit Committee

The audit committee of the Company consists of three independent directors who are responsible for reviewing the appropriateness of the company's financial statements, electing (dismissing) certified public accountants by evaluating their independence and performance, fostering effective implementation of the company's internal control, ensuring the company's compliance with relevant laws and regulations and analyzing the company's existing or potential risks. The Company also formulated an "Organizational Procedures for the Audit Committee" to clarify the authority of the Audit Committee.

A total of 5 meetings of the audit committee were held for the year ended December 31, 2020 and the directors' status of attendance are specified as follows:

Job Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)	Remarks
Independent Director	TSAI, KAO-CHUNG	5	0	100%	The director was re-elected on June 23, 2020 and has held the position until now.
Independent Director	JU, FU-CHEN	5	0	100%	The director was re-elected on June 23, 2020 and has held the position until now.
Independent Director	CHAO, YU-CHOU	0	3	0%	The director resigned on June 23, 2020.
Independent Director	SU, WEN -CHIUNG	2	0	100%	The director was elected on June 23, 2020 and has held the position until now.

Other notes:

I State the date, time of the Board, the content of the proposal, the resolution made by the Audit Committee and the Company's handling of the opinions of the Audit Committee if any of the following circumstances occurs.

(1) For the items listed in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Motion content	Resolution made by the Audit Committee	The Company's handling of the opinions of the Audit Committee
The First Time on 2020.01.16	1. Audit fee for the certified public accountants of the Company.		
The Second Time on 2020.03.25	1. 2019 Annual Business Report and Financial Statements of the Company. 2. Proposal of 2019 Earnings Distribution of the Company. 3. Proposal of the Company's Change of CPA of Financial Statements and Evaluation of Independence and Competency of New CPA. 4. Proposal of 2019 Effectiveness Evaluation of Internal Control System and Declaration of Internal Control System. 5. Revise the Company's Code of Practice for Corporate Governance, Code of Practice on Corporate Social Responsibility and Code of Practice and Conduct for Integrity Operations. 6. Revise the Rules of Procedure for Shareholders' Meeting of the Company. 7. Revise the Rules of Procedure of the Board of Directors, Organizational Rules of the Audit Committee, Rules on the Scope of Duties of Independent Directors and Organizational Rules of the Salary and Remuneration Committee of the	Passed by all commissioners attending the meeting.	Passed by all directors attending the meeting.

	Company. 8. The acquisition or disposal of equipment for business use between related parties. 9. The appointment of the internal audit supervisor.		
The Third Time on 2020.05.12	1. The purchase of the Company's shares to safeguard the Company's credit and shareholders' rights and interests. 2. Revise the Company's Internal Control System. 3. Revise subsidiary's Approval Authority.		
The Fourth Time on 2020.08.12	1. Registration of cancellation of the first-time treasury shares bought back by the Company. 2. Proposal of the Company's Loan of Funds to Indonesia subsidiary PT. Double Bond Chemindo. 3. Revise subsidiary's Approval Authority		
The fifth Time on 2020.11.11	1. 2021 Annual Audit Plan. 2. Revise the Company's Regulations for Management of Financial Statements Preparation Process. 3. The acquisition or disposal of equipment for business use between related parties.		
(2) Other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors, except for the pre-opening matters: None.			
II The actions of the directors with respect to the avoidance of conflict of interest are disclosed including the name of the director, the matter, the reasons for the avoidance and the voting and attendance status: None.			
III Communication between independent directors and internal audit supervisors & accountants (which shall include major issues, methods and results for communicating the company's finances and business conditions).			
1. Independent directors shall review the audit report submitted by the audit department on a monthly basis.			
2. During each audit committee meeting, the audit supervisor shall submit the business report to the independent directors by communicating the implementation and effectiveness of the audit business and address the issues of concern proposed promptly during the meeting. Communications between Independent Directors and internal auditors are summarized as follows:			
Date	Details	Outcome	
The First Time on 2020.01.16	Internal audit items from September to November 2019.	Reported at the Audit Committee meeting and then the Board meeting.	
The Second Time on 2020.03.25	1. Internal audit items from December 2019 to January 2020. 2. Assessment on the effectiveness of internal control system for 2019 and 2019 "Statement of Internal Control System".	1. Reported at the Audit Committee meeting and then the Board meeting. 2. Submitted to the Board once approved.	
The Third Time on 2020.05.12	Internal audit items from February to March 2020.	Reported at the Audit Committee meeting and then the Board meeting.	
The Fourth Time on 2020.08.12	Internal audit items from April to May 2020.	Reported at the Audit Committee meeting and then the Board meeting.	

The Fifth Time on 2020.11.11	1. Internal audit items from June to August 2020. 2. 2021 audit plan.	1. Reported at the Audit Committee meeting and then the Board meeting. 2. Submitted to the Board once approved.
3. Each year, the accountants audit the annual financial statements and communicate with independent directors on their audit findings, risk assessments, key audits, implementations, and final results. Communications between Independent Directors and CPAs are summarized as follows:		
Date	Details	Outcome
2020.01.16 Independent Directors and CPAs meeting	1. Independence of Accountants. 2. Audit Method and Scope. 3. 2019 Group Organizational Structure and Audit Scope. 4. Types of Reports to be Issued. 5. Pre-planned Key Audit Matters for This Year. 6. Summary of Key Audit Matters in the Same Industry. 7. Explanation on the Revised Tax Act.	Communicated and discussed with Independent Directors. Independent directors have no opinions and no suggestions.
2020.03.25 Independent Directors and CPAs meeting	1. Independence of Accountants. 2. Audit Method and Scope. 3. Situation of the Group Audit. 4. Significant Risk. 5. Key Audit Matters. 6. Summary of Audit Conclusion.	Communicated and discussed with Independent Directors. Independent directors have no opinions and no suggestions.
4. As necessary, the independent directors may communicate directly with the audit supervisor and accountant by email, phone or meeting.		

(III) The status of the Company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for any such departure:

Assessment criteria	Operation			Difference from corporate governance practice principles for TWSE/GTSM-Listed companies and reasons
	Yes	No	Summary Description	
(I) Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has established its "Corporate Governance Best-Practice Principles" which is disclosed in the Company's official website and Market Observation Post System (MOPS)	No significant discrepancy.
(II) Shareholding structure and shareholders' interests				
(I) Has the Company defined some internal operating procedures to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?	✓		(I) In accordance with the provisions of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", the Company has established a spokesperson system to deal with shareholder suggestions, doubts or disputes and a dedicated mailbox in the investor's section of the Company's official website to deal with relevant matters of the stakeholders.	No significant discrepancy.
(II) Whether or not the Company has a roster of its major, actually controlling shareholders as well as controllers?	✓		(II) Each month, the Company declares the changes in the shareholdings of major shareholders pursuant to laws and regulations and check whether the shareholder registers are consistent with the shareholder's roster every time the book is closed to keep track of the major shareholders' shareholding status in a timely manner.	No significant discrepancy.

Assessment criteria	Operation			Difference from corporate governance practice principles for TWSE/GTSM-Listed companies and reasons
	Yes	No	Summary Description	
(III) Has the Company established or implemented the risk control and firewall mechanisms between the Company and its affiliates?	✓		(III) According to laws and regulations, the Company has already established a relevant controlling mechanism within the internal control system so that the transaction between the Company and its affiliates can be carried out in accordance with laws and regulations.	No significant discrepancy.
(IV) Has the Company established the internal regulations to prohibit insiders from applying information undisclosed to the market in securities trading?	✓		(IV) The Company has established "Codes of Ethical Conduct", "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading" and "Code of Practice and Conduct for Integrity Operations" to prevent the directors, managers, and employees of the Company from violating relevant provisions regarding internal transactions due to their unfamiliarity with the given laws and regulations.	No significant discrepancy.
(III) Organization and responsibilities of the Board of Directors				
(I) Has the board devised and implemented policies to ensure diversity of its member?	✓		(I) The Company has clearly specified in the "Practices Governing the Election of Directors and Independent Directors" to ensure board member diversity and the current board members' possession of accounting expertise, professional skills and relevant experiences in the Company's businesses.	No significant discrepancy.
(II) Other than the Remuneration Committee and Audit Committee, has the Company taken the initiative to set up a variety of other functional		✓	(II) The Company has not yet taken the initiative to set up a variety of functional committees other than the Remuneration Committee and Audit Committee.	Estimated to be set in accordance with the statutory, regulatory, and business requirements progressively.

Assessment criteria	Operation			Difference from corporate governance practice principles for TWSE/GTSM-Listed companies and reasons
	Yes	No	Summary Description	
committees?				
(III) Has the Company set up regulations and methods to evaluate the performance by the board of directors, conduct evaluation of performance on an annual basis, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?	✓		(III) According to the "Practices Governing the Performance Evaluation of Board of Directors and Functional Commission", the Company conducts evaluation of performance on the operations of the members of the board, the board of directors, audit committee and remuneration committee before reporting the final result to the remuneration committee and the board of directors. At the beginning of 2021, the 2020 performance evaluation of the Board of Directors has been completed, and the evaluation results have been submitted to the Board of Directors on March 25, 2021, which shows that the directors of the Company have positive comments on the efficiency and effectiveness of the operation of various indicators, while the overall operation of the Board of Directors, the Audit Committee and the Remuneration Committee of the Company is qualified and in line with corporate governance.	No significant discrepancy.

Assessment criteria	Operation			Difference from corporate governance practice principles for TWSE/GTSM-Listed companies and reasons
	Yes	No	Summary Description	
(IV) Whether or not the Company has a regular evaluation of the independence of Certified Public Accountants?	✓		(IV) Each year, the Company evaluates the independence and competence of its certified public accountants in accordance with the indicators including whether the accounting firm has financial interests, financing guarantees or business relationships with the Company; whether audit team members and their families have employment relationships and gifts or special offers (bribery) among themselves; whether the professionalism and credibility of the certified public accountants meet the needs of the Company, etc. CPA along with the accounting firm were asked to issue an independent auditor's report, which was evaluated by the Financial Department before the evaluation results were reported to the Board of Directors on May 25, 2020.	No significant discrepancy.

Assessment criteria	Operation			Difference from corporate governance practice principles for TWSE/GTSM-Listed companies and reasons
	Yes	No	Summary Description	
(IV) Does the public company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	✓		The Company has appointed a corporate governance supervisor. Financial department of the Company is concurrently engaged in corporate governance with major duties and responsibilities provided as follows: 1. Handle relevant matters of the board of directors meetings and shareholders meetings pursuant to law. 2. Take meeting minutes at the board of directors meetings and shareholders meetings. 3. Assist directors to take the position and receive continuing education. 4. Provide directors with any information required in the meetings. 5. Deal with changes to the Company registrations. 6. To provide information from time to time on newly issued or amended laws and regulations related to the implementation of business, corporate governance or business operations by members of the Company's Board of Directors.	No significant discrepancy.

Assessment criteria	Operation			Difference from corporate governance practice principles for TWSE/GTSM-Listed companies and reasons
	Yes	No	Summary Description	
(V) Has the Company provided proper communication channels with stakeholders (including but not limited to, shareholders, employees, customers and suppliers, etc.), and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders?	✓		The Company's website has set up the dedicated sections for stakeholders. If stakeholders have any needs, they may contact the unit in charge of the Company at any time so that the Company could deal with the matters in a proper way given the conditions at that time.	No significant discrepancy.
(VI) Has the Company appointed a professional shareholder's service agent to process the affairs related to shareholders' meetings?	✓		The Company changes its agent for stock affairs on Mar. 1, 2021 from Division of Stock Affair, SinoPac Securities to Division of Stock Affairs, Yuanta Securities.	No significant discrepancy.
(VII) Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	✓		(I) The Company set up the website at http://www.dbc.com.tw/ to disclose financial, business and corporate governance-related information in a transparent manner. In accordance with the regulations of the competent authority, the Company declares and announces relevant information on time in the Market Observation Post System (MOPS).	No significant discrepancy.

Assessment criteria	Operation			Difference from corporate governance practice principles for TWSE/GTSM-Listed companies and reasons
	Yes	No	Summary Description	
(II) Has the Company adopted other means to disclose information (i.e. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the Company website)?	✓		(II) With spokesperson and proxy set in accordance with the laws & regulations, the Company designated a person to be responsible for the disclosure of various financial, business and company website information in the Market Observation Post System (MOPS); For the relevant information of the legal person briefing session, a link connected to the Market Observation Post System (MOPS) was made available.	No significant discrepancy.
(III) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓		(III) The Company announces and reports annual financial statements within two months after the end of each fiscal year, and announces and reports Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit.	No significant discrepancy.

Assessment criteria	Operation			Difference from corporate governance practice principles for TWSE/GTSM-Listed companies and reasons
	Yes	No	Summary Description	
(VIII) Does the Company have other information that enables a better understanding of the Company’s corporate governance practices? Yes, descriptions are provided as follows: (I) Employment relations (employee interest and right): Please refer to the employment relations section of this annual report. (II) Investor relations: The Company establishes a spokesperson (proxy) system that responds to shareholder suggestions and doubts so that they are better able to understand business performance and operating status of the Company. Each year, the shareholders' meeting is also convened in accordance with the provisions of the Company Act and relevant laws and regulations so that the shareholders are given ample opportunity to make full proposals or ask questions. The Company assigns dedicated personnel to announce and report relevant information to the Market Observation Post System (MOPS) in accordance with the laws and regulations, so that the investors are able obtain to relevant information of the Company immediately. (III) Supplier Relations: The Company adheres to the principles of equality and reciprocity to establishes partnerships with suppliers. Supplier evaluations are carried out in accordance with the internal system to achieve product supply of higher quality. (IV) Stakeholders’ rights: The Company discloses Company information pursuant to laws and regulations and establishes a stakeholder section on the Company's official website so that a communication channel is provided between the stakeholders and relevant business personnel of the Company. The Company also establishes a reporting system, a reporting mailbox and an employee complaints mailbox to encourage colleagues or interested parties to express their opinions or report violations. (V) Continuing education of directors and independent directors: According to "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies", the Company arranges financial, business, corporate governance and legal and other related continuing education for directors. Please refer to the Market Observation Post System (MOPS)-continuing education of directors and independent directors for the dates, courses and hours of study.				

Assessment criteria	Operation			Difference from corporate governance practice principles for TWSE/GTSM-Listed companies and reasons								
	Yes	No	Summary Description									
(VI) Implementation of risk management policies and risk evaluation standards: Please refer to the risk assessment and analysis section of this annual report.												
(VII) Implementation of customer policy: Through the usual feedback and satisfaction surveys with our customers, we understand our customers’ needs and make improvements based on our customers' advice.												
(VIII) Insuring against liabilities of the Company’s directors and independent directors: In order to reduce the risk and diversify the risk of significant damage to the company and its shareholders due to the directors and key personnel's mistakes or carelessness, the Company has insured against liabilities of the Company’s directors and independent directors and submitted a report to the Board of Directors.												
<table><tr><td>Insured</td><td>Insurance Company</td><td>Insured Amount</td><td>Insured Period</td></tr><tr><td>All directors and key personnel</td><td>AIG Taiwan</td><td>USD 10 million</td><td>From March 1, 2020 to March 1, 2021</td></tr></table>					Insured	Insurance Company	Insured Amount	Insured Period	All directors and key personnel	AIG Taiwan	USD 10 million	From March 1, 2020 to March 1, 2021
Insured	Insurance Company	Insured Amount	Insured Period									
All directors and key personnel	AIG Taiwan	USD 10 million	From March 1, 2020 to March 1, 2021									
(IX) Director diversity: The Procedure of Electing Directors states the policy of diversity of board members. For election of directors, the overall structure of the board of directors shall be considered. Diversity shall be considered in terms of composition of board members. Multiple guidelines shall be properly established based on the operation, business model and developmental needs of the board, and include but are not limited to the standards for the following two aspects: (1) Basic conditions and values: Sex, age, nationality, culture, etc. (2) Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, industrial experience, etc. To achieve the ideal goal of corporate governance, the board of directors as a whole shall have the following abilities: (1) Operating judgement. (2) Accounting and financial analysis. (3) Business Management. (4) Crisis Management. (5) Industrial Knowledge. (6) Global Market Perspective.												

Assessment criteria	Operation			Difference from corporate governance practice principles for TWSE/GTSM-Listed companies and reasons					
	Yes	No	Summary Description						
(7) Leadership. (8) Decision Making. Among 7 directors, the current board of directors includes 2 female directors. In selecting the members for the board of directors, the Company has taken into account the professional background and related capabilities of the candidates to implement the policy of diversification of the board of directors.									
Director Name	Gender	Judgment	Accounting and Financing	Business Management	Crisis Management	Industrial Knowledge	Global Market Perspective	Leadership	Decision Making
WANG, TUNG -HAI	Male	✓		✓	✓	✓	✓	✓	✓
TSAY, MAW-DER	Male	✓	✓	✓	✓	✓	✓	✓	✓
YU, HUI-LIN	Female	✓	✓	✓	✓		✓	✓	✓
LIN, LIANG	Female	✓	✓	✓	✓		✓	✓	✓
TSAI, KAO- CHUNG	Male	✓	✓	✓	✓		✓	✓	✓
JU, FU-CHEN	Male	✓	✓	✓	✓		✓	✓	✓
SU, WEN-CHIUNG	Male	✓		✓	✓	✓	✓	✓	✓
Please explain the improvements made and the prioritized enhancements and measures for the improvement yet to be made according to the corporate governance assessment results reported by TWSE Corporate Governance Center in the most recent year: The Company performed self-assessment based on the 7th Corporate Governance Evaluation. The results of this evaluation will be reviewed and improved in the future. Priorities and measures for future strengthening are as follows: (1) The Company will issue important messages synchronously in English. (2) The Company will input the results of consents, objections and waivers given by shareholders for or against each proposal into the designated Internet information declaration system on the date of the general meeting of shareholders.									

(IV) If a company sets up a remuneration committee, it shall disclose its composition, responsibilities and operation:

On August 12, 2016, the board of directors of the Company passed the establishment of the Remuneration Committee and formulated the “Remuneration Committee Charter” to clarify the duties of the Remuneration Committee. It is expected that the Remuneration Committee assesses and reviews the remuneration policies, systems, and performance of directors and managers in a professional and objective manner.

1. Members of the Remuneration Committee

Identity	Qualification Name	Have more than 5 years of experience and the following professional qualifications			Status of Independence (Note 3)										Number of public companies where the person holds the title as remuneration committee member	Remarks
		Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities	A judge, public prosecutor, attorney-at-law, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company.	Required work experience in commerce, law, finance, accounting or others required by the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	TSAI, KAO-CHUNG	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4	—
Independent Director	JU, FU-CHEN	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	—
Independent Director	CHAO, YU-CHOU (Note 1)	✓	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	—
Independent Director	SU, WEN-CHIUNG (Note 2)	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	—

Note 1: Chao, yu-chou has resigned Since June 23, 2020.

Note 2: Su, wen-chiung has been elected Since June 23, 2020 and held the position until now.

Note 3: The respective director (including independent directors) who meet said qualifications 2 years before the assumption of office or at the time of assumption office shall put a “” in the appropriate space.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1) or personnel in (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, is a top five shareholder, or appointed a representative as the Company's director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).

(6) Not a director, supervisor, or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).

(7) Not a director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).

(8) Shareholders (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).

(9) Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the company or to any affiliate of the company, or a spouse thereof, This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.

(10) Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.

2. Operations of Remuneration Committee

Remuneration Committee of the Company is composed of 3 members.

The term of office held by the current committee members: From June 23, 2020 to June 22, 2023. For the year ended December 31, 2020, the Remuneration Committee held 3 meetings where the qualification and attendance of the Remuneration Committee members are as follows:

Job Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Convener	TSAI, KAO-CHUNG	3	0	100%	The director was re-elected on June 23, 2020 and has held the position until now.
Commissioner	JU, FU-CHEN	3	0	100%	The director was re-elected on June 23, 2020 and has held the position until now.
Commissioner	CHAO, YU-CHOU	0	3	0%	The director resigned on June 23, 2020.
Commissioner	SU, WEN-CHIUNG	—	—	—%	The director was elected on June 23, 2020 and has held the position until now.

Other items to be recorded:

1. If the Board of Directors does not adopt or amend the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of Board of Directors, and the Company's handling of the Remuneration Committee's opinions (if the remuneration approved by the Board of Directors is superior than that suggested by the Remuneration Committee, please specify the discrepancy and reason): none
 2. For resolution(s) made by the Remuneration Committee with the committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: none.
- Discussions and resolutions made by the Remuneration Committee:

	Remuneration Committee	Motion content	Resolution made by the Remuneration Committee	The Company's handling of the opinions of the Remuneration Committee
	The First Time on January 16, 2020	1. Work plan of the Remuneration Committee in 2020. 2. Review the various remuneration projects to be implemented by the Company in 2020. 3. Salary adjustment for the Chairperson. 4. Year-end bonus for the Chairperson in 2019. 5. Salary adjustment for the Company manager. 6. Year-end bonus for the Company manager in 2019.	Passed by all commissioners attending the meeting.	Passed by all directors attending the meeting.
	The Second Time on March 25, 2020	1. Allocation of remuneration to the Company's employees and directors in 2019.		
	The Third Time on May 12, 2020	1. Allocation of remuneration to the Company's directors and managers in 2019.		

(V) Fulfillment of corporate social responsibility:

Assessment criteria	Operation			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Company
	Yes	No	Summary description	
I Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		The Company has formulated a Code of Practice on Corporate Social Responsibility. To ensure the implementation of sustainable strategies, relevant departments will assess risk issues, their impacts and impact levels, and formulate appropriate countermeasures so that the Company can effectively maintain and control relevant potential risks while ensuring the achievement of strategic objectives. The Company's corporate social responsibility implementation results and detailed contents are disclosed in the Company's Annual Corporate Social Responsibility Report.	No significant discrepancy.
II Whether or not the Company establishes a unit dedicated to (concurrently engaged in) promoting corporate social responsibility under supervision by the high-rank management authorized by the Board of Directors who shall be responsible for reporting the status thereof to the Board of Directors?	✓		Already set up a CSR Committee to promote corporate governance, social welfare, and sustainable environment, the Company regularly reports to the board of directors meetings on the implementation status of corporate social responsibility.	No significant discrepancy.

III	Environmental issues				
(I)	Has the Company developed an appropriate environmental management system, given its distinctive characteristics?	✓		(I) Maintaining the working environment and natural environment in accordance with industry-related laws and regulations, the Company not only entrusts professional treatment organizations to handle waste generated from the production process but also provides employees with training courses on occupational safety and environmental management.	No significant discrepancy.
(II)	Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	✓		(II) Committed to developing ecofriendly products and promoting environmental protection, the Company takes actions to sort garbages, use recycled papers, bring ecofriendly tablewares, and improve the efficient use of various resources.	No significant discrepancy.
(III)	Does the company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues?	✓		(III) Faced with the irresistible increase in energy and environmental protection costs caused by climate change, in order to slow down and adapt to the changes made by climate change, the Company is committed to designing energy-saving and carbon-reducing products, keeping the products in line with the regulations of green products and customer requirements, and cooperating with the government's energy-saving policies.	No significant discrepancy.
(IV)	Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for	✓		(IV) In order to avoid improper waste, the Company attaches great importance to the management of energy resources. Through the adoption of energy-saving	No significant discrepancy.

energy conservation & carbon reduction, greenhouse gas emission reduction, water use reduction, and other waste management?			lamp tubes, rational use of air conditioning, use of recycled paper and other measures, employees can deeply plant the concept of energy-saving and carbon-reducing life from the working environment, continuously reduce electricity consumption and achieve carbon emission reduction. The wastes in the enterprise shall be controlled according to the management measures, classified and stored according to the chemical characteristics of each waste and entrusted to qualified manufacturers for cleaning. Details of the Company's greenhouse gas emissions, water consumption and total waste weight in the past two years are disclosed in the Annual Corporate Social Responsibility Report.	
IV Social issues (I) Has the Company developed its policies and procedures in accordance with laws and International Bill of Human Rights?	✓		(I) In accordance with Labor Standards Act and other labor laws and regulations, the Company has established various management measures to protect employees' legitimate labor rights and set up an employee welfare committee to organize various employee welfare activities.	No significant discrepancy.
(II) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on	✓		(II) The Company has established a Salary and Remuneration Committee to regularly review the policies, systems, standards and structure of operating	No significant discrepancy.

employee salaries?			performance and remuneration to appropriately reflect the operating results in employee remuneration. In addition, the Company sets up a Staff Welfare Committee to formulate, implement the Articles of Association of the staff committee and related measures, and implement reasonable staff welfare measures in accordance with government labor acts and regulations.	
(III) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	✓		(III) In order to provide a good working environment and maintain occupational safety and health of the employees, the Company adopts the following policies: 1. Conduct education and training on occupational safety & health and machinery operations when the newcomer joins the Company. 2. Provide all employees with occupational safety and health training program and hold firefighting lectures (drills) at least once a year. 3. Perform workplace hazard assessment and set relevant work safety rules. 4. Conduct independent inspection according to the frequency preset for each machine and equipment. 5. Arrange employee health examinations every year. For the year ended December 31, 2020, the Company has no occupational injuries.	No significant discrepancy.

(IV) Has the Company implemented an effective training program that helps employees develop skills over their career?	✓		(IV) The Company provides professional education and training programs internally and externally to cover various themes including workplace competencies and skills & expertise required for different hierarchical levels of different domains to enrich the employees' lifelong career.	No significant discrepancy.
(V) Does the company comply with relevant regulations and international standards in customer health and safety, customer privacy, and marketing and labeling its goods and services, and has it established consumer rights protection policies and complaint procedures??	✓		(V) The Company is engaged in the research, development, manufacturing, and sales of various products such as plastic additives, UV curable materials, electronic chemicals, and digital printing inks by setting strict standards for the production process and pasting relevant product information on the packages. "Product identification and traceability procedures" and "customer complaint management procedures" are also made available to regulate the handling of customer complaints. The Company places great importance on the rights of stakeholders and the service satisfaction level. Thus, we have a stakeholder section within the corporate website as a complaint channel for customers. At the same time, it allows us to receive stakeholder feedback at any time and address their concerns with care.	No significant discrepancy.

(VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation results?	✓		(VI) Before the Company and supplier cooperate, the supplier is required to fill out a “supplier basic information form”. In addition to the indicators such as quality and delivery, the purchasing unit also gives an objective assessment of whether the supplier has caused significant impacts against the environment or the society in the past. At present, the fulfillment of corporate social responsibility listed on the supplier appraisal form is taken as a standard for the Company to decide whether to cooperate with the supplier. When the supplier violates its corporate social responsibilities and causes significant impacts against the environment or the society, the Company may suspend or terminate the cooperation at any time.	No significant discrepancy.
V Whether the Company referred to the reporting standards or guidelines which are accepted internationally for compiling reports which disclosed the non-financial information of the Company, such as the corporate social responsibility report? Whether the previous report obtained the assurance or verification statement of a verification unit from the third party?	✓		Our corporate social responsibility report was prepared according to the core options of GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiative (GRI).	No significant discrepancy.
VI If the Company has established its own corporate social responsibility principles in accordance with “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Company”, please describe the deviation of its operation from said principles: none.				
VII Other important information that helps shed light on the Company’s status of CSR fulfillment: Please refer to the Company website: http://www.dbc.com.tw/tw/				

(VI) Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons:

Item	Operation			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I Establishment of integrity policies and solutions				
(I) Did the company establish an ethical corporate management policy that was approved by the Board of Directors, and declare its ethical corporate management policy and methods in its regulations and external documents, as well as the commitment of its Board and management to implementing the management policies?	✓		(I) The Board of Directors has passed the establishment of the "Ethical Corporate Management Best Practice Principles" to include ethical corporate management policies, commitments, and executions on September 8, 2016. Through the other aspects of the monthly meeting, the management team propagates the concept of ethical management to employees and places the "Ethical Corporate Management Best Practice Principles" on the company website for stakeholders to refer to.	No significant discrepancy.
(II) Does the company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes preventive measures for conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best	✓		(II) In addition to the establishment of "Codes of Ethical Conduct" and "Codes of Ethical Conduct for Employees", the Company has periodically analyzed and assessed operating activities within the scope of business with relatively high risk of unethical conduct and set precautionary measures for Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" or business conducts that are prone to integrity risks and	No significant discrepancy.

Item	Operation			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
Practice Principles for TWSE/TPEX Listed Companies?			promotes relevant corporate ethics to employees from time to time.	
(III) Did the company specify operating procedures, guidelines for conduct punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?	✓		(III) The Company has formulated the “Procedures for Ethical Management and Guidelines for Conduct” to include all the specifications before placing it on the Company website. In addition, the Company also formulated the rewards and punishments system in the management regulations to regulate the behavior of employees while developing a reporting system and setting up multiple complaint channels for interested parties to use.	No significant discrepancy.
II Fulfillment of ethical corporate management				
(I) Does the Company evaluate the integrity of all counterparts it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	✓		(I) The Company conducts business activities in a fair and transparent manner, performs customer credit investigations and supplier evaluation before starting a business relationship, and signs a commitment to integrity with the supplier.	No significant discrepancy.
(II) Has the Company established a dedicated department under the Board to promote ethical conducts and periodically report (at least once per year) its ethics policies and preventive schemes for unethical conducts as well as implementation status to the Board of	✓		(II) The audit office of the Company is responsible for the development and supervision of ethical corporate management procedures and behavioral guidelines and reports to the board of directors as necessary. There was no major unethical conduct in 2020.	No significant discrepancy.

Item	Operation			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
Directors?				
(III) Whether or not the Company defines any policy against conflict of interest, provides adequate channel thereof, and fulfills the same precisely?	✓		(III) The Company formulates regulations to prevent conflicts of interest in the Codes of Ethical Conduct and the Ethical Corporate Management Best Practice Principles. For conflicts of interest, the Company's internal staff may report to the supervisor or write to the complaint mailbox. Whenever there are conflicts of interest in the various proposals of the board of directors, the directors related to the proposal shall leave based on the principle of avoidance by not participating in the discussion and voting.	No significant discrepancy.
(IV) Has the Company established effective accounting and internal control systems for the implementation of ethics policies and had the internal audit unit formulating relevant audit plans based on the assessment outcome of risk associated with unethical conducts? Has the Company then performed audits on the compliance with the preventive schemes for unethical conducts accordingly, or entrust the CPAs to conduct the audits?	✓		(IV) To ensure the implementation of ethical corporate management, the Company has established an effective accounting system and internal control system. The audit office has formulated relevant audit plans based on the assessment outcome of risk associated with unethical conducts and performed audits on the compliance with the preventive schemes for unethical conducts accordingly. The accounting firm also checked the Company's internal control system every year.	No significant discrepancy.

Item	Operation			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(V) Whether or not the Company organizes internal/external education training program for ethical management periodically?	✓		(V) The Company advocates the importance of ethical corporate management through monthly meetings and internal education training program.	No significant discrepancy.
III Status of the Company's systems				
(I) Whether or not the Company has defined a specific complaints and rewards system, and established some convenient complaint channel, and assigned competent dedicated personnel to deal with the situation?	✓		(I) The Company has defined a specific complaints and reward system, established a complaint mailbox on the Company's website, and assigned competent dedicated personnel to deal with the situation. In addition, the Company has defined the employee complaint channels and employee-related reward and punishment specifications in the "Management Regulations".	No significant discrepancy.
(II) Has the Company implemented any standard procedures or confidentiality measures for handling reported malpractices?	✓		(II) The Company has established a reporting system to implement any standard procedures or confidentiality measures for handling reported malpractices, appoint competent dedicate personnel to investigate the reported malpractices, keep the reporter and reported malpractices confidential, and report on the nature of the case to the senior executives of the authority through appropriate channels.	No significant discrepancy.

Item	Operation			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Does the Company assure malpractice reporters that they will not be mistreated for making such reports?	✓		(III) The Company gives the reporter perfect protections by not disclosing his/her name and other relevant information to ensure investigational quality and assure malpractice reporters that they will not be mistreated for making such reports.	No significant discrepancy.
IV Enhanced information disclosure (I) Whether or not the Company has disclosed its Ethical Corporate Management Best-Practice Principles and effect of implementation thereof on its website and Market Observation Post System?	✓		(I) The content of the company's Ethical Corporate Management Best Practice Principles has been disclosed on the Company's website and Market Observation Post System (MOPS).	No significant discrepancy.
V If the Company has established its own ethical corporate management principles in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”, please describe the deviation of its operation from said principles: None.				
VI Other information material to the understanding of ethical management operation (e.g. Discussion of an amendment to the ethical management principles formulated by the Company): Please refer to the Company website: http://www.dbc.com.tw/tw/				

(VII) If there are Corporate Governance Best Practice Principles and related regulations, the Company shall disclose its inquiry method:

Please refer to the Company website: <http://www.dbc.com.tw/tw/> and Market Observation Post System (MOPS):

<http://mops.twse.com.tw/mops/>

(VIII) Other important information that is sufficient to increase understanding of the operation of corporate governance must be disclosed:

Please refer to the Company website: <http://www.dbc.com.tw/tw/> and Market Observation Post System (MOPS):

<http://mops.twse.com.tw/mops/>

(IX) Implementation of the Internal Control System

1. Statement of the Internal Control System

Double Bond Chemical Ind. Co., Ltd.
Statement of the Internal Control System

Date: March 25, 2021

Based on the results of self-assessment, the Company states the following with regard to its internal control system for the year of 2020:

1. The Company is fully aware that the establishment, operations and maintenance of an internal control system is the responsibility of the Board of Directors and management. The Company has established such a system. It aimed at providing reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations (including profitability, performance, and the safeguard of assets), reliability, timeliness and transparency of reporting, and compliance with all the applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, it can only provide some reasonable assurance of the accomplishment of the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and corrective action is taken wherever a deficiency is identified.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (herein below, the "Regulations"). The criteria adopted by the "Regulations" identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each component further contains several items. Please refer to the "Regulations" for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforementioned criteria.
5. Based on the findings of the evaluation mentioned above, the Company believes that, on December 31, 2020, its internal control system (including the supervision on and management of subsidiaries), as well as the design and operations of internal control systems for understanding its operational effectiveness and efficiency, the achievement level of objectives, reliability, timeliness, transparency and regulatory compliance in reporting, and compliance with the applicable laws and regulations, were effective, and the Company can provide reasonable assurance that the above-stated objectives would be achieved.
6. This Statement will be an integral part of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment or other illegality of contents made public will entail legal liabilities under Article 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Company's Board of Directors on March 25, 2021, with none of the 7 attending directors expressing dissenting opinions and the remainder all affirmed the contents of this Statement.

Double Bond Chemical Ind. Co., Ltd.

Chairman: WANG, TUNG -HAI
General Manager: TSAY, MAW-DER

2. If the CPA is entrusted with the audit of the internal control system, independent auditor's report shall be disclosed: none.
- (X) In the most recent year and up to the date of the annual report, where the company and its internal personnel were punished in accordance with the law, or the company has punished its internal personnel for violating the provisions for the internal control system, if the results of penalty could make a significant impact on shareholders' equity or the price of securities, the content of the penalty, major faults and the circumstances of improvement shall be listed here: None.
- (XI) Important resolutions of the shareholder's meetings or the board meetings during the most recent year and up to the date of publication of the annual report:

1. Important resolutions of the shareholder's meetings:

Important resolutions made by the shareholder's meeting in 2020	Subsequent execution status
1. 2019 business report and financial statements	The relevant documents have been submitted to the competent authority for inspection and announcement in accordance with the relevant provisions set forth in the Company Act.
2. 2019 surplus earning distribution	Earnings distribution in 2019, allocate cash dividends to shareholders of NT\$ 92,146,338 (NT\$1.2 per share). Ex-dividend base date is October 12, 2020. Cash dividends of NT\$1.2 per share were issued on October 29, 2020.
3. Amendment to "Rules of Procedure for Shareholders" of the Company	The resolution was approved and has been handled in accordance with the revised articles of association.
4. The completely re-election of directors	Elected directors are listed as follows: directors (4 persons): WANG, TUNG -HAI, TSAY, MAW-DER, YU, HUI-LIN, and LIN, LIANG; Independent directors (3 persons): TSAI, KAO-CHUNG, JU, FU-CHEN, SU, WEN-CHIUNG. were registered and approved by Ministry of Economic Affairs on July 8, 2020.
5. Deregulation of the restriction of non-competition for new directors	The deregulation of the restriction of non-competition for directors, TSAY, MAW-DER and LIN, LIANG, and independent directors, TSAI, KAO- CHUNG and JU, FU-CHEN, were approved.

2. Important resolutions of the board meetings:

Date	Important Resolutions
2020.01.16	1. Passing the "2020 working schedule of the remuneration committee". 2. Passing the "Company's review of various remuneration projects to be carried out in 2020". 3. Passing the "salary adjustments for the chairperson". 4. Passing the "2019 year-end bonus distribution to the chairperson". 5. Passing the "salary adjustments for the managers". 6. Passing the "2019 year-end bonus distribution to the company managers". 7. Passing the "audit fee for the certified public accountants of the Company".

Date	Important Resolutions
	8. Approving the Company's two plots of land located at 186-46 and 186-47 in Wujie township, Yilan County, which are required for plant building, and to apply to the Land Bank for a loan of NT\$ 278,000 thousands for the construction of the plant building, and to make an agreement and commitment to this proposal.
2020.03.25	1. Passing the "2019 remuneration allocation to employees and directors of the Company". 2. Passing the "2019 business report and financial statements of the Company". 3. Passing the "2019 surplus earning distribution of the Company". 4. Passing the "independence and competency evaluation of the certified public accountants". 5. Passing the 2019 "effectiveness assessment of the internal control system" and "declaration of the internal control system" of the Company. 6. Passing the amendment of the Practice on Corporate Governance, Code of Practice on Corporate Social Responsibility and Code of Practice and Conduct for Integrity Operations of the Company. 7. Passing the amendment of the Rules of Procedure for Shareholders' Meeting of the Company. 8. Passing the amendment of the Rules of Procedure of the Board of Directors, Organizational Rules of the Audit Committee, Rules on the Scope of Duties of Independent Directors and Organizational Rules of the Salary and Remuneration Committee of the Company. 9. Passing the proposal to completely re-elect directors. 10. Passing the related issues on the acceptance of nomination of candidates for directors (including independent directors) at 2020 Regular Shareholders' Meeting, the acceptance period and the acceptance office. 11. Passing the nomination by the Board of Directors and the formal confirmation of the list of candidates for directors and independent directors. 12. Passing the restriction of non-competition for new directors. 13. Passing the acquisition or disposal of equipment for business use between related parties. 14. Passing the appointment of the internal audit supervisor. 15. Passing the 2020 Regular Shareholders' Meeting.
2020.05.12	1. Passing the "2019 allocation of remuneration to directors and managers of the Company". 2. Passing the purchase of the Company's shares to safeguard the Company's credit and shareholders' rights and interests. 3. Passing the "amendment to the internal control system of the Company". 4. Passing the "amendment to the level of authority of the subsidiary company".

Date	Important Resolutions
	5. Passing the “application to Shanghai Commercial and Savings Bank for the line of credit”.
2020.06.23	1. Passing the proposal to re-elect Chairman. 2. Passing the appointment of members of Salary Remuneration Committee of the Company. 3. Passing the “application to Cathay United Bank for the line of credit”. 4. Passing the “application to Shanghai Commercial and Savings Bank for the line of credit”.
2020.08.12	1. Passing the amendment to the Company’s budget for the second half-year of 2020. 2. Passing the Company’s earnings distribution plan for the first half of 2020. 3. Passing the Registration of cancellation of the first-time treasury shares bought back by the Company. 4. Passing the “Company’s loan of funds to its Indonesia subsidiary PT. Double Bond Chemindo.”. 5. Passing the “the change of the representative and director of a subsidiary company in Vietnam: DOUBLE BOND CHEMICAL VIETNAM CO., LTD”. 6. Passing the “amendments to the level of authority forms of the Company”. 7. Passing the “application to Taipei Fubon Bank for the line of credit”. 8. Passing the “application to Bank Sinopac Taipei Branch for the line of credit”. 9. Passing the “application to CTBC Bank for the line of credit”. 10. Passing the “application to Hua Nan Bank Jisui Branch for the line of credit”.
2020.11.11	1. Passing the “2021 corporate business plan and 2021 budget plan of the Company”. 2. Passing the “2021 audit plan of the Company”. 3. Passing the “Revision of the Company’s Regulations for Management of Financial Statements Preparation Process.”. 4. Passing the “the change of the director of a subsidiary company in German: DBC Europe GmbH”. 5. Passing the acquisition or disposal of equipment for business use between related parties. 6. Passing the “the change of the Company’s agent for stock affairs”. 7. Passing the “application to Hua Nan Bank Jisui Branch for the line of credit”. 8. Passing the “application to Guting Branch of Land Bank for the line of credit”. 9. Passing the “application to Guting Branch of Land Bank for the line of credit”. 10. Passing the “application to E.SUN Commercial Bank for the line of credit and the authorization of the chairperson to sign the relevant

Date	Important Resolutions
	documents such as the credit contract and handle the credit-related matters on behalf of the Company”.
2021.01.29	1. Passing the “2021 working schedule of the remuneration committee”. 2. Passing the “Company’s review of various remuneration projects to be carried out in 2021”. 3. Passing the “salary adjustments for the chairperson”. 4. Passing the “2020 year-end bonus distribution to the chairperson”. 5. Passing the “salary adjustments for the managers”. 6. Passing the “2020 year-end bonus distribution to the company managers”. 7. Passing the “audit fee for the certified public accountants of the Company”. 8. Passing the “the change of the director and supervisor of a subsidiary company in Indonesia: PT. Double Bond Chemindo”. 9. Passing the “the change of the director of a subsidiary company in German: DBC Europe GmbH”.
2021.03.25	1. Passing the “2020 remuneration allocation to employees and directors of the Company”. 2. Passing the “2020 business report and financial statements of the Company”. 3. Passing the “2020 surplus earning distribution of the Company”. 4. Passing the “capitalization of retained earnings for stock dividends”. 5. Passing the 2020 “effectiveness assessment of the internal control system” and “declaration of the internal control system” of the Company. 6. Passing the “amendments to the level of authority forms of the Company”. 7. Passing the amendment of the Rules of Procedure for Shareholders’ Meeting and Practices Governing the Election of Directors and Independent Directors of the Company. 8. Passing the amendment of the Rules on the Scope of Duties of Independent Directors 9. Passing the amendment of the Organizational Rules of the Salary and Remuneration Committee and the Practices Governing the Performance Evaluation of the Board of Directors and the Functional Committee of the Company. 10. Passing the “the appointment of the director of a subsidiary company in Korea: DBC Korea Co., Ltd.”. 11. Passing the 2021 Regular Shareholders’ Meeting.
2021.05.12	1. Passing the “2020 allocation of remuneration to directors and managers of the Company”. 2. Passing the “replacement of president of a subsidiary company in Mainland China: DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD” and the “transfer of former president”.

Date	Important Resolutions
	3. Passing the “salary adjustment to president of a subsidiary in Mainland China: DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD and technical director of Double Bond Chemical Ind. Co., Ltd.”. 4. Passing the "replacement of former certified public accountants for the Company's financial statements and the independence and competency evaluation of the new certified public accountants". 5. Passing the acquisition or disposal of equipment for business use between related parties.

(XII) Recorded or written statements made by any director or supervisor who specified dissent to important resolutions passed by the Board of Directors during the most recent year and up to the date of publication of the annual report: none.

(XIII) Resignation and discharge of chairperson, president, accounting officer, financial officer, chief internal auditor and R&D officer, etc. during the most recent year up to the date of publication of this annual report: see the following table:

Job Title	Name	Appointment Date	Dismissal Date	Reason for Dismissal
Chief Internal Auditor	YEN,CHUN YEN	2015/12/02	2020/02/27	Resignation for Personal Career Planning

V Information about independent auditor:

(I) Information about independent auditor's fees:

Name of CPA Firm	Name of CPA	Audit Period	Note
Deloitte & Touche	CHEN,CHIH-YUAN& CHANG,CHING-JEN	2020.01.01~2020.12.31	—

Unit: NT\$ Thousand

Range of Amount		Items	Audit Fee	Non-Audit Fee	Total
1	Less than NT\$2,000 thousand		—	734	—
2	NT\$2,000 thousand (inclusive)~NT\$4,000 thousand		3,200	—	3,934
3	NT\$4,000 thousand (inclusive)~NT\$6,000 thousand		—	—	—
4	NT\$6,000 thousand (inclusive)~NT\$8,000 thousand		—	—	—
5	NT\$8,000 thousand (inclusive)~NT\$10,000 thousand		—	—	—
6	NT\$10,000 thousand (inclusive) and above		—	—	—

Note: Other non-audit fees are NT\$104 thousand for industrial and commercial registration, NT\$600 thousand for transfer pricing, professional review and consultation, and NT\$30 thousand for Salary Checklist Review.

(II) Disclosure of audit and non-audit fees and the contents of non-audit services, if the non-audit fees paid to the independent auditor, CPA firm and its affiliates represent one fourth (1/4) or more of the audit fees: none.

(III) Replacement of the CPA firm and reduction in audit fees paid during the year of replacement compared with the previous year, if any: none.

(IV) Amount, proportion and reason for the reductions in audit fees shall be disclosed if the audit fees reduce by more than 10% compared with the previous years: none.

VI Information about the replacement of independent auditor:

In line with the internal rotational mechanism of Deloitte & Touche, the board of directors of the Company passed the replacement of certified public accountants CPA

CHEN, CHIH-YUAN and CPA CHANG, CHING-JEN with CPA CHEN, CHIH-YUAN and CPA HUANG,YAO-LIN ever since the financial statements of the first quarter in 2021 on the date of May 12, 2021.

(I) About the former CPA:

Date of the replacement	After Deloitte & Touche reported the internal accountant rotation of the CPA firm on April 20, 2021, the board of directors of the Company decided to pass the appointment of successor accountants on May 12, 2021.			
Reasons and details of the replacement	Internal accountant rotation of Deloitte & Touche			
Explain that the appointor or accountant terminates or does not accept the appointment	Parties Involved		CPA	Appointor
	Conditions		N/A	
	Actively terminate the appointment.			
	Not accepting appointment (renewal).			
Comments and reasons for issuing audit reports other than unqualified opinions in the latest two years	N/A			
Whether there is any disagreement with the issuer?	Yes		Accounting principles or practices	
			Financial statement disclosure	
			Audit scopes and steps	
			Others	
	No	✓		
	Explanation: N/A			
Other items to be disclosed (Number 1-4 to Number 1-7, Paragraph 6, Article 10 of this standard shall be disclosed).	N/A			

(II) About the new CPA:

Name of CPA Firm	Deloitte & Touche
Name of CPA	CPA CHEN, CHIH-YUAN & CPA HUANG,YAO-LIN
Date of Appointment	After Deloitte & Touche reported the internal accountant rotation of the CPA firm on April 20, 2021, the board of directors of the Company decided to pass the appointment of successor accountants on May 12, 2021.
Accounting methods and accounting principles for specific transactions as well as opinions, consultations, and results for the financial statements before the appointment.	N/A
Opinion discrepancies in writing between the former CPA and the successor CPA.	N/A

(III) Correspondence of the former CPA with respect to number 1 & 2-3, Paragraph 6, Article 10 of this standard: none.

- VII Disclosure of any instance of the Company's chairperson, president, and financial or accounting manager having held a position in the CPA firm or its affiliates over the past year: None.
- VIII Transfer of the shareholders' equity and changes in pledge of equity by directors (independent directors), managers, and major shareholders with over 10% shareholding

during the most recent year and up to the date of publication of this annual report:

- (I) Changes in shareholders' equity of directors (including independent directors), managers and major shareholders with over 10% shareholding

Unit: shares

Job Title	Name	2020		In the current year up to April 25, 2021		Remarks
		Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	
Chairman	WANG, TUNG-HAI	—	—	—	—	
Director	LIN, LIANG	(5,000)	—	—	—	
Director & President	TSAY, MAW-DER	—	—	—	—	
Director & Chief Financial Officer	YU, HUI-LIN	14,000	—	—	—	
Independent Director	TSAI, KAO-CHUNG	—	—	—	—	
Independent Director	JU, FU-CHEN	—	—	—	—	
Independent Director	SU, WEN-CHIUNG	—	—	—	—	
Vice President	WU, YI-KAI	—	—	—	—	
Vice President	CHEN CHUNG-PIN	—	—	—	—	
Vice President	HUANG, CHI-CHEN	—	—	—	—	
Vice President	CHIU, MING-HO	—	—	—	—	
Financial Manager	TSAI, HSUI-HUEI	—	—	—	—	

- (II) Information about the transfer of shareholders' equity:

There are no circumstances that the counterparty of the transfer of shareholders' equity by the Company's directors (independent directors), managers, and major shareholders with over 10% shareholding was the Company's related parties.

- (III) Circumstances that the counterparty of pledged equity is related party:

There are no circumstances that the counterparty of the transfer of shareholders' equity by the Company's directors (independent directors), managers, and major shareholders with over 10% shareholding was the Company's related party.

IX Information on relationship between any of the top ten shareholder (related party, spouse, or kinship within the second degree):

April 25, 2021; Unit: shares %

Name/Company and its representative	Shares held by oneself		Shares held by spouse and minor children		Total shares held by proxy		Disclosure of information on related parties, or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and relationships		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Title (or name)	Relationship	
Shinning Spark Limited (Seychelles)	6,782,223	8.99%	—	—	—	—	Hau Yang Investment Co., Ltd	Chairperson of the company	—
Person in Charge: HUANG, KUEI-YING	466,785	0.62%	3,704,686	4.91%	9,795,571	12.99%	WANG, TUNG-HAI	Spouse	
LIN, SU-FANG	6,021,793	7.98%	4,208,077	5.58%	4,467,219	5.92%	RIGHT POINT LIMITED (Seychelles)	Chairman of the company	—
							LEE, KUN-CHANG	Spouse	
MEGA GRAND HOLDINGS CORP (Belize)	5,796,428	7.69%	—	—	—	—	JATDIA INVESTMENT LIMITED (Samoa), JATDIX INVESTMENTS INTERNATIONAL LIMITED	Same person as the person in charge of the company	—
Person in Charge: LIN, LIANG	782,811	1.04%	606,136	0.80%	16,191,801	21.47%	LIU, CHIEN-LIANG	Spouse	
JATDIA INVESTMENTS LIMITED (Samoa)	5,572,592	7.39%	—	—	—	—	MEGA GRAND HOLDINGS CORP (Belize), JATDIX INVESTMENTS INTERNATIONAL LIMITED	Same person as the person in charge of the company	—
Person in Charge: LIN, LIANG	782,811	1.04%	606,136	0.80%	16,191,801	21.47%	LIU, CHIEN-LIANG	Spouse	
JUMBO HARVEST LIMITED (Seychelles)	5,217,221	6.92%	—	—	—	—	HUNG, TSAI-CHING	Chairperson of the company	—
Person in Charge: HUNG, TSAI-CHING	—	—	2,562,755	3.40%	1,468,153	1.95%	TSAY, MAW-DER	Spouse	
RIGHT POINT LIMITED (Seychelles)	4,466,119	5.92%	—	—	—	—	LIN, SU-FANG	Chairperson of the company	—
Person in Charge: LING, SU-FANG	6,021,793	7.98%	4,208,077	5.58%	4,467,219	5.92%	LEE, KUN-CHANG	Spouse	
LEE, KUN-CHANG	4,208,077	5.58%	6,021,793	7.98%	4,467,219	5.92%	LIN, SU-FANG	Spouse	—
							RIGHT POINT LIMITED	Spouse as the person	

Name/Company and its representative	Shares held by oneself		Shares held by spouse and minor children		Total shares held by proxy		Disclosure of information on related parties, or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and relationships		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Title (or name)	Relationship	
							(Seychelles)	in charge of the company	
WANG, TUNG -HAI	3,704,686	4.91%	466,785	0.62%	9,795,571	12.99%	SHINNING SPARK LIMITED (Seychelles)	Spouse as the person in charge of the company	—
Hau Yang Investment Co., Ltd	3,013,348	4.00%	—	—	—	—	SHINNING SPARK LIMITED (Seychelles)	Chairperson of the company	—
Person in Charge: HUANG,KUEI-YING	466,785	0.62%	3,704,686	4.91%	9,795,571	12.99%	WANG, TUNG -HAI	Spouse	—
LIU, CHUN-CHIEH	2,567,000	3.40%	145,000	0.19%	—	—	—	—	—

Note 1: The top 10 shareholders shall be listed. Those who belong to the corporate shareholders shall be listed the name of the corporate shareholders and the name of the representatives appointed by the corporate shareholders.

Note 2: The calculation of shareholding ratio refers to the calculation of shareholding ratio in the name of oneself, the spouse, the minor child or other individuals.

Note 3: The shareholders listed in the previous disclosure, including legal persons and natural persons, shall disclose their relationship with each other in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- X The total number of shares held in any single enterprise by the Company, its directors, managers, and any companies controlled either directly or indirectly by the Company with consolidated calculation of the comprehensive shareholding ratio.

April 25, 2021; Unit: thousand shares; %

Investees (Note 1)	Invested by the Company		Investments by directors, managers, and directly/indirectly controlled entities		Aggregated investment	
	Shares (in thousand)	Shareholding ratio	Shares (in thousand)	Shareholding ratio	Shares (in thousand)	Shareholding ratio
DBC Group Co., Ltd.	10,430	100%	—	—	10,430	100%
DBC Europe Holding AG	0.1	100%	—	—	0.1	100%
DBC Europe GmbH	(Note 2)	100%	—	—	(Note 2)	100%
DBC Korea Co., Ltd.	59	99.98%	—	—	59	99.98%
Double Bond Chemical Ind USA, Inc.	2	100%	—	—	2	100%
PT. Double Bond Chemindo	1.675	67%	—	—	1.675	67%
Double Bond Chemical (Thailand) Co., Ltd.	9.8	49%	—	—	9.8	49%
Double Bond Chemical Vietnam Co., Ltd.	(Note 2)	100%	—	—	(Note 2)	100%
Double Bond Chemical Global Co., Ltd.	2,530	100%	—	—	2,530	100%
Total Triumph Limited	7,900	100%	—	—	7,900	100%
DBC Switzerland AG	0.08	80%	—	—	0.08	80%
DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD	(Note 2)	100%	—	—	(Note 2)	100%
DAFENG XIN YUAN DA CHEMICAL CO., LTD	(Note 2)	100%	—	—	(Note 2)	100%

Note 1: It is the subsidiary of the Company adopting the equity method. The investing interests between re-investment company, the long-term equity investment of the investment company and the net value of the investee company are all written off in the preparation of the consolidated financial statements.

Note 2: Limited liability company.

IV Fund Raising

I Capital and shares

(I) Source of capital stock:

1. Type of shares

April 25, 2021; Unit: shares

Type of shares	Authorized capital (Note)			Remarks
	Outstanding shares	Unissued shares	Total	
Ordinary shares	75,420,615	44,579,385	120,000,000	The Company's stock refers to the listed stock.

2. Formation of capital:

April 25, 2021; Unit: thousand shares; NT\$ in thousand

Year/Month	Issue price per unit (NT\$)	Authorized capital		Paid-up capital		Remarks		
		Number of shares (thousand shares)	Amount (thousands)	Number of shares (thousand shares)	Amount (thousands)	Source of capital (thousands)	Paid in properties other than cash	Others
1994.02	10	500	5,000	500	5,000	Capital for incorporation	N/A	Note 1
1998.06	10	600	6,000	600	6,000	Capital increase by cash: NT\$1,000 thousand	N/A	Note 2
2000.01	10	900	9,000	900	9,000	Capital increase by cash: NT\$3,000 thousand	N/A	Note 3
2001.01	10	1,500	15,000	1,500	15,000	Capital increase by cash: NT\$6,000 thousand	N/A	Note 4
2001.10	10	2,500	25,000	2,500	25,000	Capital increase by cash: NT\$10,000 thousand	N/A	Note 5
2003.04	10	3,500	35,000	3,500	35,000	Capital increase by cash: NT\$10,000 thousand	N/A	Note 6
2003.08	10	5,000	50,000	5,000	50,000	Capital increase by cash: NT\$15,000 thousand	N/A	Note 7
2006.08	10	7,500	75,000	7,500	75,000	Capital increase by cash: NT\$25,000 thousand	N/A	Note 8
2009.10	10	10,000	100,000	10,000	100,000	Capital increase by cash: NT\$25,000 thousand	N/A	Note 9
2013.12	10	46,000	460,000	21,000	210,000	Capital increase by cash: NT\$110,000 thousand	N/A	Note 10
2014.07	10	46,000	460,000	36,000	360,000	Capital increase by cash: NT\$150,000 thousand	N/A	Note 11
2015.10	28	46,000	460,000	39,928	399,280	Capital increase by cash: NT\$39,280 thousand	N/A	Note 12
2016.02	34	46,000	460,000	43,168	431,680	Capital increase by cash: NT\$32,400 thousand	N/A	Note 13
2016.03	10	80,000	800,000	58,014	580,144	Capital surplus transferred to capital: NT\$148,464 thousand	N/A	Note 14
2016.04	20	80,000	800,000	61,514	615,144	Capital increase by cash: NT\$35,000 thousand	N/A	Note 15
2017.09	10	80,000	800,000	63,360	633,598	Capitalization of retained earnings: NT\$18,454 thousand	N/A	Note 16

2018.01	48	80,000	800,000	69,808	698,078	Capital increase by cash: NT\$ 64,480 thousand	N/A	Note 17
2019.09	10	120,000	1,200,000	76,789	767,886	Capitalization of retained earnings: NT\$69,808 thousand	N/A	Note 18
2020.08	10	120,000	1,200,000	75,421	754,206	Capital decrease NT\$ 13,680 thousand	N/A	Note 19

Note 1: Jian-Yi-Zi No. 824473 dated February 17, 1994

Note 2: Jian-Yi-Zi No. 87303943 dated June 24, 1998

Note 3: Bei-Shi-Jian-Shang-Er-Zi No. 88368490 dated January 17, 2000

Note 4: Bei-Shi-Jian-Shang-Er-Zi No. 90250118 dated January 11, 2001

Note 5: Fu-Jian-Shang-Zi No. 90116986 dated October 23, 2001

Note 6: Fu-Jian-Shang-Zi No. 092062308 dated April 2, 2003

Note 7: Fu-Jian-Shang-Zi No. 09217785400 dated August 20, 2003

Note 8: Jing-Shou-Zhong-Zi No. 09532761620 dated August 31, 2006

Note 9: Jing-Shou-Zhong-Zi No. 09833281630 dated October 22, 2009

Note 10: Bei-Fu-Jing-Si-Zi No. 1025080175 dated December 17, 2013 with authorized capital stock increased by NT\$460,000 thousand.

Note 11: Bei-Fu-Jing-Si-Zi No. 1035165469 dated July 21, 2014.

Note 12: Xin-Bei-Fu-Jing-Si-Zi No. 1045184578 dated October 5, 2015

Note 13: Xin-Bei-Fu-Jing-Si-Zi No. 1055129773 dated February 5, 2016

Note 14: Jing-Shou-Shang-Zi No. 10501057370 dated March 28, 2016 with authorized capital stock increased by NT\$800,000 thousand.

Note 15: Jing-Shou-Shang-Zi No. 10501086060 dated April 27, 2016

Note 16: Jing-Shou-Shang-Zi No. 10601135110 dated September 26, 2017

Note 17: Jing-Shou-Shang-Zi No. 10701007140 dated February 1, 2018

Note 18: Jing-Shou-Shang-Zi No. 10801117320 dated September 2, 2019. Jing-Shou-Shang-Zi No. 10801092540 dated July 9, 2019 with authorized capital stock increased by NT\$1,200,000 thousand.

Note 19: Jing-Shou-Shang-Zi No. 10901159870 dated August 31, 2020 with write-off of treasury shares of NT\$13,680 thousand

(II) Shareholder structure

April 25, 2021; Unit: persons; share: %

Shareholder Structure Quantity	Government agency	Financial institute	Other corporations	Individual	Foreign institute and others	Total
Number of persons	0	0	17	1,499	21	1,537
Shares held	0	0	10,330,515	36,470,765	28,619,335	75,420,615
Shareholding ratio	0.00%	0.00%	13.70%	48.35%	37.95%	100.00%

Note: The first-time listed company or emerging stock company shall disclose its shareholding percentage of capital investment from Mainland China. Capital investment from Mainland China means the people, legal persons, groups, other institutions in China, or their companies invested in the third region, as defined in Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in Taiwan.

(III) Distribution of equity

April 25, 2021; Unit: persons; Share: %

Level of shareholding	Number of shareholders	Shares held	Shareholding ratio
1 ~ 999	445	76,798	0.10%
1,000 ~ 5,000	713	1,417,007	1.88%
5,001 ~ 10,000	124	895,764	1.19%
10,001 ~ 15,000	44	528,061	0.70%
15,001 ~ 20,000	47	832,355	1.10%
20,001 ~ 30,000	38	905,900	1.20%
30,001 ~ 50,000	37	1,465,589	1.94%
50,001 ~ 100,000	36	2,480,650	3.29%

100,001 ~ 200,000	21	2,743,992	3.64%
200,001 ~ 400,000	4	1,188,991	1.58%
400,001 ~ 600,000	8	4,083,521	5.41%
600,001 ~ 800,000	4	2,719,811	3.61%
800,001 ~ 1,000,000	3	2,747,153	3.64%
1,000,001 and above	13	53,335,023	70.72%
Total	1,537	75,420,615	100.00%

(IV) List of main shareholders: The names, number of shares held and shareholding ratio for shareholders holding more than 5% of total issued shares of the Company or ranking as one of the top-10 shareholders are listed clearly below:

April 25, 2021; Unit: shares; %

Shares of major shareholders		Shares held	Shareholding ratio
Name of major shareholder			
SHINNING SPARK LIMITED (Seychelles)		6,782,223	8.99%
LIN, SU-FANG		6,021,793	7.98%
MEGA GRAND HOLDINGS CORP. (Belize)		5,796,428	7.69%
JATDIA INVESTMENTS LIMITED (Samoa)		5,572,592	7.39%
JUMBO HARVEST LIMITED (Seychelles)		5,217,221	6.92%
RIGHT POINT LIMITED (Seychelles)		4,466,119	5.92%
LEE, KUN-CHANG		4,208,077	5.58%
WANG, TUNG -HAI		3,704,686	4.91%
Hau Yang Investment Co., Ltd		3,013,348	4.00%
LIU, CHUN-CHIEH		2,567,000	3.40%

(V) Market price per share, net worth, earnings, dividends and related information for the most recent 2 years:

Unit: thousand shares; NT\$

Items		Year	2019	2020	In the current year up to March 31, 2021
Market price per share	Highest		88.60	72.00	69.40
	Lowest		65.00	46.75	61.20
	Average		75.51	64.07	64.33
Per-share net worth	Before distribution		30.61	29.33	29.13
	After distribution		29.41	29.03 (Note 1)	—
Earnings per share	Weighted average outstanding shares		76,789	76,269	75,421
	EPS	Before retroactive adjustment	2.53	0.81	0.32
		After retroactive adjustment	—	—	—
Stock dividend per share	Cash dividends		1.2	0.3	—
	Stock dividend ends	From earnings	—	0.7 (Note 1)	—
		From capital reserves	—	—	—
	Cumulative unpaid dividends		—	—	—
Investment return	P/E ratio		29.85	79.10	—
	Price to dividends ratio		62.93	213.57	—

Items \ Year		2019	2020	In the current year up to March 31, 2021
analysis	Cash dividends yield	1.59%	0.47%	—

Note 1: 2020 surplus earning distribution, besides cash dividends have been distributed by the board of directors, the remaining has not yet been approved in the regular shareholders meeting on June 23, 2021.

(VI) Dividend policy and implementation

1. Dividend policy defined in the Articles of Incorporation

Where the Company has earnings for a fiscal year, the earnings shall firstly be appropriated for tax payment according to the law and compensation of accumulated losses, followed by allocating 10% for the legal reserve; however, if the legal reserve has reached the paid-in capital of the Company, no further allocation shall be made, and the remaining is to be allocated or set aside for the special reserve according to the law. Where there is further remaining amount, the Board of Directors shall draft an earnings distribution motion along with the accumulated undistributed earnings for submission to the shareholder's meeting for resolution on the distribution of shareholders' dividends.

Where dividends, bonuses, 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 resolutions by more than half of the directors present and report to the shareholders' meeting.

The Company is currently developing steadily in an industry that is now growing and expanding. Since R&D and capacity upgrade are important factors for competitiveness and sustainable operation that require a steady source of investment, the current stage of the company's dividend policy is based on the company's attempted capital budget planning to measure the annual funding requirements, after which the Company adopts part of the stock dividends to retain the funds required for the Company's operations. However, if the profitability is significantly diluted, the Board of Directors will refer to the operating and capital expenditures and the shareholders' demand for cash inflows to formulate appropriate ratios of cash and stock dividends, among which cash dividends account for no less than 10% of the total dividends.

2. Dividends to be distributed proposed at the shareholders' meeting:

On March 25, 2021, the board of directors of the Company passed a resolution of cash dividends of NT\$22,626 thousand (NT\$0.3 per share), and stock dividends of NT\$52,795 thousand (NT\$0.7 per share). The proposal will be dealt with in accordance applicable regulations after resolved at the regular shareholders' meeting on June 23, 2021.

(VII) Effects of stock grants proposed at the shareholders' meeting on the Company's operating performance and EPS:

Since the Company has not handled the public financial forecast, the information on changes in business performance, the proposed earnings per share, and the P/E ratio are not applicable.

(VIII) Remuneration to employees and directors (including independent directors), and supervisors:

1. Employees' and directors' (including independent directors')/supervisors' remuneration policies as stated in the Articles of Incorporation:

Where the Company has earnings for a fiscal year, no less than 1% shall be appropriated as the employee remunerations, and the Board of Directors shall resolve whether it is to be issued in the form of shares or cash. The board of directors is authorized to establish specific rules for such issuance. For said earnings of the Company, the board of directors

shall resolve that no more than 5% is to be appropriated for the remunerations of directors/supervisors, only issued in the form of cash. Employee remuneration and director/supervisor remuneration allocations shall be reported to the shareholders meeting.

In case of accumulated loss of the Company, the amount shall be reserved to compensate for the amount, followed by allocating for the employee remuneration and director/supervisor remuneration according to the proportions specified in the preceding paragraph.

The Company shall estimate the employees' and directors' remunerations at the ratio stated in the Article when distributing earnings at the end of each fiscal year. If the Company has any accumulated loss, it shall keep a portion of earnings sufficient to make good of the loss in advance before estimating the employees' and directors' remunerations at the ratio stated in the Article.

The employees for and to whom the Company executes treasury shares, stock option certificates, restricted stock awards and remunerations shall include the employees of controlled or affiliated companies who have satisfied certain conditions.

2. Basis for estimating the employee and director/supervisor remuneration for this period, and accounting treatments for any discrepancies between the amounts estimated and the amounts paid:

If the amount of the annual financial report is significantly changed by the resolution of the board of directors before the date of issuance, the change will be adjusted to the original annual expense recognized. If the amount of the annual financial report still changes after the date of issuance, it will be adjusted according to the accounting estimate and are adjusted and entered into account next year.

3. The distributed remuneration resolved by the board of directors:

- (1) The employee remuneration paid by cash or shares, and the remuneration of directors and supervisors. If there are any discrepancies with the estimated value in the expense recognition year, they shall be disclosed along with the reason and treatments:

On March 25, 2021, the board of directors of the Company made a resolution that NT\$1,600 thousand be distributed in cash for employee remuneration and NT\$4,000 thousand be distributed in cash for director remuneration which are not significantly different from the recognized amount.

- (2) Proposed distribution of remuneration to employees in shares as a percentage to net profit after tax plus remuneration to employees in the entity or individual financial statement for the current period:

On March 25, 2021, the board of directors of the Company made a resolution that the 2020 employee remuneration and director remuneration be distributed in cash. Therefore, the aforementioned does not apply.

4. If there are any discrepancies between the actual distribution of remuneration of the employees, directors and supervisors in the previous year (including the number of shares distributed, amount and share price) and the recognized remuneration of the employees, directors and supervisors, then the discrepancy number, causes and treatment shall be illustrated:

In 2019, the employee remuneration and director remuneration were NT\$2,500 thousand and NT\$4,000 thousand, respectively. There was no difference between the actual distribution amount and the estimated registered amount.

(IX) Repurchase of the Company's shares:

May 18, 2021

Term of Buyback	The First
Purpose of Buyback	To Maintain the Company's Credit and Shareholders' Equity
Period of Buyback	From May 13, 2020 to July 10, 2020
Price Range of Buyback	NT\$44.66 to NT\$91.26
Type and Number of Bought back	Common Share 1,368,000 shares
Monetary Amounts of Shares Bought back	NT\$94,923,119
Ratio of the volume bought back already to the volume expected to be bought back (%)	68.40%
Number of Shares Had Been Written Off	1,368,000 shares
Number of the Company Shares Held In Accumulation	0 shares
Number of The Company Shares Held In Accumulation Out of The Total Number Shares Issued (%)	0%

II Issuance of corporate bond:

(I) Issuance of corporate bond:

Type of corporate bond	Unsecured corporate convertible bonds issued domestically for the first time
Date of issuance	August 15, 2018
Amount of issuance	NT\$100,000
Location of issuance and trading (Note 1)	N/A
Issuance price per unit	Based on the carrying amount
Total amount	NT\$600,000,000
Interest rate	Carrying interest rate: 0%
Term	3 years with an expiration date of August 15, 2021
Guarantee institution	N/A
Trustee	Trust Department, Taipei Fubon Commercial Bank
Underwriting agency	Fubon Securities Co., Ltd.
Attorney	N/A
Certified public accountant	N/A
Method of repayment	In addition to conversion, put or redemption according to the method of conversion, the debt denomination is repaid in cash at the time of maturity.
Unpaid principal	NT\$ 600,000 thousand (as of December 31, 2020)
Redemption or early payment term	Please refer to the methods of issuance and conversion.
Restriction (Note 2)	None
Name of credit rating agency, date of rating, rating result of corporate bond	None

Other rights and equities	Amount of ordinary shares, overseas depositary receipts or other securities that have been converted (exchanged shares) up to the date of the issuance of annual report	None
	Methods of issuance and conversion (exchange or subscription)	Please refer to the methods of issuance and conversion.
Methods of issuance and conversion (exchange or subscription): The terms and conditions of issuance may affect the possible dilution of equity and the existing shareholders' equity.		Since the creditor of the conversion corporate bond will choose to convert at a favorable time during the conversion period, it has a deferred effect on the equity dilution and will not have a significant impact on the existing shareholders' equity and earnings per share.
Custodian institution of the exchange target		N/A

Note 1: exclusively for overseas corporate bonds.

Note 2: Such as limiting the distribution of cash dividends, foreign investment or the requirement to maintain a certain proportion of assets.

(II) Corporate convertible bond:

Type of corporate bond		Unsecured corporate convertible bond issued domestically for the first time.		
Item	Year	2019	2020	As of April 25, 2021
Market price of corporate convertible bond	Maximum	119.00	111.45	106.80
	Minimum	106.50	101.50	102.80
	Average	113.36	104.63	103.68
Conversion price		NT\$ 66.60 (Note)		
Date of issuance and price of conversion at the time of issuance		August 15, 2018 NT\$ 82.50		
Obligation of conversion		Issuance of new shares		

Note: In 2020, because of distribution of common share cash dividends, the conversion price was adjusted to NT\$66.60 ever since October 12, 2020 in accordance with Article 11 of "Practices Governing Unsecured Corporate Convertible Bonds Issued Domestically for the First Time and Adjustment to Conversion Price" of the Company.

III Handling of special shares: none.

IV Handling of overseas depositary receipts: none.

V Handling of employee stock options: none.

VI Handling of restricted shares for the employees of the Company: none.

VII Handling of merger or acquisition or transfer of shares to other company: none.

VIII Handling of the use of proceeds:

Unsecured corporate convertible bonds issued domestically for the first time:

(I) Project content:

1. Date and number of approval by the competent authority: FSC Issuance No. 1070324783 on July 27, 2018.
2. Total funds required for the project: NT\$1,381,518 thousand.
3. Sources of funds:
 - (1) A total 6,000 unsecured corporate convertible bonds were issued

domestically for the first time with the carrying value of 100 thousand per bond. Issued at 100% of the carrying value at a carrying interest rate of 0% for a total of 3 years, unsecured corporate convertible bonds issued at the carrying value had raised a total fund of 600,000 thousand.

(2) The amount of funds required to make up the shortfall of fundraising is NT\$781,518 thousand, which will be funded by the owned funds or bank loans.

4. Use of Proceeds and Estimated Progress:

Unit: NT\$ thousand

Project	Estimated Date of Completion	Total Funds Required	Estimated Progress					
			2018			2019		
			Q2	Q3	Q4	Q1	Q2	Q3
Land acquisition	Q2 of 2018	360,268	360,268	-	-	-	-	-
Factory building	Q3 of 2019	672,954	-	110,902	167,486	210,090	151,588	32,888
Machine & equipment purchasing	Q3 of 2019	348,296	-	-	70,059	144,878	104,089	29,270
Total		1,381,518	360,268	110,902	237,545	354,968	255,677	62,158

5. Expected benefits:

In this fundraising project, NT\$360,268 thousand were used for land acquisition, NT\$672,954 thousand were used for factory building, NT\$348,296 thousand were used for machine and equipment purchasing to support the Company's future production and operation requirements. The estimated increase in production, sales, operating income, operating margin, and operating profit are as follows:

Unit: Amount/Metric Ton; Value/NT\$ thousand

Unit: Amount/ Metric Ton, Value/ IN ₹ thousand						
Year	Item	Production	Sales	Operating Income	Operating Margin	Operating Profit
2019	specialty chemicals	1,200	1,200	230,580	52,715	37,727
2020		4,800	4,800	922,320	210,859	150,908
2021		4,800	4,800	922,320	210,859	150,908
2022		4,800	4,800	922,320	210,859	150,908
2023		4,800	4,800	922,320	210,859	150,908
2024		4,800	4,800	922,320	210,859	150,908
2025		4,800	4,800	922,320	210,859	150,908
2026		4,800	4,800	922,320	210,859	150,908
2027		4,800	4,800	922,320	210,859	150,908
2028		4,800	4,800	922,320	210,859	150,908
Total		44,400	44,400	8,531,460	1,950,446	1,395,899

Note: The data source is the prospectus of the Company's first unsecured corporate convertible bonds issued domestically. As the construction plan has not yet been officially used for mass production, no actual benefits have been generated.

(II) Execution:

Unit: NT\$ thousand

Execution		As of December 31, 2020
Amount Spent	Estimated	1,381,518
	Actual (Note)	1,382,407
Execution Progress (%)	Estimated	100.00%
	Actual (Note)	100.06%

Note: The actual amount spent and the execution progress that greater than the estimated amount spent and the execution progress due to the amount spent on plant construction in excess of the total amount of funds required by the original planned project should be financed by bank loans and self-owned funds.

As of December 31, 2020, the funds under the funding plan have been spent completely. However, the plant established and the machinery equipment purchased this time have not officially used for mass production, so no actual benefit has been generated yet.

V. Contents of business

I Contents of business

(I) Scope of business

1. Major contents of the business

The Company's business mainly includes the R&D, manufacturing and sales of various products such as plastic additives, UV curable materials, electronic chemicals, and digital printing inks.

2. Weight of business with respect to major products

Unit: NT\$ thousand; %

Product \ Year	2019		2020	
	Net operating income	Weight (%)	Net operating income	Weight (%)
Plastic additives	1,930,795	55.21	1,605,488	60.98
UV curable materials	1,237,490	35.39	770,066	29.25
Others	328,675	9.40	257,321	9.77
Total	3,496,960	100.00	2,632,875	100.00

Source: financial statements audited by the certified public accountant.

3. Current products (services) and functions

The company's product line covers a wide range of products including antioxidants, UV absorbers, light stabilizers, heat stabilizers, optical brighteners, fire retardants, flattening agents, photo-initiators, photosensitizers, oligomers, and additives for polymers. The products are sold to a wide range of industries all over the world including rubber & plastics, coating, textile, dyeing & finishing, cosmetics, biotechnology, electronic chemicals, digital printing ink, and other industries. Through innovative product research and development, the Company continues to increase the range of industries that it can apply its products to.

4. Future Products (Services)

(1) Plastic Additives

- A. Environment-friendly water-based high-performance antioxidant and UV absorber
- B. High heat-resistant antioxidant for nylon
- C. Anti-yellowing agent for PU foam shoes
- D. Emulsion type antioxidant for PVC/ABS polymerization

(2) UV Curable Materials

- A. Development of paulownia window paint
- B. Development of PMMA-bending resistant coating
- C. Development of PC/PET silver film adhesive
- D. Development of golf Topcoat
- E. Development of primer coatings for rubber soles

(3) Digital Printing Inks

- A. Quick-drying water-based latex inkjet ink
- B. High color fastness acid inkjet ink
- C. High dye uptake reactive inkjet ink
- D. Quick-drying and low-smoke disperse inkjet ink
- E. High-stability light-curing UV inkjet ink
- F. Suitable for various materials customization inkjet ink

(4) Synthetic Group

- A. Development of anion/non-ion type waterborne polyurethane
- B. Development of Special functional resin
- C. Development of Contact lens macromer
- D. Development of LED encapsulant material
- E. Development of pharmaceutical intermediate
- F. Development of pesticide intermediate
- G. Development of developer

1. Overview of the industry

(1) Plastic additives

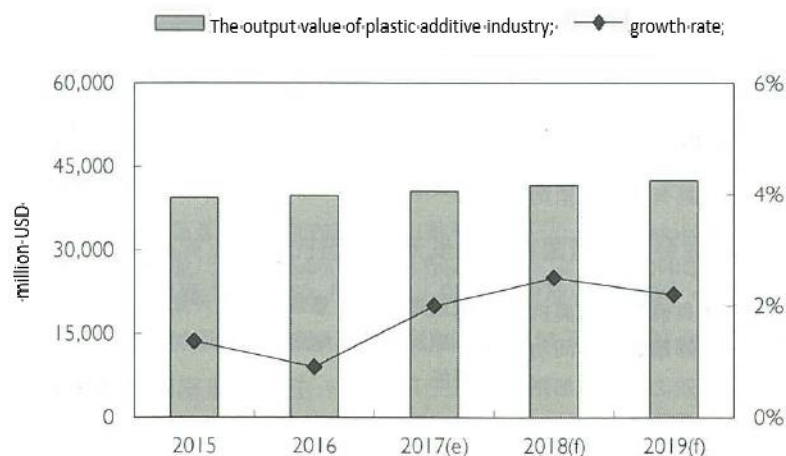
Plastic additives refer to chemicals added during the manufacturing, processing, and molding of plastics. In terms of additive categories, plastic additives cover antioxidants, light stabilizers, heat stabilizers, antistatic agents, flame retardants, UV absorbers, etc. In terms of plastic categories, plastic additives cover general plastics (such as PE, PP, PVC, ABS, etc.), engineering plastics (such as POM, TEFLON, HDPE, etc.), and high-performance plastics (such as Polyamide, PEEK, etc.). Among them, the largest group of general plastics (such as polyenes) contribute to the largest consumption, and more than 90% must be added with antioxidants. Due to the fact that plastic additives are added to change the properties of plastic raw materials effectively, the plastic products are popularized in the general public's everyday lives to better meet their needs. Although plastic additive is small in quantity with its weight taking only 5~7% and its material costs taking less than 10% of the product, it often highlights important features of the products such as durability, comfort, and safety.

In terms of industrial categories, just like applying plastic products to various types of industries, plastic additives can also be applied to a wide range of industries including packaging, consumer product, automobile, construction material, furniture, and functional clothing industries. Among them, the packaging industry is the sector that plastic additives are mostly applied to due to the mass consumption of plastic packages in food, pharmaceutical, and agriculture industries. Secondly, the building material industry is surging over the years due to the low cost of flame retardants and great improvement in the safety of building materials. Likewise, plastic additives also improve the functionality of textile materials by adding flame retardants to functional clothing.

Due to the raising awareness of environmental protection and human health around the world, some plastic additives that are harmful to the environment and the human body are subject to relevant laws and regulations when applied to the downstream products. For example, some phthalate plasticizers, flame retardants that contain halogen, etc. are banned and should not be used in toys and school supplies for children. Relevant national regulations include Toxic and Concerned Chemical Substances Control Act of ROC, EU REACH, and US TSCA. The emphasis on safety issues has prompted manufacturers to strive for excellence in R&D, not only to develop non-toxic and higher-priced additive products as alternatives but also to further expand the overall scale of the industry. According to the "2017 Special Chemical Industry Yearbook", the market

size of the global plastic additive industry in 2015 was US\$39,430 million. The market size of the global plastic additive industry in 2016 was US\$39,785 million, which was a slight increase of 0.9% from 2015. It is estimated that the trend of oil prices in 2018 will grow slowly under the influence of the increasingly balanced supply and demand. With the increase in the use of plastics in emerging countries, the overall market size of plastic additives in the world will continue to expand steadily.

Global market scale analysis for plastic additives from 2015 to 2019



Source: "2017 Special Chemical Industry Yearbook", Department of Industrial Technology, MOEA

Although the market size of Taiwan's plastic additives accounts for only about 1~2% of the global plastic additive market, the industrial supply chain is complete and downstream applications are comprehensive. Products generated from the plastics mixing plant are sold to the world's largest electronics and optical products manufacturers while plastic additive manufacturers in Taiwan are mainly small and medium-sized enterprises. There are about 200 manufacturers, and there are more than 1,000 kinds of products. Most manufacturers produce about 3 to 5 kinds of additives, and a few manufacturers produce more than 10 kinds of additives. In general, plastic additive manufacturers in Taiwan have excellent technology and high competency in purifying and formulating plastic additives, of which the qualities are deeply recognized and accepted by the market.

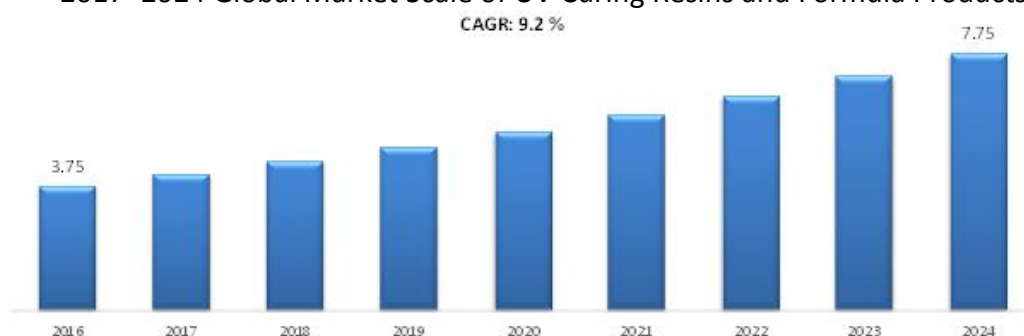
(2) UV Curable Materials

UV curing technology is a new green technology developed ever since the 1970s. As the world pays attention to environmental protection, UV curing technology has also brought about significant changes in the development of coatings and ink industries. At present, UV curing technology is mostly applied to paper coating and wood coating. The position of the coatings industry is very important. From daily necessities to cutting-edge defense products, from traditional industries to high-tech fields, coatings are required to generate products with special properties such as scratch resistance and aesthetics. Although the proportion of traditional solvent-based coatings is still high, the increase in volatile organic compounds (VOC) causes environmental damage. Under the awareness of environmental protection in various countries, UV-curable coatings with non-toxic and non-polluting properties are highly valued.

With no solvent and no heating, UV curable materials not only meet environmental protection requirements but also foster smooth operation and automated production. With lower costs compared to traditional coating, UV curable materials are actively researched and developed by industries around the world.

UV curable materials are mainly composed of monomers, oligomers, photo-initiators, and relevant auxiliaries. The UV curing process utilizes ultraviolet radiation to initiate polymerization of oligomers and active monomers before cross-linking into an insoluble solid film, which is a prototype of photo-curable resin. According to Maximize Market Research's study report published in March 2018, the market for UV-curable resins and the market for formula products reached US\$3.75 billion in 2016 and is expected to reach US\$7.75 billion in 2024, with a compound annual growth rate of 9.2%. Among them, the Asia-Pacific region is the world's largest market with China taking the lead due to its large demand, followed by Japan, while Europe and the United States are also growing simultaneously under the trend of environmental protection.

2017~2024 Global Market Scale of UV Curing Resins and Formula Products



Source: Maximize Market Research

First applied to the surface coating of furniture, flooring, mobile phones, and portable audio player casings, the application of UV curable coatings has been extended to other fields such as cosmetics containers, televisions, computers, and other household appliances and locomotives. Without the need to add additional solvent and heat, UV curing has fast production line speed, fast drying speed, high coating quality, high hardness, scratch resistance and anticorrosion. According to the research report of US Markets and Markets Research Private Ltd., the market value of UV coatings in 2014 was about US\$4.6 billion, and it is expected to reach about US\$7.6 billion by 2019, with a compound annual growth rate of nearly 10.6%.

The application of UV inks is also concentrated in high value-added production or high-efficiency applications such as inkjet printing, flexographic printing, high-end packaging printing, and high-grade cigarettes, wine, health food, gifts and other special decorative film packaging, which is commonly known as UV varnish for paper coating. According to the 2014 RadTech Newsletter, the global UV inkjet printing technology application market is growing rapidly. In 2012, the market output value was US\$6.7 billion. It is estimated that the market output value will reach US\$15.9 billion by 2018.

UV adhesives for the electronics industry are also important applications. At present, UV adhesives for the electronics industry have been widely applied to the field of industrial assembly, especially those with rapid assembly requirements such as LED packaging, LCD manufacturing, optical products manufacturing (cameras), optical disc manufacturing (CD, VCD, DVD, DVD-R), watch manufacturing, mobile phone keys assembly, and electronic circuit boards manufacturing. In the field of daily necessities, UV adhesives for the electronics industry are also commonly used in glass furniture manufacturing, glass craft manufacturing, and toy and jewelry assembly.

2. Links between the upstream, midstream, and downstream segments of the industries

The upstream segment of the petrochemical industrial chain in Taiwan is crude oil, light oil extracted from crude oil, gasoline, diesel, kerosene, fuel oil, lubricating oil, and related mining & drilling equipment. The midstream segment of the petrochemical industrial chain in Taiwan is basic petrochemical raw materials such as ethylene, propylene, butadiene, benzene, phenol, etc. generated from the pyrolysis process of upstream raw materials, as well as chemical raw materials such as plastics, rubber, and man-made fibers which are prepared by chemical reaction such as polymerization, esterification, and alkylation of the aforementioned raw materials. The downstream segment of the petrochemical industrial chain in Taiwan is daily necessities generated from the processing of chemical raw materials such as plastics, rubber, and man-made fibers. Examples include plastic products, rubber products, detergents, man-made fibers, pigments, adhesives, plasticizers, pesticides, and cosmetics, etc., with a very wide application.

The Company's plastic additives and UV curable materials belong to the midstream segment of the petrochemical industry. Please refer to the table below for the midstream and downstream segments of the industry.

Links between the upstream, midstream and downstream segments of the petrochemical industry

Upstream	Midstream	Downstream
Upstream petrochemical raw materials and related mining & drilling equipment.	Midstream petrochemical raw materials (such as ethylene, propylene, butadiene, benzene, phenol, etc.).	Plastic products, rubber products, cleaning products, man-made fibers, pigment dyes, adhesives (synthetic resins), pesticides, and cosmetics.

3. Product development trend in the future

(1) Plastic additives

Plastic additives are widely applied to all walks of life, especially in the plastics industry and coatings industry such as plastic injection, plastic master-batch, plastic secondary processing, PU foam, automotive coatings, and other industries. The Company's UV absorbers and antioxidants are complete and the product quality is deeply recognized by customers, with marketing channels spreading all over the world.

(2) UV curable materials

UV curing technology has been widely applied to many materials such as paper coating, plastic coating, wood coating, UV inks, and UV adhesive.

Due to the fast curing effect of UV curing (within a few seconds), the process requires neither a large amount of solvent nor a long time spent on heating. With environmental protection, energy saving, low cost, high efficiency and other advantages, UV curable materials have gradually replaced many traditional solvent-based coatings.

In addition to traditional industries, UV curable materials are now widely applied to many high-tech electronics industries such as BEF adhesive, polarizing plate adhesive, LOCA adhesive, UV PCB & FPC ink on printed circuit board, UV glass protective film, wafer bonding adhesive, etc. for the panel industry with a wide range of applications. Its rapid growth is mainly attributable to the fact that UV curing is in full compliance with the precise and fast requirements of the electronics industry. UV curing also plays a very important role in the emerging 3D print industry. At present, the most important applications are:

- A. Model printing is applied to print new models in place of traditional mold-making process, which saves a lot of costs.
- B. Jewelry model printing is applied to print new jewelry models in place of traditional master craftsmanship, which not only saves a lot of time but also yields higher precision when compared with the traditional manufacturing process.
- C. 3D printing is developing towards the direction of medical equipment, such as the development of temporary dentures which yields perfect results.

4. Market Competition

(1) Plastic Additives

With more than 20 years of experience in specialty chemical industry, the Company has gained access to the global market for 20 years by introducing new technology from Europe, America, and Japan, engaging in research and development, and providing employees with training programs. Therefore, the Company has always played a pivotal role among the competitors of the same trade.

In recent years, the Company is committed to the development of new structures for reactive additives and multifunctional additives (including both UV absorption and antioxidant functions) not only expecting to defeat its competitors but also expecting to contribute its shares to the environmental protection.

(2) UV Curable Materials

In addition to the production of UV curable resins and monomers, the Plastic Additives Department of the Company also develops products that make the Company one of the few global companies that supply UV curable resins, UV monomers, photo-initiators, and other additives. Faced with fierce competitions from global manufacturers such as Allnex, Sartomar, and Miwon and domestic manufacturers such as Eternal Materials, Qualipoly Chemical, and DSM-AGI that also produce UV curable resins, the Company is able to hold a certain market share in a competitive environment surrounded by many global and domestic manufacturers for the past 20 years, thanks to the strong R&D team that produces new products and provides after-sale services that meet customer needs.

(II) Overview of technology and R&D

1. Level of technology and R&D

The Company was established in February 1994. In order to meet business requirements and develop competitive products, the Company continues to enhance its R&D manpower. In February 2003, the New North Zhonghe R&D Center was established to engage in R&D and product design before obtaining ISO 9001 quality management certification on "the supply of plastic additives, UV curable resins & additives, textile auxiliaries, ink coating additives, and other chemicals". In 2007, a digital printing center was established in Taipei to actively develop digital inkjet printing with water-based ink based on the concept of environmental protection. When DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD was established in 2013, the Shanghai R&D Department was also established simultaneously. The Company's research and development team can be divided into two major categories of synthesis and application. Customized products can be developed by the synthesis group before further analyzed by the application group to compare data, understand material composition, and propose final solutions. The Company's research and development team can also be divided into five groups: synthetic & LED adhesive group, UV curing group, plastic additive group, digital printing group and production group, which can be vertically integrated to provide a complete solution in response to the customers' problems. For example, glass products can be digitally printed in the digital printing group, pre-treated with resin coatings in the UV curing group, and developed with firm coatings in the coating group to provide a comprehensive one-stop solution.

In the face of fierce competition in the global antioxidant production and product categories, the Company actively upgrades its core technology and R&D capabilities to enhance its overall competitiveness. From key synthetic technologies such as molecular structure design, polymerization, substitution reactions, to successful mass production on the production line, the Company has established its own core technology and successful R&D model. On the other hand, due to the improvement in R&D capacity, the Company shows better adaptability without relying on external technology in the face of new markets or new customers. This way, the Company's technology is significantly expanded to transform the Company from a technology follower to a technology leader.

The Company's research and development is currently divided into five groups, namely synthetic & LED adhesive group, UV curing group, plastic additive group, digital printing group and production group. The functions of each R&D unit are as follows:

R&D units	work content
Synthetic & LED adhesive group	Mainly engaged in the synthesis of organic chemical monomers, oligomers, LED packaging materials and other key specialty chemicals as well as the research and development of core technology for subsequent formula applications.
UV curing group	Mainly engaged in the research and development of UV curable materials that are green, eco-friendly, and energy-saving, with the scope of applications covering inks, adhesives, coatings, paper coatings, water-based UV curable materials, 3D printing, and other industries.

R&D units	work content
Plastic additive group	Mainly engaged in the research and development of plastic materials, rubber materials, coating materials and other additive formulas, with the scope of products covering light stabilizers, antioxidants, lubricant additives, textile additives, flame retardants and various plastic & rubber additives.
Digital printing group	Mainly engaged in the research and development of digital printing with water-based ink to achieve the purpose of both greening and environmental protection. With the technological integration of digital printing equipment, a full range of customized solutions is provided for various types of ink and machine combinations.
Production group	Mainly engaged in the assistance of UV curing group, LED packaging adhesive, small orders of inks for digital printing, and process optimization and technology establishment before mass production.

2. R&D personnel and their educational background and work experience (for both the Company and its subsidiaries)

Unit: person; %

Items \ Year		2019		2020		April 30, 2021	
		Number of person	%	Number of person	%	Number of person	%
Educational Background	Ph.D	2	5.41	2	5.41	2	6.06
	Master Degree	27	72.97	28	72.97	26	78.79
	Bachelor Degree	8	21.62	5	21.62	5	15.15
	Below Bachelor Degree	—	—	—	—	—	—
	Total	37	100	35	100	33	100
Average seniority (years)		5.8		5.99		6.13	

3. Further expenditures expected for research and development work in the most recent five years

Unit: NT\$ thousand; %

Item/Year	2016	2017	2018	2019	2020
R&D expenses	69,292	85,041	95,736	73,497	59,342
Net operating revenue	4,122,703	4,104,776	4,530,279	3,496,960	2,632,875
The percentage of R&D expenses to net operating revenue (%)	1.68	2.07	2.11	2.10	2.25

4. Products and technologies developed successfully for the most recent five years
(1) Plastic additives

Year	Content of R&D results
2016	Light stabilizer for agricultural polyolefin film, Antioxidant on recycled polyolefin
2017	Anti-fogging resin for agriculture film, Anti-yellowing agent for Spandex, Phenol-free anti-yellowing agent for PU foam
2018	Antioxidants for TPEE snagging, PET chain extender, Chlorine resistant additives for PU foam
2019	Two-in-one high performance anti-yellowing agent for spandex, Environment-friendly water-based high efficiency light stabilizer
2020	Environment-friendly water-based high-performance antioxidant and UV absorber

(2) UV curable materials

Year	Content of R&D results
2016	Siloxane modified PU resin
2017	UV leather painting, OPV painting, high hardness plastic surface UV painting
2018	Highly flexible and bending resistance UV painting, Digital printing primer
2019	high flexible & high gloss leather UV-curable coating, Digital printing primer coating, PET/PC adhesive
2020	PVC matting floor coating

(III) Long-term and short-term business development plans

1. Short-term business development plans

- (1) DAFENG XIN YUAN DA CHEMICAL CO., LTD resumes work and production.
- (2) Promotion of new production and increase the sales of digital printing and machines.
- (3) Pilot run before mass production of Yilan plant.

2. Long-term business development plans

- (1) Develop products with high cost-effectiveness.
- (2) Develop markets for niche products.
- (3) Increase overseas production and marketing bases.
- (4) Establish overseas technical service centers.

II Overview of the market, production, and marketing

(I) Market analysis

1. Territories where main products are sold

Unit: NT\$ thousand; %

Year		2019		2020	
		Sales amount	Percentage (%)	Sales amount	Percentage (%)
Territory					
Domestic Marketing		293,712	8.40	244,650	9.29
Export Sales	Asia	2,621,964	74.98	1,991,475	75.64
	Europe	443,318	12.68	322,839	12.26
	America	110,472	3.16	61,997	2.36
	Others	27,494	0.78	11,914	0.45
	Subtotal	3,203,248	91.60	2,388,225	90.71
Total		3,496,960	100.00	2,632,875	100.00

2. Market Share

Major competitors who produce the same products as the Company: In the

plastic additive industry, the competitors of the same trade include Everlight Chemical and SUNKO ink. In the UV curing industry, the competitors of the same trade include ETERNAL Materials and QUALIPOLY Chemical. Despite a certain scale of business operation, the Company has a small market share in the global market.

The Company is mainly engaged in the R&D, manufacturing, and sales of plastic additives, UV curable materials, digital printing inks, and electronic chemicals. The downstream products made from our products are widely and diversified. By comparing the output value of plastic additives and UV curable materials mainly manufactured by the Company at present with the output value of plastic additive industry and the output value of coating material industry in Taiwan as were announced by the “2017 Specialty Chemical Industry Yearbook” published by the Department of Industrial Technology, MOEA, the market shares held by the Company and its subsidiaries can be estimated. In 2016 and 2017, the output value of the plastic additive industry in Taiwan is NT\$59,351,000 thousand and NT\$60,280,000 thousand, respectively. In 2016 and 2017, the output value of the coating material industry in Taiwan is NT\$34,973,000 thousand and NT\$32,827,000 thousand, respectively. In 2016 and 2017, the total revenue generated from the sales of the Company's plastic additives and UV curable materials is NT\$3,728,662 thousand and NT\$3,756,751 thousand, respectively, which account for 4.01% and 4.03% of the total output value respectively.

Unit: NT\$ thousand; %

Item	2016	2017
Revenue from the sale of the Company's plastic additives	2,289,750	2,124,461
Revenue from the sale of the Company's UV curable materials	1,438,912	1,632,290
Minor Sum (A)	3,728,662	3,756,751
Output value of plastic additive industry in Taiwan	59,351,000	60,280,000
Output value of coating material industry in Taiwan	33,606,000	32,827,000
Minor Sum (B)	92,957,000	93,107,000
Market Share (A)/(B)	4.01%	4.03%

Source: “2017 Specialty Chemical Industry Yearbook” and 2016~2017 financial statements of the Company audited by certified public accountants.

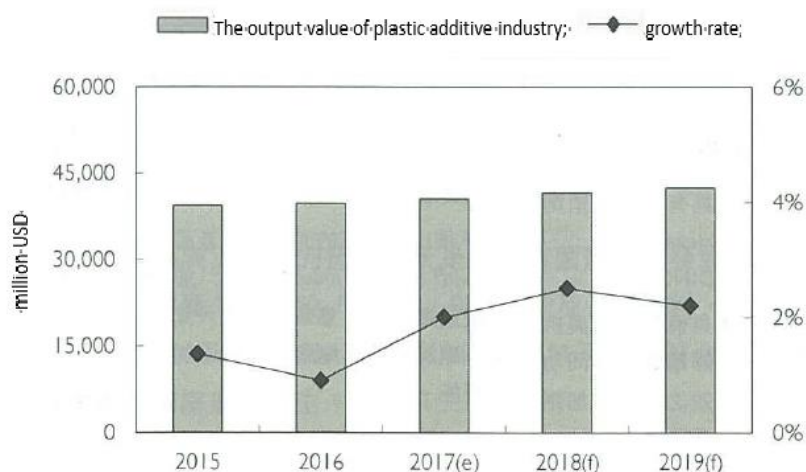
3. The supply and demand situation and growth of the future market

(1) Plastic additives

The global market scale of plastics additive is about US\$40 billion, which can be translated into a total production of about 13 million tons with the compound growth rate in the past five years of about 4.8%. Affected by the large population of China and India, the huge demand for consumer goods, and the growing proportion of the urbanized population, the global plastics industry has shifted its focus to Asia. Therefore, the production and application of additives are also shifted to the Asia-Pacific region, becoming the world's largest market, accounting for nearly half of the total, while maintaining a high compound annual growth rate of about 6%. China is the single largest user, accounting for about 26%; followed by

the North American market, accounting for about 22%; while the European market is the third. Although the market has been shifted, the world's major manufacturers of plastic additives are still dominated by European and American manufacturers. The top five include Chemtura, BASF (mergers and acquisitions of CIBA), Arkema, Dow Chemical (mergers and acquisitions of Rohm & Hass), Akzo Nobel, and the total market share is close to 40~50 percent.

According to "2017 Specialty Chemical Industry Yearbook" published by the Department of Industrial Technology, MOEA, the global market size for the plastic additive industry in 2016 is US\$39,785 million, which is a slight increase of 0.9% compared with 2015. According to the introduction of "Global Trends & Forecasts of Plastic Additives", the market size for plastic additives is expected to expand by the compound annual growth rate (CAGR) of 4.9% between 2016 and 2021 and reach US\$508 million in 2021. One of the main reasons for such growth is the increase in demand from the packaging sector. It can be seen that the global plastic additive development will continue to grow with the continued demand of emerging countries, and the increase in per capita plastic consumption will expand the market size steadily.



Source: "2017 Specialty Chemical Industry Yearbook" published by the Department of Industrial Technology, MOEA

(2) UV curable materials

UV curable materials are mainly composed of monomers, oligomers, photo-initiators, and relevant auxiliaries. The UV curing process utilizes ultraviolet radiation to initiate polymerization of oligomers and active monomers before cross-linking into an insoluble solid film, which is a prototype of photo-curable resin. According to Global Markets Insight's study report, the market scale for UV-curable resins reached US\$3.5 billion in 2015 and is expected to reach US\$8.6 billion in 2023, with a compound annual growth rate of 9.2%. Among them, the Asia-Pacific region is the world's largest market with China taking the lead due to its large demand, followed by Japan, while Europe and the United States are also growing simultaneously under the trend of environmental protection.

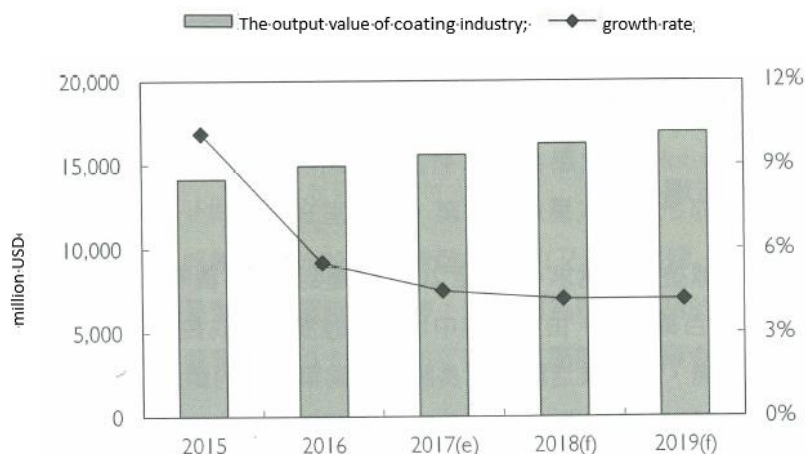
First applied to the surface coating of furniture, flooring, mobile phones, and portable audio player casings, the application of UV curable coatings has been extended to other fields such as cosmetics containers,

televisions, computers, and other household appliances and locomotives. Without the need to add additional solvent and heat, UV curing has fast production line speed, fast drying speed, high coating quality, high hardness, scratch resistance and anticorrosion. According to the research report of US Markets and Markets Research Private Ltd., the market value of UV coatings in 2014 is about US\$4.6 billion, and it is expected to reach about US\$7.6 billion by 2019, with a compound annual growth rate of nearly 11%.

The application of UV inks is also concentrated in high value-added production or high-efficiency applications such as inkjet printing, flexographic printing, high-end packaging printing, and high-grade cigarettes, wine, health food, gifts and other special decorative film packaging, which is commonly known as UV varnish for paper coating. According to the 2014 RadTech Newsletter, the global UV inkjet printing technology application market is growing rapidly. In 2012, the market output value was US\$6.7 billion. It is estimated that the market output value will reach US\$15.9 billion by 2018.

According to "2017 Specialty Chemical Industry Yearbook" published by the Department of Industrial Technology, MOEA, it is estimated that the global market scale for coating materials will reach US\$15,600 million in 2017, which is about 4.5% higher than 2016. By 2020, global coating demand is expected to reach 5,470 tons, with an average annual increase of 3.7% to achieve a global market scale of US\$19,300 million. Due to the strong economic growth of developing countries, especially in the large-scale market of the Asia-Pacific region, the growth of construction activities will boost the sales of architectural coatings. Suppliers in developing countries will also benefit from bright prospects for manufacturing output and infrastructure spending. At the same time, it will also stimulate the sale of industrial coatings for the production and maintenance of automobiles, furniture, ships, roads, and bridges.

Looking into the future, the plastics additive industry and the coating industry will continue to grow steadily due to the emerging market demand, energy conservation, and environmental protection for which the manufacturers will also benefit from. Therefore, the Group continues to strengthen its R&D team with a view to accelerating the R&D progress of various products, following the current trend of emerging products and accumulate enough power to face future challenges.



4. Niches in competition

(1) Focus on the research and development of specialty chemicals with high value

As a domestic specialty chemical manufacturer, the Company has an R&D team composed of 40 members with strong research and development capabilities to devote to the R&D of specialty chemicals. Special chemistry is mostly customized compound/formulation, with protection under patent period and extremely low total cost. If a new product is introduced, it will need to be re-verified which is very time-consuming. Therefore, it is the most difficult product to replace with the highest added value among all kinds of chemicals. By designing customized formulas to meet the various needs of customers and increasing the added value of the products, the Company also has factories that are equipped with advanced mass production processes such as purification/refining/nanotechnology that makes it one of the few manufacturers in the world to provide one-stop solutions.

(2) Complete production line that gives rise to excellent product quality

In addition to the production of UV-curable resins and monomers, the plastic additive group of the Company also manufactures products that make the Company one of the few specialty chemical companies that produce UV curable resins, UV monomers, photo-initiators, and additives at the same time.

In addition to cooperating with Daicel Japan in 2008 to develop high-end LED packaging formulas, the Company has so far obtained multi-national chemical registrations such as China IECSC, EU REACH, US TSCA, Australia AICS, Canada DSL/NDSL, Japan MITI, Korea KECL, Taiwan TSCI, Philippines PICCS, and also National Sanitation Foundation certification (NSF), KOSHER Jewish Food certification (KOSHER), and HALAL Muslim Food Certification (HALAL). At present, the Company is still under Bluesign ecofriendly textile application with excellent product qualities to meet the needs of customers from all over the world.

(3) Marketing channels that are distributed to 5 major continents around the world

Double Bond Chemical has subsidiaries and agents in Taiwan, Shanghai, Guangzhou, Tianjin, the United States, Canada, Germany, Switzerland, the United Kingdom, Spain, Turkey, Australia, New Zealand, Egypt, Japan, Korea, Thailand, Malaysia, Vietnam, Indonesia, India, South Africa, Brazil, Mexico, Peru, etc with marketing channels distributed to the 5 major continents around the world. With the Company's sales actively developing overseas markets, the Company's sales territories are further expanded to cover China, Asia, America, Europe, and other countries.

(4) Independent research and development capabilities

The R&D team of the Company is committed to the development of products that meet the future trends of the industry, such as reactive additives. During the polymerization or processing stage, the R&D team of the Company

enhances the mechanical properties and molecular weights of the plastic under the reaction of reactive groups and substrates of the additives. Additionally, the R&D team of the Company also develops a brand new structure of multi-functional additives that serve both functions of UV absorption and antioxidant. In the "2016 Specialty Chemical Industry Yearbook" published by the Department of Industrial Technology, MOEA, the Company products of "Chisorb 2693DW", "Chinox B1248" and "Chinox B1851", etc are included. Among them, "Chisorb 2693DW" is a single light fastness improver for all fabrics without affecting the touch of the fabric. In order to cooperate with plastic recycling policies, "Chinox B1248" and "Chinox B1851" plastic additives are also developed to achieve environmental protection trends of product functionality and resource recycling.

(5) Active development of brand new digital printing

In addition to the main company products of plastic additives and UV curable materials, the Company also started to develop digital printing which is a new generation of production in the textile industry. It is expected that the future output value and market size of digital printing will increase year by year. Unlike traditional printing which takes time and money to produce screen printing, digital printing is printed directly on the fabric. Due to the high precision of the nozzle, the dyeing accuracy and color spectrum can be greatly improved and the effect of small batch, customized, and high precision can be achieved. Solving the problems of traditional printing such as space occupation, environmental pollution and time-consuming, it is expected that various garment manufacturers and functional fabrics manufacturers will soon introduce this technology one after another. Aiming at the business opportunity for future substitution, the Company produces a wide range of digital printing inks through its own research and development capabilities. Under multi-party research and development, the Company has improved its overall mastery and became the only company in Asia whose ink series passed the certification of Japan Kyocera nozzle factory as an indicator for high product qualities that are widely recognized and accepted by the market. In addition to raw material selection, professional management, mass production, and unit price, the company is also more competitive than the existing OEM ink manufacturers (BASF, Huntsman, Dupont).

5. Advantage and disadvantage of long term development and reaction strategy

(1) Advantage

- A. Emerging countries are growing rapidly and consumer demand is increasing

Mainland China, Vietnam, and India are now experiencing rapid economic growth. For example, one of the main objectives of Outline of the 13th Five-Year Plan for the National Economic and Social Development of the People's Republic of China from 2016 to 2020 is to maintain the medium-to-high-speed economic growth thereby driving the overall demand for raw materials and consumer products. It is expected that the output value of plastic additives and coating materials will continue to grow, and at the same time, increase the demand for eco-friendly products. In addition, the Company also built factories in Mainland China to facilitate the convenient provision of services, thus forming a favorable factor for the Company.

- B. Countries around the world have strengthened their chemical control

and are gradually paying more attention to environmental protection

Advanced countries such as Europe, the United States, and Japan have successively banned potentially hazardous chemical components and strengthened environmental regulations. For example, US Electronic Product Environmental Assessment Tool (EPEAT), Japan PC3R, and Swedish TCO Certified Edge all require a portion of recycled plastics to be used in plastic products. Developing countries such as Mainland China have emphasized the requirement for eco-friendliness and green production methods in the Outline of the 12th and 13th Five-Year Plan for the National Economic and Social Development of the People's Republic of China so that the manufacturers require strong R&D capabilities to provide new and applicable chemical products. With a strong R&D team, the Company has gradually developed products that meet environmental requirements which is a big niche for the future development of the Company in the industry.

- C. In response to fluctuations in raw material prices, the world continues to pursue the trend of maximizing resource efficiency.

With the fluctuation of raw material prices in recent years, various plastic products manufacturers have sought ways to extend the life of plastic products, increase weather resistance or flame resistance or improve daylight fastness. Coating manufacturers are also required to improve material durability, improve coating coverage efficiency and energy saving. With a strong R&D team, the company has developed a single light fastness improver for all fabrics without affecting the touch of the fabric, making the Company one of the few manufacturers in Taiwan to invest in the research and development of this application. The Company also focuses on UV-curable coatings that contain no solvent, with high energy efficiency in the manufacturing process, with exhaust emission of only 10% of the traditional coatings, and with eco-friendliness, which are positive factors for the future development of the Company in the industry.

(2) Disadvantage

- A. Countries are increasingly strict with environmental regulations for the chemical industry

In response to the increasing global environmental awareness, the relevant environmental regulations of the industry are becoming stricter which will affect the promotion of the Company's products in the long run.

Reaction strategy:

The Company and its subsidiaries have set up relevant pollution prevention equipment and require that all manufacturing processes must comply with the environmental protection laws and regulations. In addition, the Company and its subsidiaries also aim to reduce the generation of waste gas, wastewater, and solid waste by refining its manufacturing process to develop low-pollution products, expand its market and gradually increase its sales ratio.

- B. Price competition of industry of the same trade from Mainland China
Mainland China is actively developing the red supply chain of

the petrochemical industry. Under the continuous expansion of production capacity, it poses a potential competitive threat to the industry by cutting the price.

Reaction strategy:

Committed to the development of differentiation, the R&D team of the Company has strong research and development capabilities to provide composite formulas and customized products that meet customer needs. As one of the few manufacturers in the world to provide one-stop solutions, the Company has won long-term and stable cooperations with customers due to its high product quality and stability. In addition, the Company has also provided comprehensive technical services to customers in order to maintain the Company's competitive advantage by establishing bases for R&D, productions, and sales in Shanghai and Dafeng of Mainland China.

(II) Usage and manufacturing process of the Company's main products:

1. Important purpose of main products:

(1) Plastic Additives

A. Antioxidants:

Additives that are added to inhibit or slow down the plastic deterioration during processing such as physical deterioration, brittleness, discoloration, or reduced transparency.

B. Light stabilizer:

Additives that are added to absorb UV, protect plastic from UV damages, and prevent plastic from deteriorating during sun exposure.

C. Plastic lubricant:

Additives that are added to improve the fluidity of the plastic, reduce the heat consumption of screw motion in the plastic melt, keep the product surface smooth and assist with mold release.

D. Antistatic agent:

Additives that are added to prevent plastic charging, reduce charge generation, or cause the charge to disappear quickly.

(2) UV curable materials

A. Photo-initiator:

After accepting or absorbing external energy, the UV curable system including UV adhesive, UV coating, UV ink, etc. are able to undergo chemical changes and decompose into free radicals or cation to initiate polymerization.

B. UV curable oligomer:

A polymer having a molecular mass of less than 1500 and a molecular length of no more than 5 nm. Unlike polymers, oligomers dissolve, distill, form crystalline or amorphous materials.

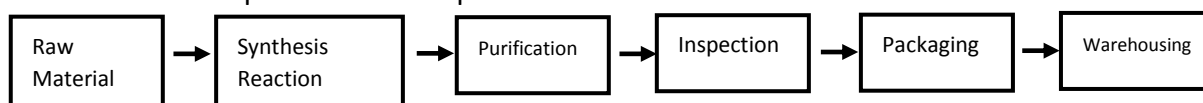
C. UV curable monomer:

In the UV curing composition, the monomers play a key role. In addition to adjusting the viscosity of the system, the monomers also affect the level of curing & polymerization, adhesion to the substrate, and the physical properties of the resulting polymers.

D. UV curable additives:

UV absorbers, antioxidants, adhesives, lubricants, etc. are used to enhance the physical properties of UV curable materials.

2. Production process of main products



(III) Supply condition of the Company's major raw materials

Major raw material	Supplier	Supply condition
Isobutyric acid	ZhongGung	Good
Aluminium trichloride	ShenGong, RuiHeng	Good
Cyclohexane carboxylic acid	YangZhong Siping	Good

Note: This is the raw material supply situation of Dafeng factory of the group before its shutdown on March 25, 2019. Since it was shutdown in the whole 2020, there is no raw material supply situation of it in this table.

(IV) The list of customers accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the most recent two years:

1. Information about the main suppliers for the most recent two years:

Unit: NT\$ thousand

	2019				2020				During 2021 up to Q1			
	Name	Amount	As a percentage to the yearly net purchase (%)	Relationship with the issuer	Name	Amount	As a percentage to the yearly net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage to the first quarter net purchases of the year (%)	Relationship with the issuer
1	—	—	—	—	A	238,566	11.80	—	A	63,887	11.37	—
	Others	2,522,655	100.00		Others	1,783,469	88.20		Others	497,871	88.63	
	Net Purchase	2,522,655	100.00		Net Purchase	2,022,035	100.00		Net Purchase	561,758	100.00	

Analysis of change:

No single supplier accounts for more than 10% of the net purchases in 2019.

From 2020 to the first quarter of 2021, company A accounted for 11.8% and 11.37% of the total purchase volume respectively. While its suppliers provided bulk products of general specifications with competitive price and stable quality, the purchase volume increased.

2. Main customers in the most recent two years:

	2019				2020				During 2021 up to Q1			
	Name	Amount	As a percentage to the yearly net sales (%)	Relationship with the issuer	Name	Amount	As a percentage to the yearly net sales (%)	Relationship with the issuer	Name	Amount	As a percentage to the first quarter net sales of the year (%)	Relationship with the issuer
1	—	—	—	—	—	—	—	—	—	—	—	—
	Others	3,496,960	100.00		Others	2,632,875	100.00		Others	724,575	100.00	
	Net Sales	3,496,960	100.00		Net Sales	2,632,875	100.00		Net Sales	724,575	100.00	

Analysis of change: From 2019 to the first quarter of 2021, no single customer accounted for more than 10% of the net sales.

(V) The production volume for the most recent two years:

Unit: metric ton; NT\$ thousand

Year/Production Volume & Value	2019			2020		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Main Products						
Plastic additives	1,248	743	132,098	1,173	571	103,604
UV curable materials	5,307	897	155,102	5,318	218	43,235
Others	1,856	1,816	52,459	252	225	36,346
Total	8,411	3,456	339,659	6,743	1,014	183,185

(VI) The sales volume in the most recent two years:

Unit: metric ton; NT\$ thousand

Year/Sales Volume & Value	2019				2020			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main Product								
Plastic additives	401	113,161	7,457	1,817,634	473	109,086	6,630	1,496,402
UV curable materials	252	99,220	4,049	1,138,270	267	70,850	3,614	699,215
Others	742	81,331	2,857	247,344	284	64,714	877	192,608
Total	1,395	293,712	14,363	3,203,248	1,024	244,650	11,121	2,388,225

III Employees of the most recent two years and until the date of publication of this annual report:

Unit: person; year; %

Year		2019	2020	2021 until April 30
Number of employees	Direct employees	151	133	138
	Indirect employees	242	249	237
	Total	393	382	375
Average age (years)		40.70	40.78	41.28
Average years of service (years)		5.79	6.46	6.68
Academic background (%)	Doctor	1.02	0.79	0.79
	Master	11.70	12.30	12.00
	College	43.77	47.91	47.47
	High school	16.79	16.49	19.47
	High school and below	26.72	22.51	20.27

IV Information about environmental protective expenditure

- (I) Total loss (including indemnity and environmental protection inspection results in violation of environmental protection laws and regulations) as a result of environmental pollution in the most recent year and until the date of publication of the annual report:

In the most recent year and up to the date of the publication of the annual report, the company has not suffered any loss or punishment due to environmental pollution.

- (II) Future response measures (including improvement measures) and possible expenditures (including the estimated amount of possible loss, disposition, and compensation due to the failure to take countermeasures):

1. Future response measures

- (1) Participate in environmental protection forum and collect the latest statutory and regulatory information to ensure compliance with relevant laws and regulations.
 - (2) Advocate the concept of environmental protection laws and regulations to the employees and strengthen their on-the-job trainings.
 - (3) Regularly entrust professional environmental protection certification agencies to ensure that the prevention and control equipment is functioning properly.
2. Estimated amount of possible expenditures and compensations
 - (1) Estimated capital expenditure on environmental protection for the next three years: NT\$70 million.
 - (2) There is no estimated amount of compensation.

V Labor relations

- (I) Present the availability and execution of employee welfare, continue education, training, retirement policies, the agreements between employers and employees, and protection measures of employee's rights.
 1. Employee welfare, employee's continuing education and training

Employee welfare provided by the Company include employee health screenings, meal gatherings, company trips, year-end bonus, parking spaces for locomotives, subsidiaries for on-the-job training, gifts on three major Chinese festivals, birthday celebrations, cash gift on birthday, wedding/funeral/childbirth subsidies, employee education & training, and employee activity clubs. In addition, labor insurances are also bought to provide employees with better security.
 2. Retirement system and implementations
 - (1) Employees who choose to be continuously applicable to the retirement mechanism in the Labor Standards Act or employees who were covered by the Labor Pension Act prior to the enforcement of the Act:

Two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months;

An additional 20% on top of the amount calculated according to the preceding subparagraph shall be given to workers forced to retire due to disability incurred from the execution of their duties.

The Company has appropriated labor pension reserve funds at a certain percentage of the total monthly wages of its employees and deposit such amount in a Bank of Taiwan account.
 - (2) Employees who choose to be continuously applicable to the Labor Pension Act:

Each month, the Company appropriates labor pension reserve funds at a certain percentage stated in the Table of Monthly Contribution Wage Classification and government specifications and deposit such amount in a designated account.

According to the new Labor Pension Act enacted ever since July 1, 2005, the Company appropriates labor pension reserve funds at no less than 6%

of the total monthly wages of its employees and deposit such amount in a designated account. Additionally, the Company also handles employee retirement in accordance with the Labor Pension Act and practices governing human resource management of the Company.

3. Status of measures implemented to protect employees' interest and right:

According to the relevant laws and regulations, both employers and employees are required to follow the service contract, working rules, and various management regulations, in which the employee rights, obligations, and welfares are clearly defined to protect the employees' rights and interests. Since the establishment of the Company, the Company maintains cordial and harmonious relationship with its employees. With two-way and transparent communications, no dispute arises between the Company and employees, nor loss from the labor dispute that is caused.

- (II) Clearly state the actual or estimated losses (including labor inspection results violating Labor Standards Act) arising from the employment disputes in the recent year up to the publication date of this annual report, and any responsive measures to be taken: None.

VI Important contracts

Nature	Parties	Term	Main contents	Restrictive clauses
Loan agreement	FUBON BANK	2020.10~2021.10	Credit loan with a general credit limit, secured loan	N/A
Loan agreement	CTBC BANK	2020.08~2021.08	Credit loan with a general credit limit	N/A
Loan agreement	HUA NAN BANK	2013.11~2028.11	Midterm mortgage	N/A
Loan agreement	HUA NAN BANK	2010.05~2025.05	Midterm mortgage	N/A
Loan agreement	HUA NAN BANK	2020.09~2021.10	Credit loan with a general credit limit	N/A
Loan agreement	E.SUN Bank	2008.02~2023.02	Midterm mortgage	N/A
Loan agreement	E.SUN Bank	2020.12~2022.01	Credit loan with a general credit limit, secured loan	N/A
Loan agreement	Land Bank of Taiwan	2010.03~2030.03	Midterm mortgage	N/A
Loan agreement	Land Bank of Taiwan	2020.12~2022.01	Credit loan with a general credit limit	N/A
Loan agreement	Land Bank of Taiwan	2020.02~2040.02	Land and plant financing mortgage	N/A
Loan agreement	Bank SinoPac	2020.08~2021.09	Credit loan with a general credit limit	N/A
Loan agreement	Cathay United Bank	2021.01~2024.01	Midterm credit loan	N/A
Loan agreement	Cathay United Bank	2020.07~2021.07	Credit loan with a general credit limit	N/A
Loan agreement	Shanghai Commercial & Savings Bank	2020.08~2025.07	Midterm credit loan	N/A
Loan agreement	Shanghai Commercial & Savings Bank	2020.09~2021.08	Credit loan with a general credit limit	N/A

VI Overview of Finance

- I Condensed balance sheets and statement of comprehensive income with names and opinions of independent auditors for the most recent five years
 - (I) Condensed balance sheets and income statements
 - 1. Condensed balance sheet - International Financial Reporting Standards
(Consolidated Financial Statements)

Unit: NT\$ thousand

Year Items		Financial information for the most recent five years (Note 1)					Year-to-date March 31, 2021 Financial Information (Note 2)
		2016	2017	2018	2019	2020	
Current asset		2,075,482	2,379,992	3,214,192	2,531,747	2,517,588	2,527,101
Property, plant, and equipment		424,383	435,636	835,381	1,077,652	1,446,518	1,464,725
Intangible assets		3,014	2,631	3,620	2,356	1,672	1,534
Other assets		161,210	144,082	258,764	426,624	553,245	561,575
Total assets		2,664,089	2,962,341	4,311,957	4,038,379	4,519,023	4,554,935
Current liabilities	Before distribution	979,724	1,042,793	742,570	1,280,559	1,523,375	1,590,018
	After distribution	1,115,056	1,231,274	1,091,609	1,372,705	1,598,796	—
Non-current liabilities		114,482	97,183	987,913	399,855	777,030	762,817
Total liabilities	Before distribution	1,094,206	1,139,976	1,730,483	1,680,414	2,300,405	2,352,835
	After distribution	1,229,538	1,328,457	2,079,522	1,772,560	2,375,826	—
Equity attributable to owners of parent company		1,555,968	1,808,872	2,566,023	2,350,286	2,212,410	2,197,208
Share capital		615,144	633,598	698,078	767,886	754,206	754,206
Capital collected in advance		—	46,416	—	—	—	—
Capital surplus		42,932	62,907	362,640	362,640	356,491	356,491
Retained earnings	Before distribution	970,686	1,148,278	1,525,040	1,298,399	1,193,410	1,194,657
	After distribution	816,900	959,797	1,106,193	1,206,253	1,117,989	—
Other equity		(72,794)	(82,327)	(19,735)	(78,639)	(91,697)	(108,146)
Treasury shares		—	—	—	—	—	—
Non-controlling interest		13,915	13,493	15,451	7,679	6,208	4,892
Total of equity	Before distribution	1,569,883	1,822,365	2,581,474	2,357,965	2,218,618	2,202,100
	After distribution	1,434,551	1,633,884	2,232,435	2,265,819	2,143,197	—

Note 1: Ever since 2015, the Company has prepared its financial information based on the International Financial Reporting Standards and the financial information for the most recent five years from 2016 to 2020 has been audited.

Note 2: The financial information has been reviewed.

2. Condensed comprehensive income statement - International Financial Reporting Standards (Consolidated Financial Statements)

Unit: NT\$ thousand

Items \ Year	Financial information for the most recent five years (Note 1)					Year-to-date March 31, 2021 Financial information (Note 2)
	2016	2017	2018	2019	2020	
Operating revenue	4,122,703	4,104,776	4,530,279	3,496,960	2,632,875	724,575
Gross profit	916,570	962,544	1,252,138	677,192	443,048	138,957
Net operating income	454,561	485,507	745,507	243,400	89,682	48,649
Non-operating income and expense	661	2,590	51,898	13,717	20,302	(8,532)
Net income before tax	455,222	488,097	797,405	257,117	109,984	40,117
Net income of continuing operations	317,669	332,009	564,855	197,418	62,801	24,492
Net loss from discontinuing operations	—	—	—	—	—	—
Net income (loss)	317,669	332,009	564,855	197,418	62,801	24,492
Other comprehensive income (loss) net of tax	(68,017)	(10,184)	(29,586)	(59,068)	(13,064)	(16,739)
Total comprehensive income	249,652	321,825	535,269	138,350	49,737	7,753
Net income attributable to owners of parent company	316,679	330,948	562,234	194,461	62,084	23,873
Net income attributed to non-controlling equity	990	1,061	2,621	2,957	717	619
Total comprehensive income attributable to owners of parent company	248,576	321,845	533,005	134,752	49,194	7,424
Total comprehensive income attributable to non-controlling equity	1,076	(20)	2,264	3,598	543	329
Earnings per share	5.10	5.22	7.32	2.53	0.81	0.32

Note 1: Ever since 2015, the Company has prepared its financial information based on the International Financial Reporting Standards and the financial information for the most recent five years from 2016 to 2020 has been audited.

Note 2: The financial information has been reviewed.

3. Condensed Balance Sheets - International Financial Reporting Standards
(Parent Company Only Financial Statements)

Unit: NT\$ thousand

Item \ Year		Financial information for the most recent five years (Note)					Year-to-date March 31, 2021 Financial Information
		2016	2017	2018	2019	2020	
Current asset		943,548	927,688	1,474,967	936,521	1,062,860	N/A
Properties, plants, and equipment		232,610	227,009	621,906	873,867	1,270,457	
Intangible assets		3,014	2,631	2,738	1,835	1,477	
Other assets		1,173,684	1,436,325	1,862,660	1,915,340	1,893,540	
Total assets		2,352,856	2,593,653	3,962,271	3,727,563	4,228,334	
Current liabilities	Before distribution	683,847	687,598	408,335	979,183	1,238,700	
	After distribution	819,179	876,079	757,374	1,071,329	1,314,121	
Noncurrent liabilities		113,041	97,183	987,913	398,094	777,224	
Total liabilities	Before distribution	796,888	784,781	1,396,248	1,377,277	2,015,924	
	After distribution	932,220	973,262	1,745,287	1,469,423	2,091,345	
Equity attributable to owners of parent company		1,555,968	1,808,872	2,566,023	2,350,286	2,212,410	
Share capital		615,144	633,598	698,078	767,886	754,206	
Capital collected in advance		—	46,416	—	—	—	
Capital surplus		42,932	62,907	362,640	362,640	356,491	
Retained earnings	Before distribution	970,686	1,148,278	1,525,040	1,298,399	1,193,410	
	After distribution	816,900	959,797	1,106,193	1,206,253	1,117,989	
Other equity		(72,794)	(82,327)	(19,735)	(78,639)	(91,697)	
Treasury shares		—	—	—	—	—	
Non-controlling interest		—	—	—	—	—	
Total of equity	Before distribution	1,555,968	1,808,872	2,566,023	2,350,286	2,212,410	
	After distribution	1,420,636	1,620,391	2,216,984	2,258,140	2,136,989	

Note: Ever since 2015, the Company has prepared its financial information based on the International Financial Reporting Standards and the financial information for the most recent five years from 2016 to 2020 has been audited.

4. Condensed comprehensive income statement - International Financial Reporting Standards (Parent Company Only Financial Statements)

Unit: NT\$ thousand

Items \ Year	Financial information for the most recent five years (Note)					Year-to-date March 31, 2021 Financial information
	2016	2017	2018	2019	2020	
Operating revenue	1,777,433	1,994,500	1,947,567	1,604,408	1,143,370	N/A
Gross profit	290,040	342,629	486,808	365,177	225,406	
Net operating income	81,075	114,365	242,769	141,698	26,145	
Non-operating income and expense	268,337	266,569	426,314	97,120	48,966	
Net income before tax	349,412	380,934	669,083	238,818	75,111	
Net income of continuing operations	316,679	330,948	562,234	194,461	62,084	
Net loss from discontinuing operations	—	—	—	—	—	
Net income (loss)	316,679	330,948	562,234	194,461	62,084	
Other comprehensive income (loss) net of tax	(68,103)	(9,103)	(29,229)	(59,709)	(12,890)	
Total comprehensive income	248,576	321,845	533,005	134,752	49,194	
Net income attributed to owners of parent company	316,679	330,948	562,234	194,461	62,084	
Net income attributed to non-controlling equity	—	—	—	—	—	
Total comprehensive income attributed to owners of parent company	248,576	321,845	533,005	134,752	49,194	
Total comprehensive income attributed to non-controlling equity	—	—	—	—	—	
Earnings per share	5.10	5.22	7.32	2.53	0.81	

Note: Ever since 2015, the Company has prepared its financial information based on the International Financial Reporting Standards and the financial information for the most recent five years from 2016 to 2020 has been audited.

(II) Names of the independent auditors and their audited opinions in the most recent five years

Year	Accounting Firm	Independent auditor	Audit opinion
2016	Deloitte & Touche	LI,TUNG-FENG, CHANG,CHING-JEN	Unqualified opinions
2017	Deloitte & Touche	LI,TUNG-FENG, CHANG,CHING-JEN	Unqualified opinions
2018	Deloitte & Touche	LI,TUNG-FENG, CHANG,CHING-JEN	Unqualified opinions
2019	Deloitte & Touche	CHEN,CHIH-YUAN,CHANG,CHING-JEN	Unqualified opinions
2020	Deloitte & Touche	CHEN,CHIH-YUAN,CHANG,CHING-JEN	Unqualified opinions

II Financial analysis for the most recent five years

(I) Financial analysis-International Financial Reporting Standards (Consolidated Financial Statements)

Analysis items (Note 2)		Year (Note 1)	Financial information for the most recent five years					In the current year up to March 31, 2021
			2016	2017	2018	2019	2020	
Financial Structure	Debt ratio (%)		41.07	38.48	40.13	41.61	50.90	51.65
	Long term fund to property, plant and equipment ratio (%)		393.61	437.53	425.43	255.20	206.66	202.09
Liquidity Analysis	Current ratio (%)		211.84	228.23	432.85	197.71	165.26	158.94
	Quick ratio (%)		161.08	179.13	348.93	164.97	138.65	130.95
	Times interest earned		56.37	79.89	181.75	41.19	16.72	13.82
Operating Performance Analysis	Account receivable turnover (times)		3.95	4.00	4.81	4.24	3.77	4.58
	Average collection turnover days		92	91	76	86	97	80
	Inventory turnover (times)		6.90	6.41	5.90	5.34	4.95	5.10
	Account payable turnover (times)		6.26	7.58	7.32	6.66	6.06	5.83
	Average inventory turnover days		53	57	62	68	74	72
	Property, plant, and equipment turnover (times)		9.39	9.55	7.13	3.66	2.09	1.99
	Total assets turnover (times)		1.52	1.46	1.25	0.84	0.62	0.64
Profitability Analysis	Return on total assets (%)		11.98	11.94	15.62	4.88	1.69	2.28
	Return on equity (%)		23.03	19.67	25.70	7.91	2.72	4.33
	To paid-up capital ratio (%)	Operating income	73.89	71.40	106.79	31.70	11.89	25.80
		Net income before tax	74.00	71.78	114.23	33.48	14.58	21.28
	Net margin (%)		7.68	8.06	12.41	5.56	2.36	3.29
	Earnings per share (NT\$)		5.10	5.22	7.32	2.53	0.81	0.32
Cashflow	Cashflow ratio (%)		12.24	58.01	59.89	35.31	8.51	8.63
	Cashflow adequacy ratio (%)		42.46	100.08	101.42	95.15	75.21	79.71
	Cash reinvestment ratio (%)		2.67	23.19	6.89	3.53	1.18	4.33
Leverage	Operating leverage		1.11	1.10	1.07	1.29	1.75	1.31
	Financial leverage		1.02	1.01	1.01	1.05	1.17	1.05

Analysis of major changes in financial ratios in the most recent two years (increased or decreased by 20% or more):

1. Debt ratio increased by 22.33%: mainly due to the increase of loan in respond to the construction of plant, resulting in the increase of total liabilities.
2. Times interest earned decreased by 59.41%: mainly due to the shutdown of Dafeng Plant and the influence of COVID-19, resulting in decline in net profit before tax in 2020.
3. Turnover rate of property, plant and equipment decreased by 42.90%: mainly due to the decline of operating income in 2020 and the expansion of plant resulting in the increase of property, plant and equipment.
4. Total asset turnover rate decreased by 26.19%: mainly due to the shutdown of Dafeng Plant and the influence of COVID-19, resulting in decline in operating income in 2020.
5. Return on total assets, return on equity, operating profit to paid-in capital ratio, net profit before tax to paid-in capital ratio, net margin and earnings per share decreased by 65.37%, 65.61%, 62.49%, 56.45%, 57.55% and 67.98%, respectively: mainly due to the decline of operating profit, net profit before tax and net profit after tax in 2020.

6. Cash flow ratio decreased by 75.90%: mainly due to the decrease of cash inflow from operating activities and the increase of current liabilities in 2020.
7. Cash reinvestment ratio decreased by 66.57%: mainly due to the decrease in net cashflow and the increase in property, plant and equipment.
8. Operating leverage increased by 35.66%: mainly due to the decline in operating benefits in 2020.

Note 1: The aforementioned financial information has been audited or reviewed by certified public accountants.

Note 2: The relevant ratios are not listed since cash flow generated from operating activities is negative and is not comparable.

Note 3: Calculated as follows:

1. Financial Structure Analysis

(1) Debt ratio = Total Liabilities / Total Assets

(2) Long-term funds to property, plant and equipment = (Total equity + Non-current liabilities) / Property, plant, and equipment, net

2. Liquidity Analysis

(1) Current ratio = Current assets / Current liability

(2) Quick ratio = (Current Assets - Inventories - Prepaid expenses) / Current liability

(3) Times interest earned = Profit before credit for income tax / Current interest expense

3. Operating performance analysis

(1) Account receivable turnover (including accounts receivable and notes receivable from operation) = Sales / Average trade receivables (including accounts receivable and notes receivable from operation)

(2) Average collection turnover days = 365 / Account receivable turnover

(3) Inventory turnover = Cost of goods sold / Average inventories

(4) Account payable turnover (including accounts payable and notes payable from operation) = Operating costs / Average trade payables (including accounts payable and notes payable from operation)

(5) Average days to sell inventory = 365 / Inventory turnover

(6) Property, plant, and equipment turnover rate = Net sales / average property, plant, and equipment, net

(7) Total assets turnover = Sales / Average total assets

4. Return on investment analysis

(1) Rate of return on total assets = [Profit + Interest expense × (1 - Tax rate)] / Average assets

(2) Rate of return on equity = Profit / Average total equity

(3) Net margin = Profit / Sales

(4) Earnings per share = (Equity attributable to owners of parent company - Dividend preferred stock) / Weighted average outstanding shares

5. Cashflow

(1) Cashflow ratio = Net cash provided by operating activities / Current liability

(2) Cashflow adequacy ratio = the most recent 5 years net cash provided by operating activities / the most recent 5 year (capital expense + increase in inventories + cash dividend)

(3) Cash reinvestment ratio = (Net cash provided by operating activities - Cash dividend) / (Property, plant, and equipment, net + Long term investments + Other non-current assets + Operating capital)

6. Leverage

(1) Operating Leverage = (Net operating revenue - Variable cost and expense) / Operating income

(2) Financial Leverage = Operating income / (Operating income - Interest expenses)

Note 4: Please note the following when measuring based on said calculation of EPS:

1. Based on the number of weighted average common shares, instead of the number of shares already issued at the end of year.

2. In the event of cash capital increase or exchange of treasury stock, please take the outstanding period into consideration when calculating the weighted average outstanding shares.

3. In the event of recapitalization of earnings or capital surplus, the calculation of annual and semi-annual EPS in the past shall be adjusted retroactively subject to the capital increase ratio, without taking the issuance period for the capital increase into consideration.

4. If the preferred stock refers to non-convertible accumulated preferred stock, the current stock dividend (whether allocated or not) shall be deducted from the net income after tax, or the net loss after tax should be increased. If the preferred stock refers to non-accumulated preferred stock, the preferred stock dividend shall be deducted from the net income after tax, if any, provided that if the Company suffers loss, it is not necessary to make the adjustment.

Note 5: Please note the following when measuring under cash flow analysis:

1. The net cash flow from operating activities means the net cash inflow from operating activities in the statement of cash flow.

2. The capital expenditure means the cash outflow from the capital investment each year.

3. The increase in inventory will be included only when the balance at ending is more than the balance at beginning. If the inventory decreases at the end of year, it should be calculated as 0.

4. The cash dividends include the cash dividend on common stock and preferred stock.

5. The gross of property, plant and equipment means the total property, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer shall categorize various operating costs and expenses into fixed and floating ones by nature. If any estimation or subjective judgment is involved, please note the reasonableness and consistency thereof.

Note 7: If the Company's stock is a no-par-value stock or stock with par value other than NT\$10, the paid-in capital ratio mentioned above shall be calculated based on the percentage of the equity attributed to owners of parent company in the balance sheet.

(II) Financial analysis-International Financial Reporting Standards (Parent Company Only Financial Statements)

Analysis items (Note 2)			Year (Note 1)		Financial information for the most recent five years					In the current year up to March 31, 2021
					2016	2017	2018	2019	2020	
Financial Structure	Debt ratio (%)		33.87	30.26	35.24	36.95	47.68	N/A		
	Long term funds to property, plant and equipment ratio (%)		717.51	839.64	571.46	314.51	235.32			
Liquidity Analysis	Current ratio (%)		137.98	134.92	361.21	95.64	85.80			
	Quick ratio (%)		108.11	107.71	306.43	77.69	69.90			
	Times interest earned		49.93	62.56	155.60	41.30	7.42			
Operating Performance Analysis	Account receivable turnover (times)		4.48	4.45	4.69	4.96	4.39			
	Average collection turnover days		82	82	78	74	83			
	Inventory turnover (times)		8.84	8.74	7.11	5.96	4.69			
	Account payable turnover (times)		7.02	6.42	5.62	5.85	5.83			
	Average inventory turnover days		41	42	51	61	78			
	Property, plant, and equipment turnover (times)		8.50	8.68	4.59	2.15	1.07			
	Total assets turnover (times)		0.81	0.81	0.59	0.42	0.29			
Profitability Analysis	Return on total assets (%)		14.77	13.58	17.33	5.29	1.81			
	Return on equity (%)		23.04	19.67	25.70	7.91	2.72			
	To paid-up capital ratio (%)	Operating income	13.18	16.82	34.78	18.45	3.47			
		Net income before tax	56.80	56.02	95.85	31.10	9.96			
	Net margin (%)		17.82	16.59	28.87	12.12	5.43			
	Earnings per share (NT\$)		5.10	5.22	7.32	2.53	0.81			
Cash flow	Cash flow ratio (%)		12.93	21.92	59.45	10.76	—			
	Cash flow adequacy ratio (%)		—	23.22	41.52	37.64	25.94			
	Cash reinvestment ratio (%)		0.87	0.78	1.50	—	—			
Leverage	Operating leverage		1.22	1.09	1.07	1.13	1.59			
	Financial leverage		1.10	1.06	1.03	1.09	1.88			

Analysis of major changes in financial ratios in the most recent two years (increased or decreased by 20% or more):

1. Debt ratio increased by 29.04%: mainly due to the increase of loan in respond to the construction of plant, resulting in the increase of total liabilities.
2. Ratio of long-term funds to property, plant and equipment decreased by 25.18%: mainly due to the increase of property, plant and equipment.
3. Times interest earned decreased by 82.03%: mainly due to the shutdown of a subsidiary and the influence of COVID-19, resulting in decline in net profit before tax in 2020.
4. Turnover rate of inventory decreased by 21.31%: mainly due to short supply of main products of the Company as a result of the shutdown of a subsidiary, and the influence of COVID-19, resulting in decline in cost of goods sold.
5. Average inventory turnover days decreased by 27.87%: mainly due to the decrease in cost of goods sold in 2020.
6. Turnover rate of property, plant and equipment decreased by 50.23%: mainly due to the decline of operating income in 2020 and the expansion of plant in Yilan resulting in the increase of property, plant and equipment
7. Turnover rate of total assets decreased by 30.95%: mainly due to the shutdown of a subsidiary and the influence of

COVID-19, resulting in decline in operating income in 2020.

8. Return on total assets, return on equity, operating profit to paid-in capital ratio, net profit before tax to paid-in capital ratio, net margin and earnings per share decreased by 65.78%, 65.61%, 81.19%, 67.97%, 55.20% and 67.98% respectively: mainly due to the decline of operating profit, net profit before tax and net profit after tax in 2020.

9. Cash flow adequacy ratio decreased by 31.08%: mainly due to the decrease in net cashflow and the increase in property, plant and equipment.

10. Operating leverage increased by 40.71%: mainly due to the decline in operating benefits in 2020.

11. Financial leverage increased by 72.48%: mainly due to the decline in operating benefits in 2020 and the increase of interest expense as a result of the loan for construction of plant.

Note 1: The aforementioned financial information has been audited by certified public accountants.

Note 2: The relevant ratios are not listed since cash flow generated from operating activities is negative and is not comparable.

Note 3: Calculated as follows:

1. Financial Structure Analysis

(1) Debt ratio = Total Liabilities / Total Assets

(2) Long-term funds to property, plant and equipment = (Total equity + Non-current liabilities) / Property, plant, and equipment, net

2. Liquidity Analysis

(1) Current ratio = Current assets / Current liability

(2) Quick ratio = (Current Assets - Inventories - Prepaid expenses) / Current liability

(3) Times interest earned = Profit before credit for income tax / Current interest expense

3. Operating performance analysis

(1) Account receivable turnover (including accounts receivable and notes receivable from operation) = Sales / Average trade receivables (including accounts receivable and notes receivable from operation)

(2) Average collection turnover days = 365 / Account receivable turnover

(3) Inventory turnover = Cost of goods sold / Average inventories

(4) Account payable turnover (including accounts payable and notes payable from operation) = Operating costs / Average trade payables (including accounts payable and notes payable from operation)

(5) Average days to sell inventory = 365 / Inventory turnover

(6) Property, plant, and equipment turnover rate = Net sales / average property, plant, and equipment, net

(7) Total assets turnover = Sales / Average total assets

4. Return on investment analysis

(1) Rate of return on total assets = [Profit + Interest expense × (1 - Tax rate)] / Average assets

(2) Rate of return on equity = Profit / Average total equity

(3) Net margin = Profit / Sales

(4) Earnings per share = (Equity attributable to owners of parent company - Dividend preferred stock) / Weighted average outstanding shares

5. Cashflow

(1) Cashflow ratio = Net cash provided by operating activities / Current liability

(2) Cashflow adequacy ratio = the most recent 5 years net cash provided by operating activities / the most recent 5 year (capital expense + increase in inventories + cash dividend)

(3) Cash reinvestment ratio = (Net cash provided by operating activities - Cash dividend) / (Property, plant, and equipment, net + Longterm investments + Other non-current assets + Operating capital)

6. Leverage

(1) Operating Leverage = (Net operating revenue - Variable cost and expense) / Operating income

(2) Financial Leverage = Operating income / (Operating income - Interest expenses)

Note 4: Please note the following when measuring based on said calculation of EPS:

1. Based on the number of weighted average common shares, instead of the number of shares already issued at the end of year.

2. In the event of cash capital increase or exchange of treasury stock, please take the outstanding period into consideration when calculating the weighted average outstanding shares.

3. In the event of recapitalization of earnings or capital surplus, the calculation of annual and semi-annual EPS in the past shall be adjusted retroactively subject to the capital increase ratio, without taking the issuance period for the capital increase into consideration.

4. If the preferred stock refers to non-convertible accumulated preferred stock, the current stock dividend (whether allocated or not) shall be deducted from the net income after tax, or the net loss after tax should be increased. If the preferred stock refers to non-accumulated preferred stock, the preferred stock dividend shall be deducted from the net income after tax, if any, provided that if the Company suffers loss, it is not necessary to make the adjustment.

Note 5: Please note the following when measuring under cash flow analysis:

1. The net cash flow from operating activities means the net cash inflow from operating activities in the statement of cash flow.

2. The capital expenditure means the cash outflow from the capital investment each year.

3. The increase in inventory will be included only when the balance at ending is more than the balance at beginning. If the inventory decreases at the end of year, it should be calculated as 0.

4. The cash dividends include the cash dividend on common stock and preferred stock.

5. The gross of property, plant and equipment means the total property, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer shall categorize various operating costs and expenses into fixed and floating ones by nature. If any estimation or subjective judgment is involved, please note the reasonableness and consistency thereof.

Note 7: If the Company's stock is a no-par-value stock or stock with par value other than NT\$10, the paid-in capital ratio mentioned above shall be calculated based on the percentage of the equity attributed to owners of parent company in the balance sheet.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, 2020 Individual and Consolidated Financial Statements and Profit Distribution Proposal. CPA CHEN, CHIH-YUAN and CPA CHANG, CHING-JEN of Deloitte & Touche have completed the audit on the 2020 Individual and Consolidated Financial Statements and have issued an audit report accordingly. The 2020 Business Report, 2020 Individual and Consolidated Financial Statements and Profit Distribution Proposal have been reviewed and determined to be adequate and accurate by the Audit Committee. Therefore, we hereby submit this report pursuant to relevant provisions of the Securities and Exchange Act and Company Act.

Yours sincerely,
TSAI, KAO-CHUNG
Convener of the Audit Committee
Double Bond Chemical Ind. Co., Ltd.
March 25, 2021

- IV For the latest financial statements, please refer to Appendix A.
- V For the latest parent company only financial statements audited by the certified public accountants, please refer to Appendix B.
- VI Any financial difficulties encountered by the Company and its affiliates which might affect the financial conditions of the Company in the most recent year and up to that date of publication of the annual report: none.

VII Discussion and Analysis of Financial Status and Financial Performance, and Risk Management

I Comparative analysis of financial conditions

Explain the main reasons for the significant changes in the company's assets, liabilities and equity in the last two years, their impacts and future response plans.

(I) Financial conditions - International Financial Reporting Standards (Consolidated Financial Statements)

Unit: NT\$ thousand; %

Accounting title \ Year	2019	2020	Increase (decrease)	
			Amount	%
Current asset	2,531,747	2,517,588	(14,159)	(0.56)
Property, plant, and equipment	1,077,652	1,446,518	368,866	34.23
Intangible assets	2,356	1,672	(684)	(29.03)
Other assets	426,624	553,245	126,621	29.68
Total assets	4,038,379	4,519,023	480,644	11.90
Current liabilities	1,280,559	1,523,375	242,816	18.96
Non-current liabilities	399,855	777,030	377,175	94.33
Total liabilities	1,680,414	2,300,405	619,991	36.90
Share capital	767,886	754,206	(13,680)	(1.78)
Capital surplus	362,640	356,491	(6,149)	(1.70)
Retained earnings	1,298,399	1,193,410	(104,989)	(8.09)
Other equity	(78,639)	(91,697)	(13,058)	(16.60)
Non-controlling interest	7,679	6,208	(1,471)	(19.16)
Total shareholder's equity	2,357,965	2,218,618	(139,347)	(5.91)
Description of major changes (increased or decreased by NT\$10,000 thousand and 20% or more):				
1. Increase of property, plant and equipment: mainly due to the increase of unfinished projects for plant expansion in 2020.				
2. Increase in other assets: mainly due to the increase in prepayment of equipment for the continuous purchase of equipment for construction in 2020.				
3. Increase in non-current liabilities and total liabilities: mainly due to the increase of short-term borrowings, current portion of long-term borrowings and long-term borrowings as a result of the need for plant expansion and purchase of equipment.				

(II) Financial conditions - International Financial Reporting Standards (Parent Company Only Financial Statements)

Unit: NT\$ thousand; %

Accounting title \ Year	2019	2020	Increase (decrease)	
			Amount	%
Current asset	936,521	1,062,860	126,339	13.49
Property, plant and equipment	873,867	1,270,457	396,590	45.38
Intangible asset	1,835	1,477	(358)	(19.51)
Other assets	1,915,340	1,893,540	(21,800)	(1.14)
Total assets	3,727,563	4,228,334	500,771	13.43
Current liabilities	979,183	1,238,700	259,517	26.50
Non-current liabilities	398,094	777,224	379,130	95.24
Total liabilities	1,377,277	2,015,924	638,647	46.37
Share capital	767,886	754,206	(13,680)	(1.78)
Capital surplus	362,640	356,491	(6,149)	(1.70)
Retained earnings	1,298,399	1,193,410	(104,989)	(8.09)
Other equity	(78,639)	(91,697)	(13,058)	(16.60)
Non-controlling interest	—	—	—	—
Total shareholder's equity	2,350,286	2,212,410	(137,876)	(5.87)
Description of major changes (increased or decreased by NT\$10,000 thousand and 20% or more):				
1. Increase of property, plant and equipment: mainly due to the increase of unfinished projects for plant expansion in 2020.				
2. Increase in current liabilities, non-current liabilities and total liabilities: mainly due to the increase of short-term borrowings, current portion of long-term borrowings and long-term borrowings as a result of the need for plant expansion and purchase of equipment.				

II Financial performance

The main reason for the significant changes in operating income, net operating profit, and net profit before tax in the most recent two years, the expected sales volume and its basis, the possible impact on the Company's future financial business, and the corresponding plan.

(I) Business Performance - International Financial Reporting Standards (Consolidated Financial Statements)

Unit: NT\$ thousand; %

Accounting title \ Year	2019	2020	Increase (decrease)	
			Amount	%
Operating income	3,496,960	2,632,875	(864,085)	(24.71)
Operating cost	2,819,768	2,189,827	(629,941)	(22.34)
Gross profit	677,192	443,048	(234,144)	(34.58)
Operating expense	433,792	353,366	(80,426)	(18.54)
Operating profit	243,400	89,682	(153,718)	(63.15)
Non-operating income and expense	13,717	20,302	6,585	48.01
Net profit before tax	257,117	109,984	(147,133)	(57.22)
Income tax expense	59,699	47,183	(12,516)	(20.97)
Net income	197,418	62,801	(134,617)	(68.19)
Net other comprehensive income (loss) after tax	(59,068)	(13,064)	46,004	77.88
Total comprehensive income	138,350	49,737	(88,613)	(64.05)
Description of major changes (increased or decreased by NT\$10,000 thousand and 20% or more):				
1. Decrease in operating income, operating cost, gross profit, operating profit, net profit before tax, income tax expense, net income and total comprehensive income: mainly due to the decline in operating income, operating cost and gross profit caused by the shutdown of mainland subsidiary Dafeng Xin Yuan Da Chemical Co., Ltd. and COVID-19 pandemic, and the amount of operating profit, net profit before tax, income tax expense, net income and total comprehensive income also decreased accordingly.				
2. Increase in net other comprehensive losses after tax: mainly due to the change in the exchange difference converted from the financial statements of foreign operating agencies in 2020.				

(II) Business performance - International Financial Reporting Standards (Parent Company Only Financial Statements)

Unit: NT\$ thousand; %

Accounting title \ Year	2019	2020	Increase (decrease)	
			Amount	%
Operating income	1,604,408	1,143,370	(461,038)	(28.74)
Operating cost	1,239,231	917,964	(321,267)	(25.92)
Gross profit	365,177	225,406	(139,771)	(38.27)
Operating expense	223,479	199,261	(24,218)	(10.84)
Operating profit	141,698	26,145	(115,553)	(81.55)
Non-operating income and expense	97,120	48,966	(48,154)	(49.58)
Net profit before tax	238,818	75,111	(163,707)	(68.55)
Income tax expense	44,357	13,027	(31,330)	(70.63)
Net income	194,461	62,084	(132,377)	(68.07)
Net other comprehensive income (loss) after tax	(59,709)	(12,890)	46,819	78.41
Total comprehensive income	134,752	49,194	(85,558)	(63.49)
Description of major changes (increased or decreased by NT\$10,000 thousand and 20% or more):				
1. Decrease in operating income, operating cost, gross profit, operating profit, net profit before tax, income tax expense, net income and total comprehensive income: mainly due to the decline in operating income and gross profit of the main products as a result of the supply affected by the shutdown of mainland subsidiary Dafeng Xin Yuan Da Chemical Co., Ltd. and COVID-19 pandemic in 2020, and the amount of operating profit, net profit before tax, income tax expense, net income and total comprehensive income also decreased accordingly.				
2. Decrease in non-operating income: mainly due to decrease in profit and loss share of subsidiaries using equity method in 2020.				
3. Decrease of net other comprehensive losses after tax: mainly due to the change in the exchange difference converted from the financial statements of foreign operating agencies in 2020.				

1. Potential effect of the sales quantity expected for the coming year and basis thereof to the Company's future financial business, and countermeasures thereof

- (1) Expected sales quantity and basis thereof: The Company sets annual targets based on the customer's estimated demand, consideration of the overall market environment, capacity planning and past operating results. In response to the diverse needs of the market, the Company continues to develop new products to enhance its competitiveness.
- (2) Potential impacts on the Company's future financial business and countermeasures thereof: The Company will focus on the effective use of production capacity and financial resources to meet the needs of business growth.

III Cash flow

(I) Analysis of cash flow changes during the most recent fiscal year:

Unit: NT\$ thousand

Items \ Year	2019	2020	Amount of increase or decrease
Operating activities	452,212	129,683	(322,529)
Investing activities	(92,449)	(547,539)	(455,090)
Financing activities	(212,066)	473,596	685,662
Net cash inflow (outflow)	142,587	55,987	(86,600)
Analysis of changes in cashflow: 1. Decrease in inflow of operating activities: mainly due to the decrease of accounts receivable in 2020 compared to last year. 2. Increase in outflow of investment activities: mainly due to the increase of purchasing property, plant and equipment in 2020, and net cash inflow of financial assets at fair value through profit or loss from investment of wealth management commodities by mainland subsidiaries in 2019, which didn't happen in 2020. 3. Increase in inflow of financing activities: mainly due to the increase of short-term borrowings and long-term borrowings in respond to the need for plant construction.			

(II) Corrective measures to be taken in response to insufficient liquidity: N/A.

(III) Liquidity analysis for the coming year

Unit: NT\$ thousand

Cash - beginning balance (1)	Expected net cashflow from operating activities for the year (2)	Expected net cashflow from investing activities for the year (3)	Expected net cashflow from financing activities for the year (4)	Expected cash balance (5)=(1)+(2)+(3)+(4)	Countermeasures against cash insufficiency	
					Investment Plan	Wealth Management Plan
1,317,121	394,080	(145,000)	(158,091)	1,408,110	—	—
1. Analysis of changes in cashflow in the coming year (1) Inflow of operating activities: mainly due to operating profit. (2) Outflow of investment activities: mainly due to plant expansion and purchase of machinery and equipment. (3) Outflow of financing activities: mainly due to repayment of bank loan. 2. Countermeasures and liquidity analysis for expected insufficiency in cash flow: N/A						

IV Effects of any major capital expenditures on financial operations during the most recent year:

The Company is currently constructing the Yilan Plant to meet the operational needs, and its capital expenditures and funding sources are detailed. IV. Fund Raising & VIII. Handling of the use of proceeds, which has no significant impact on the Company's financial operations.

V Reinvestment policy for the most recent year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:

(I) Reinvestment policy: The Company's reinvestment policy is based on the principle of industrial development instead of short-term financial investment.

(II) Main causes of profits or losses incurred on reinvestments in the most recent year

Unit: NT\$ thousand

Investees	Investment income recognized in 2020	Reinvestment policy	Main causes of profits or losses	Corrective action plan	Future investment plan
DBC Group Co., Ltd.	45,707	Holding company	Due to the profit earned by the investee.	—	—
DBC Europe Holding AG	6,436	Holding company	Due to the profit earned by the investee	—	—
DBC Europe GmbH	(831)	Product promotion and customer service	Since the main purpose of this company is to maintain customer relationships for the Company, it has basic expenditure required for business operation without a stable source of income.	Strengthen the control of operating expenses and plan the use of funds in response to operating needs.	—
DBC Korea Co., Ltd.	677	Product promotion and customer service	—	—	—
Double Bond Chemical Ind USA, Inc.	(8,345)	Sales of chemical products	Since the company is still in the early stages of transformation into a sales base, the sales situation has not yet reached the scale of the economy.	Strengthen business promotion to expand sales market and the control of operating income.	—
PT. Double Bond Chemindo	(1,577)	Sales of chemical products	Due to the insufficient of sales.	Strengthen customer development.	—
Double Bond Chemical (Thailand) Co., Ltd.	(174)	Sales of chemical products	Since the company is still in the early stages of transformation into a sales base, the sales situation has not yet reached the scale of the economy.	Strengthen business promotion to expand sales market and the control of operating income.	—
Double Bond Chemical Vietnam Co., Ltd.	(2,535)	Sales of chemical products	Since the company is still in the early stages of transformation into a sales base, the sales situation has not yet reached the scale of the economy.	Strengthen business promotion to expand sales market and the control of operating income.	—
Double Bond Chemical Global Co., Ltd.	142,087	Holding company	Due to the profit earned by the investee.	—	—
Total Triumph Limited	(97,208)	Holding company	Due to the loss earned by the investee.	—	—
DBC Switzerland AG	6,700	Sales of chemical products	Due to the profit gained from operating activities.	—	—
DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD	144,278	Sales of chemical products	Due to the profit gained from operating activities.	—	—

Investees	Investment income recognized in 2020	Reinvestment policy	Main causes of profits or losses	Corrective action plan	Future investment plan
DAFENG XIN YUAN DA CHEMICAL CO., LTD	(97,224)	Production and sales of chemical products	the company's revenue has fallen sharply due to the company's suspension.	Carry out rectification according to the requirements of the local competent authority to facilitate the approval of resuming work.	—

- VI For risk items, the Company shall analyze and assess the following matters in the most recent year and up to the date of publication of the annual report:
- (I) The effect of interest, foreign exchange rate fluctuation and inflation rate on the Company's profits and losses, and countermeasures to be taken in the future:
1. Interest rate
 - (1) Effect on the Company's profits and losses
In order to meet the needs of working capitals for revenue growth, the Company applies to the domestic financial institutions for long-term and short-term borrowings for which the interest rate is maintained at a range of about 0.93%~1.42%. As the market interest rate is still in the low-end for a long period of time without any trend for significant increase, the 2019~2020 interest expense accounted for only a small proportion of the current net revenue. Therefore, changes in interest rates have no negative impact on the Company's profits and losses.
 - (2) Countermeasures to be taken
By regularly assessing the bank's interest rates on various deposit projects and closely observing the impact of changes in financial market interest rates on the Company's funds, the Company takes responsive measures as necessary to adjust the positions of the idle funds. Therefore, changes in interest rates have no significant impact on the Company's profits and losses.
 2. Foreign exchange rate
 - (1) Effect on the Company's profits and losses
For the years ended December 31, 2019 and 2020, the Company's foreign exchange gain or loss is NT\$(12,484) thousand and NT\$(1,109) thousand, respectively, accounting for approximately (0.36)% and (0.04)% of the net operating income and accounting for (4.86)% and (1.01)% of the net profit before tax of the years. In order to cope with the risk of exchange rate fluctuations, the Company mainly adopts natural hedging policies and operates forward contracts with foreign exchange hedging strategy in accordance with the principle of stability to reduce the impact of exchange rate fluctuations on the company's profit.
 - (2) Countermeasures to be taken
Maintaining close relations with financial institutions, the financial department observes changes in exchange rates and keeps track of the trend and change in international exchange rates, so as to adapt to the impact of exchange rate fluctuations at any time and adjust the foreign currency position in the spot market.
 3. Inflation
 - (1) Effect on the Company's profits and losses
Affected by the raising price of global raw materials in recent year, the overall economic environment has shown a slight trend of inflation. However, the Company has not experienced any significant impact on profit or loss due to inflation.
 - (2) Countermeasures to be taken
Paying close attention to the fluctuation in the market price of upstream raw materials and maintaining a good interaction with the suppliers, the Company and its subsidiaries will continue to closely observe the changes in the price index, study the impact of inflation on the Company, and adjust

the product price and raw material inventory in a timely manner to cope with the pressure brought by inflation.

- (II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements and guarantees, derivative transactions, the main reasons for the profits/losses generated thereby, and countermeasures to be taken in the future:

Always focusing on the industry and practicality, the Company's financial policy is based on the principle of stableness and conservation without engaging in high-risk investments and highly leveraged investments. The Company has established standard operating procedures such as "Management of Loans to Others", "Management of Endorsement and Guarantees", and "Procedures for Asset Acquisition & Disposal" as the basis for the Company's compliance with relevant activities. As of the date of publication of the annual report, the Company has not engaged in any high-risk investments and highly leveraged investments.

- (III) Research and development (R&D) plans to be carried out in the future and the expected R&D expenditures:

1. Future R&D plans

With the development of products and technologies always in line with customer and market needs, the Company pays close attention to the future industry trends to develop products and technologies with market growth and future potential. The future product developmental plan is divided into four major categories:

(1) Plastic Additives

- A. Environment-friendly water-based high-performance antioxidant and UV absorber
- B. High heat-resistant antioxidant for nylon
- C. Anti-yellowing agent for PU foam shoes
- D. Emulsion type antioxidant for PVC/ABS polymerization

(2) UV Curable Materials

- A. Development of paulownia window paint
- B. Development of PMMA-bending resistant coating
- C. Development of PC/PET silver film adhesive
- D. Development of golf Topcoat
- E. Development of primer coatings for rubber soles

(3) Digital Printing Inks

- A. Quick-drying water-based latex inkjet ink
- B. High color fastness acid inkjet ink
- C. High dye uptake reactive inkjet ink
- D. Quick-drying and low-smoke disperse inkjet ink
- E. High-stability light-curing UV inkjet ink
- F. Suitable for various materials customization inkjet ink

(4) Synthetic Group

- A. Development of anion/non-ion type waterborne polyurethane
- B. Development of Special functional resin
- C. Development of Contact lens macromer
- D. Development of LED encapsulant material
- E. Development of pharmaceutical intermediate
- F. Development of pesticide intermediate
- G. Development of developer

2. Further expenditures expected for research and development

The Company expects that the amount of R&D expenses will be gradually scheduled in accordance with the development progress of new products and new technologies to support future R&D projects. The R&D unit estimates the scale of manpower required and R&D plans, sets the estimated investment in R&D and continues to invest in R&D according to the market changes and R&D progress of new products. In the future, with the growth of turnover, it is expected that the R&D expenses will be gradually increased to expand the scale of the Company's operations and increase its competitiveness.

(IV) The effect of important changes of policies and legal environments domestically and abroad on the Company's financial operation, and countermeasures to be taken:

By ensuring that the daily business operations are carried out in accordance with relevant laws and regulations and paying close attention to policy trend and statutory & regulatory changes both domestically and abroad, the Company collects relevant information to provide a reference for the decision-makers to adjust the Company's relevant operating strategies. As of the date of publication of the annual report, the Company's financial operation has not been affected by the important changes of policies and legal environments domestically and abroad.

(V) Effect of technology development and industrial change on the Company's financial operations and countermeasures to be taken:

The Company's products are mainly researched and developed voluntarily. Since technology changes can strengthen R&D expertise and enhance product quality, the Company continues to develop new products in line with technological functionalities and pursues the growth of corporate financial operations. As of the date of publication of the annual report, the Company's financial operations have not been affected by technological development and industrial change.

(VI) Effects of changes of the corporate image on the Company's crisis management, and countermeasures to be taken:

Since its first establishment, the Company has focused on its own operations, complied with relevant laws and regulations, actively strengthened internal management, improved management quality & performance, and built a harmonious labor relationship to maintain a good corporate image and increase customer trust in the Company. Therefore, in the most recent year and up to the date of publication of the annual report, the Company's crisis management has not been affected by changes of the corporate image. However, the occurrence of corporate crisis may cause considerable damage to the Company. Therefore, the Company will continue to meet various corporate governance requirements to reduce the occurrence of corporate crisis and the impact on the Company.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and countermeasures to be taken:

In the most recent year and up to the date of publication of the annual report, the Company has no plans for mergers and acquisitions. However, if there is any merger and acquisition plan in the future, the Company will carefully evaluate the plan in accordance with relevant laws and regulations and relevant management measures formulated by the Company to protect the Company's interest and shareholders' equity.

(VIII) Expected benefit and possible risk associated with plant expansion, and countermeasures to be taken:

In order to respond to the overall planning of the Group's business operation, improve the newly developing projects or raise the self-made proportion of high-tech products with a high barrier to entry, the Company has purchased land in Yilan for the production planning of photo-curable resin products. With reference to the industry prospects, terminal market demand and order status, the Company will make adjustments in different stages after mass production to achieve the goal of full capacity. However, there are certain risks involved in business operation and capital investment, the overall market cycle has a certain degree of impact, and many other factors such as competition from industries of the same trade may cause the Company's aforementioned expansion capacity to fall short of economies of scale.

- (IX) Risks associated with purchasing or sales consolidation, and countermeasures to be taken:

Having been in the business for a long period of time, the Company has maintained good relations with purchasing firms, sales firms, and customers. In order to avoid the risk of overly concentrated purchasing and sales, the Company expanded its market share, increased the number of customers, and actively sought alternative suppliers to maintain a stable source of product supply and reduce the risk of overly concentrated purchasing and sales. In terms of purchasing, the Company maintained more than 2 suppliers at a time to keep a stable source of product supply. In terms of sales, there is no risk of overly concentrated purchasing and sales since the purchasing of single customers are less than 10%.

- (X) Effect upon and risk to the Company in the event a major quantity of shares held by a director, a supervisor, or a major shareholder with more than 10% shareholding has been transferred or changed hands, and countermeasures to be taken:

In the most recent year and up to the date of publication of the annual report, there is no significant effect upon and risk to the Company in the event a major quantity of shares held by a director, a supervisor, or a major shareholder with more than 10% shareholding has been transferred or changed hand since it mainly involved personal wealth planning.

- (XI) Effect upon and risk to Company associated with any changes in governance personnel or top management, and countermeasures to be taken:

In the most recent year and up to the date of publication of the annual report, there are no changes in governance personnel or top management.

- (XII) Litigation and non-litigation matters: List major litigation, non-litigation administrative disputes that involve the Company and/or any of the Company's directors, supervisors, presidents, any persons with actual responsibility for the Company, and major shareholders holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

- (XIII) Other important risks, and countermeasures to be taken:

1. Operating risk:

- (1) The exchange rate is highly fluctuating and the supply and demand of raw materials are unbalanced, which makes the supply chain management

difficult and the cost control not easy.

(2) Taiwan's signing of Free Trade Agreement is far behind the major competitors, causing a sharp decline in product price competitiveness.

(3) With the global recession, standardized products are facing price competitions from industries of the same trade.

2. Countermeasures to be taken:

(1) Multicurrency trading for the diversification of foreign exchange risk.

(2) Increase the proportion of homemade products to increase market price competitiveness.

(3) Actively develop products with high price-performance ratio to realize the blue ocean strategy.

VII Other important matters:

Information security risk assessment and countermeasures:

In order to strengthen information security management, reduce operational risks, and ensure the confidentiality and integrity of internal information assets, the Company has formulated information security policies and established internal control systems.

The Company has established management regulations or implementation plans for the following 7 frameworks: (1) Educational training of personnel management and information safety, (2) Computer system safety management, (3) Network safety management, (4) System access control, (5) System development and maintenance safety management, (6) Information asset safety management, and (7) Physical and environmental safety management.

The specific management scheme includes setting up a network firewall, backup data to be saved in a different place, carrying out disaster recovery plans, the access system installed for the information equipment room to control the staff allowed to access, and the educational training provided for employees from time to time to enhance their sensibility to information safety.

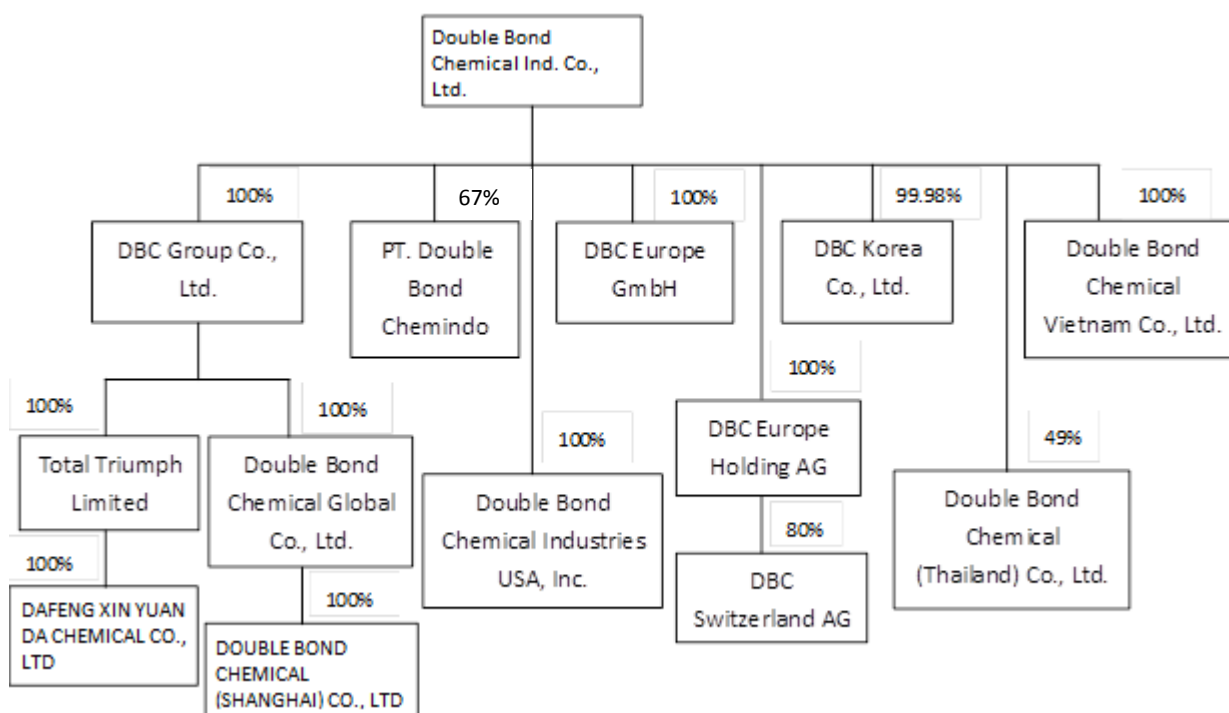
Through the information unit's self-assessment and the audit office's information check to reduce risks in accordance with the audit plan every year, the Company strengthens information security protections in response to the environmental changes and cooperate with third-party service providers to strengthen its emergency response capabilities.

VIII Special items to be included

I Information related to the Company's affiliates

(I) Affiliates' Organizational Chart

December 31, 2020



(II) Basic information of affiliates

December 31, 2020

Unit: thousand dollars

Name of business	Date of incorporation	Place of establishment	Paid-in Capital	Scope of business/production
DBC Group Co., Ltd.	2012	Samoa	USD 10,430	Holding company
DBC Europe Holding AG	2013	Switzerland	CHF 100	Holding company
DBC Europe GmbH	2013	Germany	EUR 25	Production promotion and customer service
DBC Korea Co., Ltd.	2013	Korea	KRW 297,445	Production promotion and customer service
Double Bond Chemical Ind USA, Inc.	2013	USA	USD 651	Sales of chemical products
PT. Double Bond Chemindo	2013	Indonesia	IDR 2,500,000	Sales of chemical products
Double Bond Chemical (Thailand) Co., Ltd.	2015	Thailand	THB 2,000	Sales of chemical products
Double Bond Chemical Vietnam Co., Ltd.	2018	Vietnam	USD 730	Sales of chemical products

Name of business	Date of incorporation	Place of establishment	Paid-in Capital	Scope of business/production
Double Bond Chemical Global Co., Ltd.	2013	Samoa	USD 2,530	Holding company
Total Triumph Limited	2012	Samoa	USD 7,900	Holding company
DBC Switzerland AG	2013	Switzerland	CHF 100	Holding company
DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD	2013	China	USD 2,530	Sales of chemical products
DAFENG XIN YUAN DA CHEMICAL CO., LTD	2012	China	RMB 62,981	Production and sales of chemical products

1. Presumptive reasons for control and affiliation and information on relevant personnel: none.
2. Industry, interaction and division of labor covered by the overall business operation of affiliated companies:
 - (1) DBC Group Co., Ltd., Double Bond Chemical Global Co., Ltd. and Total Triumph Limited are holding companies that involve indirect investment in Mainland China.
 - (2) DBC Europe Holding AG is the holding company of DBC Switzerland AG.
 - (3) PT. Double Bond Chemindo, Double Bond Chemical (Thailand) Co., Ltd., DBC Switzerland AG, Double Bond Chemical Ind USA, Inc., and Double Bond Chemical Vietnam Co., Ltd. are the Company's overseas subsidiaries that mainly develop overseas markets and sell parent company products.
 - (4) DBC Europe GmbH and DBC Korea Co., Ltd. are the Company's overseas subsidiaries that mainly develop overseas markets and provide customer services.
 - (5) DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD is a company in Mainland China reinvested by the Company's overseas subsidiaries that mainly engages in the trading of chemical products.
 - (6) DAFENG XIN YUAN DA CHEMICAL CO., LTD is a company in Mainland China reinvested by the Company's overseas subsidiaries that mainly engages in the production and sales of chemical products.

(III) Information of directors, supervisors and presidents of the Company's affiliates
December 31, 2020

Name of Business	Job Title	Name or representative	Shares held	
			Shares (in thousand)	Shareholding ratio
DBC Group Co., Ltd.	Director	WANG, TUNG -HAI, Representative of Double Bond Chemical Ind. Co., Ltd.	10,430	100.00%
DBC Europe Holding AG	Director	CHEN, CHUNG-PIN	—	—
	Director	TSAY, MAW-DER	—	—
	Director	MARC HAGMANN	—	—
DBC Europe GmbH	Director	WU, SHAN-CHI	—	—
DBC Korea Co., Ltd.	Director	CHEN, CHUNG-PIN	—	—
	Director	TSAY, MAW-DER	—	—
	Director	CHIN, CHIH-CHENG	0.01	0.02%
Double Bond Chemical Ind USA, Inc.	Director	TSAY, MAW-DER	—	—
PT. Double Bond Chemindo	Director	HO, LI-CHUNG	—	—
	Director	TSAY, MAW-DER	—	—
	Supervisor	CHEN, CHUNG-PIN	—	—
Double Bond Chemical (Thailand) Co., Ltd.	Director	CHEN, CHUNG-PIN	—	—
	Director	TSAY, MAW-DER	—	—
	Director	NANNIPA SOMTHAWIN	8.2	41.00%
Double Bond Chemical Vietnam Co., Ltd.	Director	WANG, TUNG -HAI	—	—
	Director	CHEN I-TING	—	—
Double Bond Chemical Global Co., Ltd.	Director	WANG, TUNG -HAI, Representative of DBC Group Co., Ltd.	2,530	100.00%
Total Triumph Limited	Director	WANG, TUNG -HAI, Representative of DBC Group Co., Ltd.	7,900	100.00%
DBC Switzerland AG	Director	CHEN, CHUNG-PIN	—	—
	Director	TSAY, MAW-DER	—	—
	Director	HABERTHYR TONI	0.02	20%
	Director	MARC HAGMANN	—	—
DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD	Director	WANG, TUNG -HAI	—	—
	Director	TSAY, MAW-DER	—	—
	Director	CHEN, CHUNG-PIN	—	—
	Supervisor	TSAI, HSUI-HUEI	—	—
DAFENG XIN YUAN DA CHEMICAL CO., LTD	Director	TSAY, MAW-DER	—	—
	Director	WANG, TUNG -HAI	—	—
	Director	WU, YI- KAI	—	—
	Supervisor	TSAI, HSUI-HUEI	—	—

(IV) Overview of business of various affiliates in 2020

Unit: NT\$ thousand

Name of business	Total assets	Total liabilities	Net worth	Operating income	Operating profit (loss)	Net income after tax for the current period
DBC Group Co., Ltd.	1,826,840	384,615	1,442,225	1,739,119	63,574	44,888
DBC Europe Holding AG	97,709	74,702	23,007	196,796	11,519	6,436
DBC Europe GmbH	1,633	401	1,232	4,153	(1,000)	(831)
DBC Korea Co., Ltd.	2,244	513	1,731	5,136	783	677
Double Bond Chemical Ind USA, Inc.	8,081	9,046	(965)	21,411	(8,321)	(8,345)
PT. Double Bond Chemindo	31,278	24,546	6,732	37,782	(2,441)	(2,353)
Double Bond Chemical (Thailand) Co., Ltd.	5,707	3,224	2,483	13,550	(117)	(355)
Double Bond Chemical Vietnam Co., Ltd.	12,490	3,487	9,003	10,128	(2,363)	(2,535)
Double Bond Chemical Global Co., Ltd.	1,120,547	296,738	823,809	1,615,290	177,854	144,278
Total Triumph Limited	706,279	87,877	618,402	123,829	(114,280)	(97,224)
DBC Switzerland AG	88,219	74,620	13,599	196,796	11,709	8,375
DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD	1,120,519	296,738	823,781	1,615,290	177,854	144,278
DAFENG XIN YUAN DA CHEMICAL CO., LTD	678,820	87,877	590,943	123,829	(114,280)	(97,224)

Note 1: DBC Group Co., Ltd. contains the consolidated number of Double Bond Chemical Global Co., Ltd and Total Triumph Limited. Double Bond Chemical Global Co., Ltd contains the consolidated number of DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD. Total Triumph Limited contains the consolidated number of DAFENG XIN YUAN DA CHEMICAL CO., LTD. DBC Europe Holding AG contains the consolidated number of DBC Switzerland AG.

Note 2: If the affiliated company is a foreign company, the relevant figures are converted into New Taiwan dollars at the exchange rate of the reporting date.

(V) Consolidated Financial Statements of Affiliates

Declaration of Consolidated Financial Statements of Affiliates

The Company is required to prepare consolidated financial statements for year 2020 (from January 1 to December 31, 2020) with its subsidiaries under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”. Subsidiaries to be included into the consolidated financial statements of the affiliates are identical with those to be included into the consolidated financial statements of parent and subsidiaries under IFRS 10, and operation performance of such subsidiaries has been included in the disclosure of the aforementioned consolidated financial statements of parent and subsidiaries and therefore will not be prepared separately.

Company Name: Double Bond Chemical Ind. Co., Ltd.
Chairman: WANG, TUNG -HAI
March 25, 2021

(VI) Affiliation Reports: None.

- II Status of private placement of securities in the most recent year and up to the date of publication of the annual report: none.
- III Holding or disposal of shares in the Company by the Company's subsidiaries in the most recent year and up to the date of publication of the annual report: none.
- IV Other matters that require additional description: none.
- V Significant issues which might affect shareholders' equity or price of shares pursuant to paragraph 2(2) of Article 36 of the Securities and Exchange Act in the most recent year and up to the publication of the annual report: none.

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

Consolidated Financial Statements for the Years
Ended December 31, 2020 and 2019 And
Independent Auditors' Report

Address: 4F, No. 959, Zhongzheng Road, Zhonghe District, New Taipei City,
Taiwan (R.O.C.)

Telephone: 886-2-82281168

For the convenience of readers and for information purpose only, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China.

The independent auditors' report and the accompanying financial statements have not been audited by the public certified accountants, in the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

For the year ended December 31, 2020 (from January 1 to December 31, 2020), 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, 2021

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, 2020 and 2019 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. The audit work was carried out 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 in 2019. 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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended

December 31, 2020 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 plastic additives in 2020 accounts for 61% of the total revenue. Since the sales revenue of plastic additives is material and the transaction is frequent, the occurrence of sales revenue of plastic additives is listed as a key audit matters in 2020 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 23 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 plastic additives to determine whether the timing of the transfer of the risks and rewards of ownership of the plastic additives 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, 2020 and 2019 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 it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with 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 complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our Auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are CHEN,CHIH-YUAN and CHANG,CHING-JEN.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 25, 2021

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, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 4 & 6)	\$ 1,317,121	29	\$ 1,261,134	31
1136	Financial assets at amortized cost - current (Note 4, 9, 31)	11,346	-	9,583	-
1150	Notes receivable, net (Note 4,10, 23)	57,731	1	151,494	4
1170	Accounts receivable, net (Note 4,10, 23)	594,764	13	547,632	14
1180	Accounts receivable from related parties, net (Note 4,10, 23,30)	5,028	-	983	-
1200	Other receivables	28,441	1	9,870	-
130X	Inventories, net (Note 4 & 11)	382,241	9	394,831	10
1479	Other current assets (Note 4, 17, 31)	<u>120,916</u>	<u>3</u>	<u>156,220</u>	<u>4</u>
11XX	Total current assets	<u>2,517,588</u>	<u>56</u>	<u>2,531,747</u>	<u>63</u>
	Noncurrent Assets				
1517	Financial assets at fair value through other comprehensive income – noncurrent (Note 4, 8)	104,374	2	136,970	3
1600	Property, plant and equipment (Note 4, 13, 31)	1,446,518	32	1,077,652	27
1755	Right-of-use assets (Note 4, 14, 30)	27,284	1	25,414	-
1805	Goodwill (Note 4 & 15)	26,593	1	26,593	1
1821	Other intangible assets (Note 4 & 16)	1,672	-	2,356	-
1840	Deferred tax assets (Note 4 & 25)	45,311	1	29,645	1
1915	Prepayments for Business Facilities	334,879	7	191,941	5
1990	Other noncurrent assets (Note 17)	<u>14,804</u>	<u>-</u>	<u>16,061</u>	<u>-</u>
15XX	Total noncurrent assets	<u>2,001,435</u>	<u>44</u>	<u>1,506,632</u>	<u>37</u>
1XXX	Total assets	<u>\$ 4,519,023</u>	<u>100</u>	<u>\$ 4,038,379</u>	<u>100</u>
	Liabilities and Equity				
	Current Liabilities				
2100	Short-term borrowings (Note 18 & 31)	\$ 375,103	8	\$ 155,000	4
2120	Financial liabilities at fair value through profit or loss - current (Note 4, 7, 19)	196	-	1,980	-
2130	Contract liabilities (Note 4 & 23)	8,555	-	5,981	-
2150	Notes payable	63,313	2	68,919	2
2160	Notes payable to related parties (Note 30)	4,377	-	-	-
2170	Accounts payable	214,980	5	219,098	5
2180	Accounts payable to related parties (Note 30)	65,613	2	86,615	2
2219	Other accounts payable (Note 20)	106,816	2	112,714	3
2230	Current tax liabilities (Note 4 & 25)	23,416	1	26,693	1
2280	Lease liabilities - current(Note 4, 14, 30)	8,019	-	4,640	-
2321	Current portion of long-term bonds payable (Note 4 & 19)	594,526	13	585,815	15
2322	Current portion of long-term borrowings (Note 18 & 31)	57,606	1	9,621	-
2399	Other current liabilities (Note 20)	<u>855</u>	<u>-</u>	<u>3,483</u>	<u>-</u>
21XX	Total current liabilities	<u>1,523,375</u>	<u>34</u>	<u>1,280,559</u>	<u>32</u>
	Noncurrent liabilities				
2540	Long-term borrowings (Note 18 & 31)	750,959	17	345,780	9
2570	Deferred tax liabilities (Note 4 & 25)	16,098	-	41,635	1
2580	Lease liabilities - non-current(Note 4, 14, 30)	874	-	2,378	-
2640	Net defined benefit liabilities - noncurrent (Note 4 & 21)	<u>9,099</u>	<u>-</u>	<u>10,062</u>	<u>-</u>
25XX	Total noncurrent liabilities	<u>777,030</u>	<u>17</u>	<u>399,855</u>	<u>10</u>
2XXX	Total Liabilities	<u>2,300,405</u>	<u>51</u>	<u>1,680,414</u>	<u>42</u>
	Owner's equity of this Company				
3110	Common stock	<u>754,206</u>	<u>17</u>	<u>767,886</u>	<u>19</u>
3200	Capital surplus	<u>356,491</u>	<u>8</u>	<u>362,640</u>	<u>9</u>
	Retained earnings				
3310	Legal reserve	221,206	5	201,760	5
3320	Special reserve	78,640	1	19,736	-
3350	Unappropriated earnings	<u>893,564</u>	<u>20</u>	<u>1,076,903</u>	<u>27</u>
3300	Total retained earnings	<u>1,193,410</u>	<u>26</u>	<u>1,298,399</u>	<u>32</u>
3490	Other equity	(<u>91,697</u>)	(<u>2</u>)	(<u>78,639</u>)	(<u>2</u>)
31XX	Total owner's equity of this Company	2,212,410	49	2,350,286	58
36XX	Noncontrolling interest	<u>6,208</u>	<u>-</u>	<u>7,679</u>	<u>-</u>
3XXX	Total equity	<u>2,218,618</u>	<u>49</u>	<u>2,357,965</u>	<u>58</u>
	Total liabilities and equity	<u>\$ 4,519,023</u>	<u>100</u>	<u>\$ 4,038,379</u>	<u>100</u>

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, 2020 and 2019

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

Code		For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
		Amount	%	Amount	%
4000	Operating revenue (Note 4, 23, 30)	\$ 2,632,875	100	\$ 3,496,960	100
5000	Operating costs (Note 11, 24, 30)	<u>2,189,827</u>	<u>83</u>	<u>2,819,768</u>	<u>81</u>
5900	Gross profit	<u>443,048</u>	<u>17</u>	<u>677,192</u>	<u>19</u>
	Operating expenses (Note 4,10,14,21,24,30)				
6100	Sales and marketing expense	175,842	7	226,416	6
6200	General and administration expense	118,732	5	132,071	4
6300	Research and development expense	59,342	2	73,497	2
6450	Gain(loss)on reversal of expected credit loss	(<u>550</u>)	<u>-</u>	<u>1,808</u>	<u>-</u>
6000	Total operating expenses	<u>353,366</u>	<u>14</u>	<u>433,792</u>	<u>12</u>
6900	Net operating profit	<u>89,862</u>	<u>3</u>	<u>243,400</u>	<u>7</u>
	Nonoperating income and expenses				
7100	Interest income (Note 24)	10,568	-	17,067	1
7010	Other income (Note 24)	24,511	1	32,044	1
7020	Other gains and losses (Note 24)	(<u>1,889</u>)	<u>-</u>	(<u>23,525</u>)	(<u>1</u>)
7050	Financial costs (Note 24&30)	(<u>12,888</u>)	<u>-</u>	(<u>11,869</u>)	<u>-</u>
7000	Total nonoperating income and expenses	<u>20,302</u>	<u>1</u>	<u>13,717</u>	<u>1</u>
7900	Profit before income tax	109,984	4	257,117	8
7950	Income tax expense (Note 4 & 25)	<u>47,183</u>	<u>2</u>	<u>59,699</u>	<u>2</u>
8200	Net profit for the year	<u>62,801</u>	<u>2</u>	<u>197,418</u>	<u>6</u>
(Carried forward)					

(Brought forward)

<u>Code</u>		For the Year Ended		For the Year Ended	
		<u>December 31, 2020</u>		<u>December 31, 2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	Other comprehensive income (loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 21)	\$ 168	-	(\$ 805)	-
8316	Unrealized gain or loss on investments in equity instrument at fair value through other comprehensive income	(32,596)	(1)	890	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	<u>19,364</u>	<u>1</u>	(<u>59,153</u>)	(<u>2</u>)
8300	Other comprehensive income (loss) of the year	(<u>13,064</u>)	<u>-</u>	(<u>59,068</u>)	(<u>2</u>)
8500	Total comprehensive income of the year	<u>\$ 49,737</u>	<u>2</u>	<u>\$ 138,350</u>	<u>4</u>
	Net profit attributable to:				
8610	Owners of the company	\$ 62,084	2	\$ 194,461	6
8620	Non-controlling interests	<u>717</u>	<u>-</u>	<u>2,957</u>	<u>-</u>
8600		<u>\$ 62,801</u>	<u>2</u>	<u>\$ 197,418</u>	<u>6</u>
	Comprehensive income attributable to:				
8710	Owners of the company	\$ 49,194	2	\$ 134,752	4
8720	Non-controlling interests	<u>543</u>	<u>-</u>	<u>3,598</u>	<u>-</u>
8700		<u>\$ 49,743</u>	<u>2</u>	<u>\$ 138,350</u>	<u>4</u>
	Earnings per share (Note 26)				
9750	Basic	<u>\$ 0.81</u>		<u>\$ 2.53</u>	
9850	Diluted	<u>\$ 0.81</u>		<u>\$ 2.36</u>	

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, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Equity attributable to owners of the Company

		Equity attributable to owners of the Company							Other Equity						
		Ordinary Shares (Note 22)		Retained Earnings (Note 12,22,27)											
Code		Number of Shares (thousand)	Amount	Capital Surplus (Note 4, 19, 22)	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	Treasury Shares (Note 22)	Total	Noncontrolling Interest (Note 27)	Total Equity
A1	Balance as of January 1, 2019	69,808	\$ 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)	-	-	-	-	-	-	-
		6,981	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	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
	Appropriation of 2019 earnings														
B1	Legal reserve	-	-	-	19,446	-	(19,446)	-	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	58,904	(58,904)	-	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(92,146)	(92,146)	-	-	-	-	(92,146)	-	(92,146)
		-	-	-	19,446	58,904	(170,496)	(92,146)	-	-	-	-	(92,146)	-	(92,146)
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	62,084	62,084	-	-	-	-	62,084	717	62,801
D3	Other comprehensive income (loss) after tax for the year ended December 31, 2020	-	-	-	-	-	168	168	19,538	(32,596)	(13,058)	-	(12,890)	(174)	(13,064)
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	62,252	62,252	19,538	(32,596)	(13,058)	-	49,194	543	49,737
O1	Changes in noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	(2,014)	(2,014)
L1	Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	(94,924)	(94,924)	-	(94,924)
L3	Cancellation of treasury shares	(1,368)	(13,680)	(6,149)	-	-	(75,095)	(75,095)	-	-	-	94,924	-	-	-
Z1	Balance as of December 31, 2020	75,421	\$ 754,206	\$ 356,491	\$ 221,206	\$ 78,640	\$ 893,564	\$ 1,193,410	(\$ 155,721)	\$ 64,024	(\$ 91,697)	\$ -	\$ 2,212,410	\$ 6,208	\$ 2,218,618

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, 2020 and 2019

		(In Thousands of New Taiwan Dollars)	
		For the Year Ended December 31,	For the Year Ended December 31,
Code		2020	2019
	Cash Flows from Operating Activities		
A00010	Profit before income tax	\$ 109,984	\$ 257,117
A20010	Adjustments for:		
A20100	Depreciation expense	65,004	68,470
A20200	Amortization expense	2,341	3,079
A20300	Gain/loss on reversal of expected credit loss	(550)	1,808
A20400	Net gain of financial assets and liabilities at fair value through profit and loss	(1,949)	(1,200)
A20900	Financial cost	12,888	11,869
A21200	Interest income	(10,568)	(17,067)
A21300	Dividend revenue	(9,680)	(9,856)
A22500	Loss on disposal of property, plant and equipment	358	9,769
A23800	Loss for market price decline and obsolete and slow-moving inventories	19,290	15,169
A24100	Unrealized gain or loss on foreign exchange	(2,993)	2,294
A30000	Net changes in operating assets and liabilities		
A31110	Financial assets and liabilities at fair value through profit or loss	165	-
A31130	Notes receivable	93,960	(17,812)
A31150	Accounts receivable	(36,045)	193,322
A31160	Accounts receivable from related parties	(4,045)	3,730
A31180	Other receivable	(18,617)	(771)
A31200	Inventories	(4,412)	162,251
A31240	Other current assets	36,478	43,097
A32125	Contract liabilities	2,574	(7,152)
A32130	Notes payable	(5,606)	(57,495)
A32140	Notes payable to related parties	4,377	-
A32150	Accounts payable	(7,439)	10,872
A32160	Accounts payable to related parties	(21,002)	(45,104)
A32180	Other accounts payable	(12,635)	(46,481)
A32230	Other current liabilities	(2,684)	(221)
A32240	Net defined benefit liabilities	(795)	910
A33000	Cash generated from operating activities	208,399	580,598
A33100	Interest received	10,614	16,851
A33200	Stock dividend received	9,680	9,856
A33300	Interest paid	(7,347)	(6,531)
A33500	Income taxes paid	(91,663)	(148,562)
AAAA	Net cash generated from operating activities	<u>129,683</u>	<u>452,212</u>

(Carried forward)

(Brought forward)

Code		For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
	Cash Flows from Investing Activities		
B00040	Acquisition of financial assets at amortized cost	(\$ 8,346)	\$ -
B00050	Disposal of financial assets at amortized cost	6,755	9,996
B00010	Acquisition of Financial assets at fair value through profit or loss	-	(2,610,160)
B00020	Proceeds from sale of financial assets at fair value through profit or loss	-	2,961,157
B02700	Purchase of property, plant and equipment	(414,219)	(316,437)
B02800	Disposal of property, plant and equipment	2,038	4,400
B03700	Decrease in refundable deposits	-	4,592
B04500	Purchase of intangible assets	(24)	-
B07100	Increase in Prepayments for Business	(133,638)	(142,663)
B06700	Increase in other noncurrent assets	(105)	(3,334)
BBBB	Net cash used in investing activities	(547,539)	(92,449)
	Cash Flows from Financing Activities		
C00100	Increase in short-term borrowings	220,252	155,000
C01600	Proceeds from long-term borrowing	940,000	13,700
C01700	Repayment of long-term borrowing	(486,836)	(6,601)
C03100	Refund of guarantee deposits received	-	(3)
C04020	Repayments of Lease liabilities	(10,736)	(12,303)
C04500	Payment of dividends	(92,146)	(349,039)
C04900	Payments for buy-back of ordinary shares	(94,924)	-
C05800	Changes in noncontrolling interest	(2,014)	(12,820)
CCCC	Net cash (used in) generated from financing activities	473,596	(212,066)
DDDD	Impact of changes in exchange rate on cash and cash equivalents	247	(5,110)
EEEE	Net increase in cash and cash equivalents of the year	55,987	142,587
E00100	Cash and cash equivalents at the beginning of the year	1,261,134	1,118,547
E00200	Cash and cash equivalents at the end of the year	\$1,317,121	\$1,261,134

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, 2020 and 2019
(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, 2021.

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

(I) Initial application of 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 IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies:

(II) The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	Effective for annual reporting periods beginning on or after January 1, 2021

Amendment to IFRS 16 “Covid-19-Related Rent Concessions”

Effective for annual reporting periods beginning on or after June 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)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are

brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

As of the date the accompanying consolidated financial statements were issued, the Group is continuously assessing the impact that the application of the aforementioned standards or interpretations have on its financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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 5 and 6 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.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(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 of property, plant and equipment, right-of-use asset, intangible assets (other than goodwill) and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, and intangible assets (other than goodwill) 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.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

(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.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3. Financial liabilities

(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.

Fair value is determined in the manner described in Note 29.

(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, and 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.

Sale of goods

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

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.

(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) Government grants

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Government grants that take the form of a transfer of a non-monetary asset for the use of the entity are recognized and measured at the fair value of the non-monetary asset.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

(XVI) 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 Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(XVII) Share-based payment: employee stock options

Employee stock options

Employee stock options are recognized on a straight-line basis over the lifetime based on the fair value of equity instrument and estimated optimal quantity on the grant date. At the same time, the capital surplus - employee stock options are also adjusted and recognized on the grant date. It is recognized as an expense in full at the grant date if vested immediately. Organizing capital increase by cash and retaining employee subscription, the Company defined the date of notification as the grant date

The Company revised the estimated number of expected employee stock options at the end of each reporting period. If the original estimated quantity is rectified, the effect is recognized as profit and loss so that the cumulative expenses reflect the revised estimate and the capital surplus-employee stock option is adjusted relatively.

(XVIII) 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,

unused loss carryforwards, unused tax credits for purchases of machinery and equipment, 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 Group considers the economic implications of the COVID-19 when making its critical accounting 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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 1,019	\$ 1,269
Checking accounts and demand deposits	1,185,513	1,013,782
Cash equivalents		
Time deposits (investments with original maturities less than 3 months)	<u>130,589</u>	<u>246,083</u>
	<u>\$ 1,317,121</u>	<u>\$ 1,261,134</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Demand deposits and time deposits	0.001%-0.41%	0.001%-2.12%

VII. Financial Asset At Fair Value Through Profit or Loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities - current</u>		
Mandatorily measured at FVTPL		
Derivatives (not designated for hedging)		
- Foreign exchange forward contracts	\$ 196	\$ -
- The first convertible corporate bond (Note 20)	<u>-</u>	<u>1,980</u>
	<u>\$ 196</u>	<u>\$ 1,980</u>

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

December 31, 2020

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>
Buy	USD/NTD	2021.1.12-2021.2.25	US\$ 818/NT\$ 23,110

VIII. Financial Assets At Fair Value Through Other Comprehensive Income

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Noncurrent</u>		
Domestic investment		
Unlisted stock		
Sin Hun Chemical Co., Ltd. - common stock	<u>\$104,374</u>	<u>\$136,970</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Domestic investment		
Time deposits with original maturities more than 3 months (1)	\$ 3,000	\$ 9,583
Restricted bank deposit (2)	<u>8,346</u>	<u>-</u>
	<u>\$ 11,346</u>	<u>\$ 9,583</u>

(1) For information on the pledge of financial assets measured at amortized cost, please refer to Note 31.

(2) The Group applied for remitting the profits of overseas subsidiaries to the specific bank account in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. The Act provides certain limits for use of savings in the specific account, so the amount in the specific account has been classified as financial assets measured at amortized cost – current.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes receivable</u>		
Incurred from business operation	<u>\$ 57,731</u>	<u>\$151,494</u>
<u>Accounts receivable</u>		
Total carrying value measured at amortized cost	\$613,177	\$568,491
Less: loss allowance	(<u>18,413</u>)	(<u>20,859</u>)
	<u>\$594,764</u>	<u>\$547,632</u>
<u>Accounts receivable from related party</u>		
Total carrying value measured at amortized cost	<u>\$ 5,028</u>	<u>\$ 983</u>

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, 2020

	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%	1.42%	3.33%	10.20%	24.32%	42.48%	60.84%	100%	-
Total carrying value	\$ 565,546	\$ 62,297	\$ 22,551	\$ 10,055	\$ 740	\$ 225	\$ 812	\$ 13,709	\$ 675,936
Loss allowance (expected credit loss during the lifetime)	(1,274)	(882)	(752)	(1,026)	(180)	(96)	(494)	(13,709)	(18,413)
Amortized cost	<u>\$ 564,272</u>	<u>\$ 61,415</u>	<u>\$ 21,799</u>	<u>\$ 9,029</u>	<u>\$ 560</u>	<u>\$ 130</u>	<u>\$ 318</u>	<u>\$ -</u>	<u>\$ 657,523</u>

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	<u>\$ 608,638</u>	<u>\$ 66,789</u>	<u>\$ 13,278</u>	<u>\$ 10,172</u>	<u>\$ 845</u>	<u>\$ 368</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 700,109</u>

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

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Beginning of year balance	\$ 20,859	\$ 23,581
Add: impairment loss this year	-	1,808
Less: reversal of impairment loss this year	(550)	-
Less: actual write-off this year	(2,032)	(3,644)
Exchange difference	136	(886)
End of year balance	<u>\$ 18,413</u>	<u>\$ 20,859</u>

XI. Inventories

	December 31, 2020	December 31, 2019
Raw materials	\$108,870	\$ 126,726
Finished products	<u>273,371</u>	<u>268,105</u>
	<u>\$382,241</u>	<u>\$ 394,831</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Cost of inventories sold	\$ 2,077,316	\$ 2,706,797
Inventory write-downs	19,290	15,169
Unallocated production overhead	<u>93,221</u>	<u>97,802</u>
	<u>\$ 2,189,827</u>	<u>\$ 2,819,768</u>

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, 2021. The loss on work stoppage of NT\$93,221 thousand and NT\$97,802 thousand is included in the cost of goods sold in 2020 and 2019, respectively, and the related information please refer to note 32.

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, 2020	December 31, 2019
Parent	DBC Group Co., Ltd. (DBC Group)	Invest	100%	100%
Parent	PT. Double Bond Chemindo (PT. DBC)	Trade	67%	67%
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, 2020, and December 31, 2019. 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.

In July, 2020, the Group handled capital increase by cash for DBC Vietnam by NT\$7,393 thousand (US\$250 thousand) and subscribed 100% with a shareholding ratio of 100%.

On February 27, 2020, the Group handled capital increase by cash for DBC USA by NT\$6,021

thousand (US\$200 thousand) and subscribed 100% with a shareholding ratio of 100%.

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%.

DBC Group held a board meeting on June 19, 2020 and February 19, 2019 to decide the distribution of cash dividends of NT\$188,460 thousand (RMB45,000 thousand) and NT\$136,440 thousand (RMB30,000 thousand), respectively.

DBC Global held a board meeting on June 19, 2020 and February 19, 2019 to decide the distribution of cash dividends of NT\$188,460 thousand (RMB45,000 thousand) and NT\$136,440 thousand (RMB30,000 thousand), respectively.

DBC Europe Holding convened a shareholder meeting on April 17, 2020 and March 19, 2019 to decide the distribution of cash dividends of NT\$3,711 thousand (Swiss francs 120 thousand) and NT\$928 thousand (Swiss francs 30 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, 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	<u>\$ 486,190</u>	<u>\$ 193,940</u>	<u>\$ 228,116</u>	<u>\$ 19,556</u>	<u>\$ 56,636</u>	<u>\$ 34,726</u>	<u>\$ 305,814</u>	<u>\$1,324,978</u>
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	<u>\$ -</u>	<u>\$ 51,805</u>	<u>\$ 128,688</u>	<u>\$ 11,572</u>	<u>\$ 35,924</u>	<u>\$ 19,337</u>	<u>\$ -</u>	<u>\$ 247,326</u>
Carrying amount at December 31, 2019	<u>\$ 486,190</u>	<u>\$ 142,135</u>	<u>\$ 99,428</u>	<u>\$ 7,984</u>	<u>\$ 20,712</u>	<u>\$ 15,389</u>	<u>\$ 305,814</u>	<u>\$1,077,652</u>
Cost								
Balance at January 1, 2020	\$ 486,190	\$ 193,940	\$ 228,116	\$ 19,556	\$ 56,636	\$ 34,726	\$ 305,814	\$1,324,978
Additions	-	4,877	5,524	1,917	5,057	275	396,569	414,219
Disposals	-	(429)	(2,528)	(614)	(4,224)	-	(133)	(7,928)
Reclassification	-	-	20,345	-	-	(19,878)	(467)	-
Interest capitalization	-	-	-	-	-	-	8,779	8,779
Net exchange difference	-	1,588	2,653	(174)	843	(16)	588	5,482
Balance at December 31, 2020	<u>\$ 486,190</u>	<u>\$ 199,976</u>	<u>\$ 254,110</u>	<u>\$ 20,685</u>	<u>\$ 58,312</u>	<u>\$ 15,107</u>	<u>\$ 711,150</u>	<u>\$1,745,530</u>
Accumulated depreciation and impairment								
Balance at January 1, 2020	\$ -	\$ 51,805	\$ 128,688	\$ 11,572	\$ 35,924	\$ 19,337	\$ -	\$ 247,326
Disposals	-	(122)	(1,821)	(614)	(2,975)	-	-	(5,532)
Depreciation expense	-	7,658	32,458	2,427	10,322	1,089	-	53,954
Reclassification	-	-	7,650	-	-	(7,650)	-	-
Other adjustments	-	270	-	-	-	-	-	270
Net exchange difference	-	534	1,863	(102)	702	(3)	-	2,994
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 60,145</u>	<u>\$ 168,838</u>	<u>\$ 13,283</u>	<u>\$ 43,973</u>	<u>\$ 12,773</u>	<u>\$ -</u>	<u>\$ 299,012</u>
Carrying amount at December 31, 2020	<u>\$ 486,190</u>	<u>\$ 139,831</u>	<u>\$ 85,272</u>	<u>\$ 7,402</u>	<u>\$ 14,339</u>	<u>\$ 2,334</u>	<u>\$ 711,150</u>	<u>\$1,446,518</u>

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

Buildings and Structure	3 to 50 years
Machine and Equipment	3 to 15 years
Transportation Equipment	3 to 8 years
Office Equipment	3 to 12 years
Other Equipment	2 to 12 years

Please refer to Note 31 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

	December 31, 2020	December 31, 2019
<u>Carrying amounts</u>		
Land	\$ 18,658	\$ 18,558
Buildings	7,198	3,163
Transportation equipment	<u>1,428</u>	<u>3,693</u>
	<u>\$ 27,284</u>	<u>\$ 25,414</u>
	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Additions to right-of-use assets	<u>\$ 12,564</u>	<u>\$ 1,923</u>
Depreciation charge for right-of-use assets		
Land	\$ 206	\$ 214
Buildings	7,690	8,736
Transportation equipment	<u>3,154</u>	<u>3,733</u>
	<u>\$ 11,050</u>	<u>\$ 12,683</u>

2. Lease liabilities

	December 31, 2020	December 31, 2019
<u>Carrying amounts</u>		
Current	<u>\$ 8,019</u>	<u>\$ 4,640</u>
Non-current	<u>\$ 874</u>	<u>\$ 2,378</u>

Range of discount rate for lease liabilities was as follows:

	December 31, 2020	December 31, 2019
Land	5.22%	5.22%
Buildings	1.2%~11.5%	1.2%~11.5%
Transportation equipment	1.2%~3.5%	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 1-2 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

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Expenses relating to short-term leases	<u>\$ 3,323</u>	<u>\$ 8,732</u>
Total cash outflow for leases	<u>(\$ 14,685)</u>	<u>(\$ 21,556)</u>

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, 2020	December 31, 2019
Goodwill	<u>\$ 26,593</u>	<u>\$ 26,593</u>

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
<u>Cost</u>				
Balance at January 1, 2019	\$ 3,732	\$ 2,783	\$ 2,609	\$ 9,124
Net exchange difference	<u>-</u>	<u>-</u>	<u>(39)</u>	<u>(39)</u>

Balance at December 31, 2019	<u>\$ 3,732</u>	<u>\$ 2,783</u>	<u>\$ 2,570</u>	<u>\$ 9,085</u>
<u>Accumulated amortization and impairment</u>				
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	<u>\$ 2,822</u>	<u>\$ 1,988</u>	<u>\$ 1,919</u>	<u>\$ 6,729</u>
Balance at December 31, 2019	<u>\$ 910</u>	<u>\$ 795</u>	<u>\$ 651</u>	<u>\$ 2,356</u>
<u>Cost</u>				
Balance at January 1, 2020	\$ 3,732	\$ 2,783	\$ 2,570	\$ 9,085
Separate Acquisition	-	24	-	24
Net exchange difference	-	-	16	16
Balance at December 31, 2020	<u>\$ 3,732</u>	<u>\$ 2,807</u>	<u>\$ 2,586</u>	<u>\$ 9,125</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2020	\$ 2,822	\$ 1,988	\$ 1,919	\$ 6,729
Amortization expense	172	80	457	709
Net exchange difference	-	-	15	15
Balance at December 31, 2020	<u>\$ 2,994</u>	<u>\$ 2,068</u>	<u>\$ 2,391</u>	<u>\$ 7,453</u>
Balance at December 31, 2020	<u>\$ 738</u>	<u>\$ 739</u>	<u>\$ 195</u>	<u>\$ 1,672</u>

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. Other assets

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Current</u>		
Other assets		
Refundable deposit (Note 31)	\$ 45,805	\$ 47,394
Prepaid account	30,499	69,507
Prepaid expense	23,232	24,359
Restricted Bank deposit (note 31)	8,867	5,462
Others	<u>12,513</u>	<u>9,498</u>
	<u>\$120,916</u>	<u>\$ 156,220</u>
<u>Noncurrent</u>		
Other assets		
Refundable deposit	\$ 4,930	\$ 5,912
Other deferred expenses	<u>9,874</u>	<u>10,149</u>
	<u>\$ 14,804</u>	<u>\$ 16,061</u>

XVIII. Borrowings

(I) Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loan (Note 31)</u>		
Bank loan	\$ 3,762	\$ 55,000
<u>Unsecured loan</u>		
Bank loan	<u>371,341</u>	<u>100,000</u>
	<u>\$375,103</u>	<u>\$155,000</u>

The annual interest rates of bank transition loans were 0.93%~1.39% and 1.05%~1.11% on December 31, 2020, and 2019, respectively.

(II) Long-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loan (note 31)</u>		
Bank loan	\$672,243	\$341,701
<u>Unsecured loan</u>		
Bank loan	136,322	13,700
Less: listed as part of long-term loans due within one year	(<u>57,606</u>)	(<u>9,621</u>)
	<u>\$750,959</u>	<u>\$345,780</u>

The Group borrows from the bank with its own land and building mortgage guarantee (see Note 31). The maturity dates of the Group's long-term borrowings in the form of secured loan are from February 28, 2023, to February 17, 2040. As of December 31, 2020, and 2019, the annual interest rates of the Company's long-term borrowings in the form of secured loan are 1.09%~1.42% and 1.36%~1.67%, respectively.

The maturity dates of the Group's long-term borrowing in the form of unsecured loan are from November 6, 2022, to August 7, 2025. As of December 31, 2020, and 2019, the annual interest rate of the Company's long-term borrowings in the form of unsecured loan are 1.295%~1.32% and 1.60%, respectively.

XIX. Bonds payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured domestic convertible bonds	\$594,526	\$585,815
Less: Current portions due within one year	(<u>594,526</u>)	(<u>585,815</u>)
	<u>\$ -</u>	<u>\$ -</u>

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, 2020, 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\$0 thousand and NT\$1,980 thousand at fair value on December 31, 2020 and December 31, 2019, respectively. On the other hand, the liabilities of non-derivative financial products are measured at amortized cost of NT\$594,526 thousand and NT\$585,815 thousand on December 31, 2020 and December 31, 2019 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	(<u>3,511</u>)
Liability component on the date of issuance	573,996
Interest charged at effective interest rate	<u>3,236</u>
Liability component on December 31, 2018	577,232
Interest charged at effective interest rate	<u>8,583</u>
Liability component on December 31, 2019	<u>\$585,815</u>
Liability component on January 1, 2020	\$585,815
Interest charged at effective interest rate	<u>8,711</u>
Liability component on December 31, 2020	<u>\$594,526</u>

XX. Other Liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Other payable		
Salaries and bonuses payable	\$ 53,315	\$ 61,140
Director remuneration payable	4,000	4,000
Employee remuneration payable	1,600	2,500
Other fee payable	<u>47,901</u>	<u>45,074</u>
	<u>\$106,816</u>	<u>\$112,714</u>
Other liabilities		
Deferred credit	\$ 36	\$ 122
Others	<u>819</u>	<u>3,361</u>
	<u>\$ 855</u>	<u>\$ 3,483</u>

XXI. 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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligation	\$ 19,729	\$ 18,298
Fair value of plan assets	(<u>10,630</u>)	(<u>8,236</u>)
Net defined benefit liability	<u>\$ 9,099</u>	<u>\$ 10,062</u>

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, 2019	<u>\$ 15,147</u>	(<u>\$ 6,800</u>)	<u>\$ 8,347</u>
Service cost			
Current service cost	266	-	266
Past service cost	1,580	-	1,580
Net interest expense (income)	<u>208</u>	(<u>100</u>)	<u>108</u>
Recognized in profit or loss	<u>2,054</u>	(<u>100</u>)	<u>1,954</u>
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	<u>61</u>	-	<u>61</u>
Recognized in other comprehensive income	<u>1,097</u>	(<u>292</u>)	<u>805</u>
Contribution from the employer	<u>-</u>	(<u>1,044</u>)	(<u>1,044</u>)
Balance at December 31, 2019	<u>\$ 18,298</u>	(<u>\$ 8,236</u>)	<u>\$ 10,062</u>
Service cost			
Current service cost	293	-	293
Net interest expense (income)	<u>183</u>	(<u>87</u>)	<u>96</u>
Recognized in profit or loss	<u>476</u>	(<u>87</u>)	<u>389</u>
Remeasurement			
Return on plan assets	-	(1,123)	(1,123)
Actuarial loss			
- changes in demographic assumptions	13	-	13
- changes in financial assumptions	1,376	-	1,376
- experience adjustments	(<u>434</u>)	-	(<u>434</u>)
Recognized in other comprehensive income	<u>955</u>	(<u>1,123</u>)	(<u>168</u>)
Contribution from the employer	<u>-</u>	(<u>1,184</u>)	(<u>1,184</u>)
Balance at December 31, 2020	<u>\$ 19,729</u>	(<u>\$ 10,630</u>)	<u>\$ 9,099</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Marketing expenses	\$ 126	\$ 635
Management expenses	126	653

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
R&D expenses	<u>137</u>	<u>666</u>
	<u>\$ 389</u>	<u>\$ 1,954</u>

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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate(s)	0.50%	1.00%
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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate(s)		
0.25% increase	(\$ 703)	(\$ 682)
0.25% decrease	<u>\$ 735</u>	<u>\$ 715</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 700</u>	<u>\$ 684</u>
0.25% decrease	(\$ 674)	(\$ 657)

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.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
The expected contributions to the plan for the next year	<u>\$ 1,080</u>	<u>\$ 960</u>
The average duration of the defined benefit obligation	14.7 years	15.5 years

XXII. Equity

(I) Share Capital

Ordinary Shares

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Number of shares authorized (in thousands)	<u>\$ 120,000</u>	<u>\$ 120,000</u>
Shares authorized	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Number of shares issued and fully paid (in thousands)	<u>75,421</u>	<u>76,789</u>
Shares issued	<u>754,206</u>	<u>767,886</u>

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.

The board of directors of the Company resolved on Aug. 12, 2020 to reduce capital and cancel 1,368 thousand treasury shares. The record date of capital reduction was Aug. 4, 2020. The capital reduction and the cancellation of such treasury shares have been reported to and approved by Ministry of Economic Affairs.

(II) Capital Surplus

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Share premium	\$338,998	\$345,147
Stock option	<u>17,493</u>	<u>17,493</u>
	<u>\$356,491</u>	<u>\$362,640</u>

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). 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 24 (8).

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 2019 and 2018 earnings had been approved by the Company's shareholders in its meetings held on June 23, 2020 and June 26, 2019, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Fiscal Year 2019	For Fiscal Year 2018	For Fiscal Year 2019	For Fiscal Year 2018
Legal capital reserve	\$ 19,446	\$ 56,223		
Special capital reserve	58,904	(62,591)		
Stock dividends	-	69,808	\$ -	\$ 1
Cash dividends	92,146	349,039	1.2	5

The Company's appropriation of earnings for 2020 had been approved in the meeting of the Board of Directors held on March 25, 2021. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Special capital reserve	\$ 13,058	
Cash dividends	22,626	\$ 0.3
Stock dividends	52,795	\$ 0.7

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, 2021.

(IV) Treasury shares

Purpose of Buy-back	Shares Cancelled (In Thousands of Shares)
<u>To maintain the Company's credit and shareholders' equity</u>	
Number of shares at January 1, 2020	-
Increase during the year	1,368
Decrease during the year	(<u>1,368</u>)
Number of shares at December 31, 2020	<u><u>-</u></u>

To maintain the Company's credit and its shareholders' equity, the board of directors of the Company resolved on May 12, 2020 to buy back treasury shares at the centralized securities exchange market. As of December 31, 2020, a total of 1,368 thousand treasury shares in the amount of NT\$94,924 thousand were cancelled for reducing capital by the resolution of the board of directors of the Company on August 12, 2020 and relevant change registrations were also completed.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

XXIII. Revenue

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Revenue from contracts with customers		
Sales revenue	<u>\$ 2,632,875</u>	<u>\$ 3,496,960</u>

(I) Contract Balance

	December 31, 2020	December 31, 2019	January 1, 2019
Net Notes Receivable (Note 10)	\$ 57,731	\$ 151,494	\$ 137,206
Net Accounts Receivable (Note 10)	594,764	547,632	763,155
Net Accounts Receivable from Related Party (Note 10)	<u>5,028</u>	<u>983</u>	<u>4,713</u>
	<u>\$ 657,523</u>	<u>\$ 700,109</u>	<u>\$ 905,074</u>
Contract liabilities			
Sale of Goods	<u>\$ 8,555</u>	<u>\$ 5,981</u>	<u>\$ 13,133</u>

(II) Classification of revenue from contracts with customers

For classification of revenue from contracts with customers, please refer to Note 35 of the operating income statement.

XXIV. Net Profit from Continuing Operation

Net profit from continuing operation includes the follows:

(I) Interest income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Interest income	<u>\$ 10,568</u>	<u>\$ 17,067</u>

(II) Other income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Dividend income	\$ 9,680	\$ 9,856
Others	<u>14,831</u>	<u>22,188</u>
	<u>\$ 24,511</u>	<u>\$ 32,044</u>

(III) Other gains and losses

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Net gains (losses) on financial assets and liabilities		
Mandatorily measured at FVTPL	\$ 1,949	\$ 1,200
Loss on disposal of property, plant and equipment	(358)	(9,769)
Exchange loss, net	(1,109)	(12,484)
Others	<u>(2,371)</u>	<u>(2,472)</u>
	<u>(\$ 1,889)</u>	<u>(\$ 23,525)</u>

(IV) Financial costs

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Interest expense		
Bank loan	\$ 12,330	\$ 6,051
Convertible bond	8,711	8,583
Interest on lease liabilities	<u>626</u>	<u>521</u>
	21,667	15,155
Less: Amounts included in the cost of qualifying assets	<u>(8,779)</u>	<u>(3,286)</u>
	<u>\$ 12,888</u>	<u>\$ 11,869</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Capitalized interest amount	\$ 8,779	\$ 3,286
Capitalization rate	1.28%	1.38%

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

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Notes receivable and accounts receivable	(\$ <u>550</u>)	<u>\$ 1,808</u>
Inventories (included in operating costs)	<u>\$ 19,290</u>	<u>\$ 15,169</u>

(VI) Depreciation and amortization

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Property, plant and equipment	\$ 53,954	\$ 55,787
Right-of-use assets	11,050	12,683
Intangible assets and deferred expense	<u>2,341</u>	<u>3,079</u>
	<u>\$ 67,345</u>	<u>\$ 71,549</u>

An analysis of depreciation by function

Operating costs	\$ 36,267	\$ 36,254
Operating expenses	<u>28,737</u>	<u>32,216</u>
	<u>\$ 65,004</u>	<u>\$ 68,470</u>

An analysis of amortization by function

Operating costs	\$ 1,209	\$ 1,262
Operating expenses	<u>1,132</u>	<u>1,817</u>
	<u>\$ 2,341</u>	<u>\$ 3,079</u>

(VII) Personnel Expenses

	For the Year Ended December 31, 2020			For the Year Ended December 31, 2019		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Personnel expenses						
Salaries	\$ 5,134	\$ 154,795	\$ 159,929	\$ 14,420	\$ 164,112	\$ 178,532
Labor insurance and health insurance	1,473	11,487	12,960	2,062	13,191	15,253
Pension cost						
Defined contribution plan	391	4,546	4,937	5,391	12,233	17,624
Defined benefit plan (note 21)	-	389	389	-	1,954	1,954
Director's remuneration	-	6,390	6,390	-	6,585	6,585
Others	<u>4,573</u>	<u>15,147</u>	<u>19,720</u>	<u>4,776</u>	<u>21,358</u>	<u>26,134</u>
	<u>\$ 11,571</u>	<u>\$ 192,754</u>	<u>\$ 204,325</u>	<u>\$ 26,649</u>	<u>\$ 219,433</u>	<u>\$ 246,082</u>

(VIII) 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, 2020 and 2019, employee's compensation and remuneration to directors were resolved by the board of directors on March 25, 2021 and March 25, 2020, respectively:

Estimated ratio

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Employee's compensation	1.98%	1.02%
Remuneration to director	4.96%	1.63%

Amount

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
	Cash	Cash
Employee's compensation	\$ 1,600	\$ 2,500
Remuneration to directors	4,000	4,000

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, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

XXV. 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, 2020	For the Year Ended December 31, 2019
Current tax		
In respect of the current period	\$ 85,146	\$105,843
Surtax on undistributed earnings	1,085	7,638
In respect of prior periods	<u>1,441</u>	<u>(21,740)</u>
	<u>87,672</u>	<u>91,741</u>
Deferred tax		
In respect of the current period	<u>(40,489)</u>	<u>(32,042)</u>
Income tax expense recognized in profit or loss	<u>\$ 47,183</u>	<u>\$ 59,699</u>

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

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Income from continuing operation before tax	<u>\$ 109,984</u>	<u>\$ 257,117</u>
Income tax expense calculated at statutory rate	\$ 46,219	\$ 84,686
Fees that cannot be deducted from taxes	10,413	12,702
Surtax on undistributed earnings	1,085	7,638
Adjustments to prior year's income tax expense (benefit)	1,441	(21,040)
Tax exempt income	(8,273)	(1,971)
Temporary difference that has not yet been	3,927	(8,983)

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
recognized		
Tax-exempt lease	(8,370)	(12,014)
Others	<u>741</u>	(<u>619</u>)
Income tax expense recognized in profit or loss	<u>\$ 47,183</u>	<u>\$ 59,699</u>

(II) Current tax liabilities

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Current tax liabilities		
Income tax payable	<u>\$ 23,416</u>	<u>\$ 26,693</u>

(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, 2020

	Opening Balance	Recognized in Profit and Loss	Exchange Difference	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for doubtful accounts	\$ 4,651	(\$ 1,890)	\$ 36	\$ 2,797
Allowance for price decline in inventory	9,326	2,963	122	12,411
Unrealized loss on foreign exchange	609	(465)	-	144
Unrealized gain from inter-affiliate accounts	1,662	(653)	-	1,009
Net loss on disposal of fixed assets	19	(19)	-	-
Others	<u>252</u>	(<u>163</u>)	<u>-</u>	<u>89</u>
	16,519	(227)	158	16,450
Loss carryforwards	<u>13,126</u>	<u>15,179</u>	<u>556</u>	<u>28,861</u>
	<u>\$ 29,645</u>	<u>\$ 14,952</u>	<u>\$ 714</u>	<u>\$ 45,311</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment income recognized under equity methods	\$ 41,329	(\$ 25,894)	\$ -	\$ 15,435
Others	<u>306</u>	<u>357</u>	<u>-</u>	<u>663</u>
	<u>\$ 41,635</u>	(<u>\$ 25,537</u>)	<u>\$ -</u>	<u>\$ 16,098</u>

For the Year Ended December 31, 2019

	Opening Balance	Recognized in Profit and Loss	Exchange Difference	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for doubtful accounts	\$ 5,478	(\$ 647)	(\$ 180)	\$ 4,651
Allowance for price decline in	6,438	3,092	(204)	9,326

	Opening Balance	Recognized in Profit and Loss	Exchange Difference	Closing Balance
inventory				
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	<u>66</u>	<u>186</u>	<u>-</u>	<u>252</u>
	14,311	2,592	(384)	16,519
Loss carryforwards	<u>-</u>	<u>13,635</u>	<u>(509)</u>	<u>13,126</u>
	<u>\$ 14,311</u>	<u>\$ 16,227</u>	<u>(\$ 893)</u>	<u>\$ 29,645</u>
Deferred tax liabilities				
Temporary differences				
Investment income recognized under equity methods	\$ 57,464	(\$ 16,135)	\$ -	\$ 41,329
Unrealized gain on foreign exchange	(80)	80	-	-
Others	<u>66</u>	<u>240</u>	<u>-</u>	<u>306</u>
	<u>\$ 57,450</u>	<u>(\$ 15,815)</u>	<u>\$ -</u>	<u>\$ 41,635</u>

(IV) Information about unused loss carryforwards

Loss carryforwards as of December 31, 2020 comprised:

Unused Amount	Expiry Year
\$ 87,506	2024
<u>14,469</u>	2025
<u>\$ 101,975</u>	

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

As of December 31, 2020 and 2019, aggregate taxable temporary differences associated with investments in subsidiaries and not recognized as deferred income tax liabilities amounted to NT\$210,273 thousand and NT\$214,200 thousand, respectively.

(VI) Income tax assessments

The Company's tax returns through 2018 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, 2019, 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.

XXVI. Earnings Per Share

	For the Year Ended December 31, 2020	Unit: NT\$ per share For the Year Ended December 31, 2019
Basic earnings per share of continuing operation units	<u>\$ 0.81</u>	<u>\$ 2.53</u>
Diluted earnings per share of continuing operation units	<u>\$ 0.81</u>	<u>\$ 2.36</u>

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

<u>Net Profit for the Period</u>	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Net profit	\$ 62,084	\$194,461
Effects of dilutive potential ordinary shares on earnings		
Interests of convertible bonds after tax and valuation of financial liabilities	<u>6,731</u> <u>\$ 68,815</u>	<u>7,383</u> <u>\$201,844</u>

<u>Ordinary Shares Outstanding</u>	For the Year Ended December 31, 2020	Unit: thousand shares For the Year Ended December 31, 2019
Weighted average number of ordinary shares in computation of basic earnings per share	76,269	76,789
Effects of dilutive potential ordinary shares on earnings:		
Corporate convertible bonds	8,824	8,824
Employee compensations	<u>36</u>	<u>65</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>85,129</u>	<u>85,678</u>

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.

XXVII. 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	<u>1,673</u>
Differences recognized from equity transactions	(<u>\$ 1,450</u>)

Line items adjusted for equity transactions

Retained earnings	(<u>\$ 1,450</u>)
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XXVIII. 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.

XXIX. Financial Instrument

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

December 31, 2020

	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
— convertible bonds	<u>\$594,526</u>	<u>\$597,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$597,480</u>

December 31, 2019

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

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

1. Fair Value Hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Investment in equity instruments				

	Level 1	Level 2	Level 3	Total
Domestic unlisted common stocks	\$ -	\$ -	\$ 104,374	\$ 104,374
<u>Financial liabilities at fair value through profit and loss</u>				
Derivatives - foreign exchange forward contracts	\$ -	\$ 196	\$ -	\$ 1,96
<u>December 31, 2019</u>				
	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Investment in equity instruments				
Domestic unlisted common stocks	\$ -	\$ -	\$ 136,970	\$ 136,970
<u>Financial liabilities at fair value through profit and loss</u>				
Derivatives (not designated for hedging)	\$ -	\$ 1,980	\$ -	\$ 1,980

For the year ended December 31, 2020 and 2019, 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
Derivatives - Foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
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, 2020	December 31, 2019
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 2,065,166	\$ 2,033,942
Financial assets at fair value through other comprehensive income		
Investment in equity instrument	104,374	136,970
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Mandatorily at fair value through profit or loss	196	1,980

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
At amortized cost (Note 2)	2,233,293	1,583,562

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, notes payable by related parties, accounts payable, accounts payable by related parties, other accounts payable, long-term borrowings and corporate bonds payable that are due within one year, 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.

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 33.

Sensitivity analysis

The Group was mainly exposed to 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		EUR Impact	
	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Profit or loss	\$ 1,409	\$ 2,459	\$ 110	(\$ 115)	\$ 1,323	\$ 942

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, RMB and EUR 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, 2020	December 31, 2019
Fair value interest rate		
— Financial assets	\$ 141,935	\$ 255,666
— Financial liabilities	832,959	734,515
Cash flow with interest rate risk		
— Financial assets	1,185,513	1,013,782
— Financial liabilities	945,235	361,701

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 2020 and 2019 will increase/decrease by NT\$2,403 thousand and NT\$6,521 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 Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensure compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, 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, 2020

	On Demand or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 208,004	\$ 134,714	\$ 112,328	\$ 53
Lease liabilities	339	1,571	6,364	898
Fixed rate instrument	4,048	234,951	594,526	-
Floating rate instrument	<u>20,118</u>	<u>131,610</u>	<u>52,505</u>	<u>858,247</u>
	<u>\$ 232,509</u>	<u>\$ 502,846</u>	<u>\$ 765,723</u>	<u>\$ 859,198</u>

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

	<u>Less than 1 Year</u>	<u>1 Year to 5 Years</u>
Lease liabilities	<u>\$ 8,274</u>	<u>\$ 898</u>

December 31, 2019

	On Demand or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years
<u>Non-derivative financial liabilities</u>				
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	<u>959</u>	<u>21,909</u>	<u>8,433</u>	<u>346,682</u>
	<u>\$ 246,430</u>	<u>\$ 262,386</u>	<u>\$ 739,020</u>	<u>\$ 359,944</u>

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

	<u>Less than 1 Year</u>	<u>1 Year to 5 Years</u>
Lease liabilities	<u>\$ 4,810</u>	<u>\$ 2,521</u>

(2) Financing Facilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Secured bank facilities		
— Amount used	\$ 1,280,303	\$ 528,500
— Amount unused	<u>805,637</u>	<u>1,189,940</u>
	<u>\$ 2,085,940</u>	<u>\$ 1,772,440</u>

(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, 2020 and 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, 2020 and 2019, the face amounts of these unsettled bills receivable were NT\$357,425 thousand and NT\$326,594 thousand, respectively. The unsettled bills receivable will be due in 1 month to 7 months after the end of the reporting period. 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, 2020 and 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.

XXX. 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, 2020	For the Year Ended December 31, 2019
Substantive related parties	<u>\$ 13,574</u>	<u>\$ 3,807</u>

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, 2020	For the Year Ended December 31, 2019
Substantive related parties	\$149,056	\$245,201
Other related parties	<u>101,112</u>	<u>110,328</u>
	<u>\$250,168</u>	<u>\$355,529</u>

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

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

Account	Related Parties / Name	December 31, 2020	December 31, 2019
Accounts receivable from related parties	Substantive related parties		
	FDC, Lees Co., Ltd.	<u>\$ 5,028</u>	<u>\$ 983</u>

There are no guarantees for outstanding receivable from related parties.

(V) Accounts payable to related parties

Account	Related Parties / Name	December 31, 2020	December 31, 2019
Accounts payable to related parties	Other related parties		
	SIN HUN CHEMICAL CO., LTD.	\$ 29,754	\$ 30,415
	Substantive related parties		
	DOUBLEBOND CHEMICAL (TAIXING) CO. LTD.	17,420	38,962
	FDC, Lees Co., Ltd.	13,747	12,258
	Others	<u>4,692</u>	<u>4,980</u>
		<u>\$ 65,613</u>	<u>\$ 86,615</u>
Notes payable to related parties	Substantive related parties		
	DOUBLEBOND CHEMICAL (TAIXING) CO. LTD.	<u>\$ 4,377</u>	<u>\$ -</u>

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, 2020	For the Year Ended December 31, 2019
<u>Acquisition of right-of-use assets</u>		
Substantive related parties		
DOUBLE BOND CHEMICAL (DBC)		
INDUSTRY. CO., LTD	<u>\$ 10,809</u>	<u>\$ 5,593</u>

Account	Related Parties / Name	December 31, 2020	December 31, 2019
Lease liabilities	Substantive related parties		

DOUBLE BOND CHEMICAL (DBC) INDUSTRY. CO., LTD	\$ 5,618	\$ -
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Related Parties / Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
<u>Interest expense</u>		
Substantive related parties		
DOUBLE BOND CHEMICAL (DBC)		
INDUSTRY. CO., LTD	\$ 386	\$ 137

The terms of the lease agreements between the Group and related parties are determined by mutual agreement.

(VII) Compensation of key management personnel

	December 31, 2020	December 31, 2019
Short-term benefits	\$ 38,055	\$ 39,658
Post-employment benefits	456	378
	<u>\$ 38,511</u>	<u>\$ 40,036</u>

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

XXXI. Assets pledged as collateral or for security

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

	December 31, 2020	December 31, 2019
Property, plant and equipment	\$554,752	\$556,663
Refundable deposits (recognized in other current assets)	45,805	47,394
Financial assets at amortized cost - current	3,000	9,583
Bank deposits (recognized in other current assets)	8,867	5,462
	<u>\$612,424</u>	<u>\$619,102</u>

XXXII. 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, 2021, 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.

XXXIII. 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, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD	\$ 7,679	28.48 (USD: NTD)	\$ 218,698
RMB	8,759	4.377 (RMB: NTD)	38,339
EUR	5,900	35.02 (EUR: NTD)	206,618
<u>Financial Liabilities</u>			
<u>Monetary Items</u>			
USD	2,731	28.48 (USD: NTD)	\$ 77,779
RMB	6,239	4.377 (RMB: NTD)	27,308
EUR	2,121	35.02 (EUR: NTD)	74,277

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial Assets</u>			
<u>Monetary items</u>			
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
<u>Financial Liabilities</u>			
<u>Monetary Items</u>			
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

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

	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
Functional currency	Functional currencies in exchange for presentation currencies	Net foreign exchange gains (losses)	Functional currencies in exchange for presentation currencies	Net foreign exchange losses
NTD	1(NTD: NTD)	(\$ 2,606)	1(NTD: NTD)	(\$ 11,787)
RMB	4.282(RMB: NTD)	1,497	4.472(RMB: NTD)	(697)
		(\$ 1,109)		(\$ 12,484)

XXXIV. 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 (None).
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 4).
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 7).
11. Information on investees (Annex 5).

(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 6).
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 4, 6, and 7).
 - (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.

- (IV) Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Annex 8)

XXXV. 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, 2020	For the Year Ended December 31, 2019	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Chemical products segment	<u>\$ 2,632,875</u>	<u>\$ 3,496,960</u>	\$ 207,864	\$ 377,279
Headquarter management cost			(118,732)	(132,071)
Gain (loss) on reversal of expected credit Impairment loss			550	(1,808)
Interest income			10,568	17,067
Other income			24,511	32,044
Other gains and losses			(1,889)	(23,525)
Financial costs			(12,888)	(11,869)
Net earnings before tax			<u>\$ 109,984</u>	<u>\$ 257,117</u>

Segment revenues reported above are generated by transactions with external customers. There is no inter-departmental sales in 2020 and 2019.

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, Interest income, 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, 2020	For the Year Ended December 31, 2019
Chemical products segment	<u>\$ 67,345</u>	<u>\$ 71,549</u>

(IV) Revenue from major products and services

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Plastics additives	\$ 1,605,488	\$ 1,930,795
Light-cured materials	770,066	1,237,490

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Others	<u>257,321</u>	<u>328,675</u>
Chemical products segment	<u>\$ 2,632,875</u>	<u>\$ 3,496,960</u>

(V) Geographical information

The Group operates mainly 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, 2020	For the Year Ended December 31, 2019
Taiwan	\$ 832,903	\$ 1,225,041
China	1,520,587	1,914,076
Others	<u>279,385</u>	<u>357,843</u>
	<u>\$ 2,632,875</u>	<u>\$ 3,496,960</u>

(VI) Information about major customers

No single customer contributed 10% or more to the Group's total revenue for both 2020 and 2019.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries
Financing Provided to Others
For the Year Ended December 31, 2020

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	\$ 31,328 (USD1,100,000)	\$ 17,088 (USD600,000)	\$ 17,088 (USD600,000)	1.15%	Short-term Financing	\$ -	Operating Capital	\$ -	-	-	\$ 331,862	\$ 884,964

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, 2020.

Note 4: The NT\$55 thousand interest receivable of the NT\$17,088 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, 2020

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/Gua ranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorse ment/Gu arantee Given by Parent on Behalf of Subsidiari es	Endorse ment/Gu arantee Given by Subsidiari es on Behalf of Parent	Endorse ment/Gu arantee Given on Behalf of Compani es in Mainland China	Note
		Name	Relationship (Note2)											
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical Ind. Co., Ltd.	(1)	\$ 884,964	\$ 6,000	\$ 3,000	\$ 1,500	\$ -	0.14%	\$ 884,964	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, 2020

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, 2020				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	\$ 104,374	9.78	\$ 104,374	-

Note: For information on the investments in subsidiaries and associates, please refer to Annex 5 and Annex 6.

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, 2020

Annex 4 (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	\$ 108,833	8%	-	-	-	(\$ 56,436)	(22%)	Note 1 & 2
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Double Bond Chemical (Shanghai) Co., Ltd.	Associate	Sale	(108,833)	(88%)	-	-	-	56,436	99%	Note 1 & 2
DBC Switzerland AG	Double Bond Chemical Ind. Co., Ltd.	Parent Company	Purchase	165,527	100%	-	-	-	(67,823)	(100%)	Note 1 & 2
Double Bond Chemical Ind. Co., Ltd.	DBC Switzerland AG	Subsidiary	Sale	(165,527)	(14%)	-	-	-	67,823	25%	Note 1 & 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: 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, 2020

Annex 5

(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, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	%	Carrying Amount			
Double Bond Chemical Ind. Co., Ltd.	DBC Group Co., Ltd.	Samoan Islands	Investment industry	\$ 317,605	\$ 317,605	10,430	100	\$ 1,438,561	\$ 44,888	\$ 45,707	Note 1 & 2
	DBC Europe Holding AG	Switzerland	Investment industry	2,982	2,982	0.1	100	20,288	6,436	6,436	Note 2
	DBC Europe GmbH	Germany	Chemical industry	3,599	3,599	-	100	1,232	(831)	(831)	Note 2
	DBC Korea Co., Ltd.	Korea	Chemical industry	4,457	4,457	59	99.98	1,731	677	677	Note 2
	Double Bond Chemical Ind USA., Inc.	America	Chemical industry	19,843	13,822	2	100	(965)	(8,345)	(8,345)	Note 2
	PT. Double Bond Chemindo	Indonesia	Chemical industry	10,028	10,028	1.675	67	4,510	2,353	1,577	Note 2
	Double Bond Chemical (Thailand) Co., Ltd.	Thailand	Chemical industry	907	907	9.8	49	1,217	(355)	(174)	Note 2
	Double Bond Chemical Vietnam Co., Ltd.	Vietnam	Chemical industry	22,118	14,725	-	100	9,003	(2,535)	(2,535)	Note 2
	Double Bond Chemical Global Co., Ltd.	Samoan Islands	Investment industry	79,338	79,338	2,530	100	823,809	142,087	142,087	Note 2
DBC GROUP CO., LTD	Total Triumph Limited	Samoan Islands	Investment industry	237,595	237,595	7,900	100	618,402	(97,208)	(97,208)	Note 2
DBC Europe Holding AG	DBC Switzerland AG	Switzerland	Chemical industry	2,679	2,679	0.08	80	10,879	8,375	6,700	Note 2

Note 1: According to the shareholding ratio, the net profit of investee company is NT\$44,888 thousand plus the balance of unrealized and realized gain adjustments of NT\$819 thousand for downstream and upstream transaction.

Note 2: As calculated in accordance with the financial statements of investee company audited by the accountant in 2020.

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, 2020

Annex 6

(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Double Bond Chemical (Shanghai) Co., Ltd.	Chemical	\$ 72,054 (USD 2,530)	Note 1	\$ 72,054 (USD 2,530)	\$ -	\$ -	\$ 72,054 (USD 2,530)	\$ 144,278 (RMB33,694)	100	\$ 144,278	\$ 823,781	\$ 392,700	-
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Chemical	275,668 (RMB62,981)	Note 1	202,090 (RMB46,171)	-	-	202,090 (RMB46,171)	(97,224) (RMB-22,705)	100	(97,224)	617,536	-	Note 4

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 274,144 (RMB 46,171) (USD 2,530)	\$ 349,691 (RMB 63,431) (USD 2,530)	\$ 1,327,446

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, 2020.

Note 3: As calculated in accordance with the financial statement of investee company audited by the accountant in 2020.

Note 4: Regarding DAFENG XIN YUAN DA CHEMICAL CO., LTD., the difference between the accumulated outward remittance for investment from Taiwan of 202,090 (RMB 46,171) and the paid-up capital of 275,668 (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, 2020

Annex 7

(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	\$ 80,288	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	98,883	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	15,911	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	28,838	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	Revenue	27,856	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	Other Receivable (Note 3)	17,143	Base on the parties' agreement	-
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical (Thailand) Co., Ltd.	1	Revenue	11,042	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.	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	2	Purchase	11,308	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.	DBC Switzerland AG	2	Revenue	165,527	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	6%
0	Double Bond Chemical Ind. Co., Ltd.	DBC Switzerland AG	2	Receivable	67,823	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	2%
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical Ind. USA., Inc.	1	Revenue	19,131	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	1%
1	Double Bond Chemical (Shanghai) Co., Ltd.	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	3	Purchase	108,833	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	56,436	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: The NT\$55 thousand interest receivable and the NT\$17,088 thousand principal are included.

Note 4: All the transactions listed in the above table have been fully eliminated in the preparation of the consolidated financial statements.

Double Bond Chemical Ind. Co., Ltd.
Information of major shareholders
December 31, 2020

Annex 8

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shinning Spark Limited, Seychelles	6,782,223	8.99%
Lin, Su-Fang	6,021,793	7.98%
Mega Grand Holdings Corp., Belize	5,796,428	7.68%
Jatdia Investments Limited, Samoa	5,572,592	7.38%
Jumbo Harvest Limited, Seychelles	5,217,221	6.91%
Right Point Limited, Seychelles	4,466,119	5.92%
Lee, Kun-Chang	4,208,077	5.57%

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

DOUBLE BOND CHEMICAL IND. CO., LTD.

Parent Company Only Financial Statements
for the Years Ended December 31, 2020 and 2019 And
Independent Auditors' Report

Address: 4F, No. 959, Zhongzheng Road, Zhonghe District, New Taipei City,
Taiwan (R.O.C.)

Telephone: 886-2-82281168

For the convenience of readers and for information purpose only, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China.

The independent auditors' report and the accompanying financial statements have not been audited by the public certified accountants, in the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Double Bond Chemical Ind. Co., Ltd. (the Company), which comprise the balance sheets as of December 31, 2020 and 2019 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the individual financial statements, including the summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. The audit work was carried out 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 in 2019. 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 Company 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 financial statements for the year ended December 31, 2020.

These matters were addressed in the context of our audit of the 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 Company's financial statements for the year ended December 31, 2020 are stated as follows:

Recognition of Sales Revenue

The Company'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 plastic additives in 2020 accounts for 46% of the total revenue. Since the sales revenue of plastic additives is material and the transaction is frequent, the occurrence of sales revenue of plastic additives is listed as a key audit matters in 2020 for audit. According to the company'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 company fails to comply with the appropriate sales revenue policy or IFRS 15, the recognition of sales revenue without completing the obligation will result in a significant misrepresentation of the financial statements. In summary, the accountant listed the occurrence of sales revenue to customers as a key audit matter to be checked regularly during the year's audit. For the accounting policies related to the recognition of operating revenue, please refer to Note 4 and 22 of the individual financial statements.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of the entities or business activities within the Company to express an opinion on the 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 complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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, 2021

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.

Balance Sheets

December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 4 & 6)	\$ 506,403	12	\$ 444,846	12
1136	Financial assets at amortized cost - current (Note 4, 9, 29)	11,346	-	9,583	-
1150	Notes receivable, net (Note 4,10,22)	16,068	-	19,089	1
1170	Accounts receivable, net (Note 4,10,22)	148,502	4	166,623	5
1180	Accounts receivable from related parties, net (Note 4,10, 22,28)	109,117	3	53,382	1
1200	Other receivables	25,835	1	7,438	-
1210	Other receivables from related parties, net (Note 28)	17,143	-	15,030	-
130X	Inventories, net (Note 4 & 11)	178,505	4	166,804	5
1470	Other current assets (Note 4, 16, 29)	<u>49,941</u>	<u>1</u>	<u>53,726</u>	<u>1</u>
11XX	Total current assets	<u>1,062,860</u>	<u>25</u>	<u>936,521</u>	<u>25</u>
	Noncurrent Assets				
1517	Financial assets at fair value through other comprehensive income - noncurrent(Note 4, 8)	104,374	3	136,970	4
1550	Investments accounted for using equity method (Note 4 & 12)	1,476,542	35	1,595,438	43
1600	Property, plant and equipment (Note 4, 13,28,29)	1,270,457	30	873,867	23
1755	Right-of-use assets(Note 4 & 14)	1,319	-	4,077	-
1780	Other intangible assets (Note 4 & 15)	1,477	-	1,835	-
1840	Deferred tax assets (Note 4 & 24)	6,711	-	6,620	-
1915	Prepayments for Business Facilities (Note 28)	300,259	7	166,621	5
1990	Other noncurrent assets (Note 16)	<u>4,335</u>	<u>-</u>	<u>5,614</u>	<u>-</u>
15XX	Total noncurrent assets	<u>3,165,474</u>	<u>75</u>	<u>2,791,042</u>	<u>75</u>
1XXX	Total assets	<u>\$ 4,228,334</u>	<u>100</u>	<u>\$ 3,727,563</u>	<u>100</u>
Code	Liabilities and Equity				
	Current Liabilities				
2100	Short-term borrowings (Note 17 & 29)	\$ 375,103	9	\$ 155,000	4
2120	Financial liabilities at fair value through profit or loss - current (Note 4, 7, 18)	196	-	1,980	-
2130	Contract liabilities (Note 4 & 22)	5,796	-	2,394	-
2170	Accounts payable	75,956	2	99,432	3
2180	Accounts payable to related parties (Note 28)	77,231	2	63,157	2
2219	Other accounts payable (Note 19 & 28)	37,610	1	35,286	1
2230	Current tax liabilities (Note 4 & 24)	7,188	-	13,400	-
2280	Lease liabilities - current(Note 4 & 14)	1,228	-	3,483	-
2322	Current portion of long-term bonds payable (Note 4 & 18)	594,526	14	585,815	16
2321	Current portion of long-term borrowings (Note 17 & 29)	57,606	1	9,621	-
2399	Other current liabilities (Note 19)	<u>6,260</u>	<u>-</u>	<u>9,615</u>	<u>-</u>
21XX	Total current liabilities	<u>1,238,700</u>	<u>29</u>	<u>979,183</u>	<u>26</u>
	Noncurrent liabilities				
2540	Long-term borrowings (Note 17 & 29)	750,959	18	345,780	10
2570	Deferred tax liabilities (Note 4 & 24)	16,098	1	41,635	1
2580	Lease liabilities - non-current(Note 4 & 14)	103	-	617	-
2670	Other noncurrent liabilities (Note 4, 12, 19)	965	-	-	-
2640	Net defined benefit liabilities - noncurrent (Note 4 & 20)	<u>9,099</u>	<u>-</u>	<u>10,062</u>	<u>-</u>
25XX	Total noncurrent liabilities	<u>777,224</u>	<u>19</u>	<u>398,094</u>	<u>11</u>
2XXX	Total Liabilities	<u>2,015,924</u>	<u>48</u>	<u>1,377,277</u>	<u>37</u>
	Owner's equity of this Company				
3110	Capital stock	<u>754,206</u>	<u>18</u>	<u>767,886</u>	<u>20</u>
3200	Capital surplus	<u>356,491</u>	<u>8</u>	<u>362,640</u>	<u>10</u>
	Retained earnings				
3310	Legal reserve	221,206	5	201,760	5
3320	Special reserve	78,640	2	19,736	1
3350	Unappropriated earnings	<u>893,564</u>	<u>21</u>	<u>1,076,903</u>	<u>29</u>
3300	Total retained earnings	<u>1,193,410</u>	<u>28</u>	<u>1,298,399</u>	<u>35</u>
3490	Other equity	(<u>91,697</u>)	(<u>2</u>)	(<u>78,639</u>)	(<u>2</u>)
3XXX	Total equity	<u>2,212,410</u>	<u>52</u>	<u>2,350,286</u>	<u>63</u>
	Total liabilities and equity	<u>\$ 4,228,334</u>	<u>100</u>	<u>\$ 3,727,563</u>	<u>100</u>

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

Double Bond Chemical Ind. Co., Ltd.
Statements of Comprehensive Income
For the Years Ended December 31, 2020 and 2019

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

Code		For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
		Amount	%	Amount	%
4000	Operating revenue (Note 4, 22, 28)	\$ 1,143,370	100	\$ 1,604,408	100
5000	Operating costs (Note 11, 23, 28)	<u>921,227</u>	<u>80</u>	<u>1,241,456</u>	<u>77</u>
	Gross profit	222,143	20	362,952	23
5910	Realized gain from sale (Note 4 & 19)	<u>3,263</u>	<u>-</u>	<u>2,225</u>	<u>-</u>
5950	Gross profit and realized gain	<u>225,406</u>	<u>20</u>	<u>365,177</u>	<u>23</u>
	Operating expenses (Note 4,10,14,20,23,28)				
6100	Sales and marketing expense	84,041	7	107,690	7
6200	General and administration expense	60,244	5	57,547	3
6300	Research and development expense	49,929	5	58,320	4
6450	Expected credit loss (Gain on reversal of expected credit loss)	<u>5,047</u>	<u>1</u>	(<u>78</u>)	<u>-</u>
6000	Total operating expenses	<u>199,261</u>	<u>18</u>	<u>223,479</u>	<u>14</u>
6900	Net operating profit	<u>26,145</u>	<u>2</u>	<u>141,698</u>	<u>9</u>
	Nonoperating income and expenses				
7100	Interest income (Note 23 &28)	1,244	-	2,933	-
7010	Other income (Note 23)	18,466	2	14,886	1
7020	Other gains and losses (Note 23)	2,113	-	(9,978)	-
7050	Financial costs (Note 23)	(12,215)	(1)	(11,396)	(1)
(Carried forward)					

(Brought forward)

<u>Code</u>		For the Year Ended		For the Year Ended	
		<u>December 31, 2020</u>		<u>December 31, 2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
7070	Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method (Note 4 and 12)	<u>\$ 39,358</u>	<u>3</u>	<u>\$ 100,675</u>	<u>6</u>
7000	Total nonoperating income and expenses	<u>48,966</u>	<u>4</u>	<u>97,120</u>	<u>6</u>
7900	Profit before income tax	75,111	6	238,818	15
7950	Income tax expense (Note 4, & 24)	<u>13,027</u>	<u>1</u>	<u>44,357</u>	<u>3</u>
8200	Net profit for the year	<u>62,084</u>	<u>5</u>	<u>194,461</u>	<u>12</u>
	Other Comprehensive Income (Loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans (Note 20)	168	-	(805)	-
8316	Unrealized gain or loss on investments in equity instrument at fair value through other comprehensive income	(32,596)	(3)	890	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	<u>19,538</u>	<u>2</u>	(<u>59,794</u>)	(<u>4</u>)
8300	Other comprehensive loss of the year	(<u>12,890</u>)	(<u>1</u>)	(<u>59,709</u>)	(<u>4</u>)
8500	Total comprehensive income of the year	<u>\$ 49,194</u>	<u>4</u>	<u>\$ 134,752</u>	<u>8</u>
	Earnings per share (Note 25)				
9750	Basic	<u>\$ 0.81</u>		<u>\$ 2.53</u>	
9850	Diluted	<u>\$ 0.81</u>		<u>\$ 2.36</u>	

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

Double Bond Chemical Ind. Co., Ltd.
Statements of Changes in Equity
For the Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

		Ordinary Shares (Note 21)		Retained Earnings (Note 12&21)					Other Equity				
Code		Number of Shares (thousand)	Amount	Capital Surplus (Note 4, 18, 21)	Legal Reserve	Special Reserve	Unappropriated Earnings	Minor Sum	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets at fair value through other comprehensive income (Note 4)	Total	Treasury Shares (Note 21)	Total
A1	Balance as of January 1, 2019	\$ 69,808	\$ 698,078	\$ 362,640	\$ 145,537	\$ 82,327	\$ 1,297,176	\$ 1,525,040	(\$ 115,465)	\$ 95,730	(\$ 19,735)	\$ -	\$ 2,566,023
	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)
B9	Stock dividends	6,981	69,808	-	-	-	(69,808)	(69,808)	-	-	-	-	-
		6,981	69,808	-	56,223	(62,591)	(412,479)	(418,847)	-	-	-	-	(349,039)
M5	Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	(1,450)	(1,450)	-	-	-	-	(1,450)
D1	Net profit for the year ended December 31, 2019	-	-	-	-	-	194,461	194,461	-	-	-	-	194,461
D3	Other comprehensive income (loss) after tax for the year ended December 31, 2019	-	-	-	-	-	(805)	(805)	(59,794)	890	(58,904)	-	(59,709)
D5	Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	193,656	193,656	(59,794)	890	(58,904)	-	134,752
Z1	Balance as of December 31, 2019	76,789	767,886	362,640	201,760	19,736	1,076,903	1,298,399	(175,259)	96,620	(78,639)	-	2,350,286
	Appropriation of 2019 earnings												
B1	Legal reserve	-	-	-	19,446	-	(19,446)	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	58,904	(58,904)	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(92,146)	(92,146)	-	-	-	-	(92,146)
		-	-	-	19,446	58,904	(170,496)	(92,146)	-	-	-	-	(92,146)
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	62,084	62,084	-	-	-	-	62,084
D3	Other comprehensive income (loss) after tax for the year ended December 31, 2020	-	-	-	-	-	168	168	19,538	(32,596)	(13,058)	-	(12,890)
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	62,252	62,252	19,538	(32,596)	(13,058)	-	49,194
L1	Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	(94,924)	(94,924)
L3	Cancellation of treasury shares	(1,368)	(13,680)	(6,149)	-	-	(75,095)	(75,095)	-	-	-	94,924	-
Z1	Balance as of December 31, 2020	75,421	\$ 754,206	\$ 356,491	\$ 221,206	\$ 78,640	\$ 893,564	\$ 1,193,410	(\$ 155,721)	\$ 64,024	(\$ 91,697)	\$ -	\$ 2,212,410

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

Double Bond Chemical Ind. Co., Ltd.

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

		(In Thousands of New Taiwan Dollars)	
		For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Code			
	Cash Flows from Operating Activities		
A00010	Profit before income tax	\$ 75,111	\$ 238,818
A20010	Adjustments for:		
A20100	Depreciation expense	17,840	19,266
A20200	Amortization expense	782	1,422
A20300	(Gain on reversal of) expected credit loss	5,047	(78)
A20400	Net income of financial assets and liabilities at fair value through profit and loss	(1,949)	(1,200)
A20900	Financial cost	12,215	11,396
A21200	Interest income	(1,244)	(2,933)
A21300	Dividend revenue	(9,680)	(9,856)
A22300	Share of profits or losses of subsidiaries and associates accounted for using the equity method	(39,358)	(100,675)
A22500	Loss (gain) on disposal of property, plant and equipment	(93)	38
A23800	Loss for market price decline and obsolete and slow-moving inventories	6,958	5,430
A23900	Realized gain on transactions with subsidiaries	(3,263)	(2,225)
A24100	Unrealized gain (loss) on foreign exchange	(2,216)	2,959
A30000	Net changes in operating assets and liabilities		
A31110	Financial assets and liabilities at fair value through profit or loss	165	-
A31130	Notes receivable	3,021	23,756
A31150	Accounts receivable	16,770	96,405
A31160	Accounts receivable from related parties	(55,735)	42,992
A31180	Other receivable	(18,311)	(2,230)
A31200	Inventories	(18,659)	42,494
A31240	Other current assets	3,742	(31,904)
A32125	Contract liabilities	3,491	(2,597)
A32150	Accounts payable	(24,747)	17,838
A32160	Accounts payable to related parties	14,074	(116,033)
A32180	Other accounts payable	1,816	(25,945)
A32230	Other current liabilities	(110)	(536)
A32240	Net defined benefit liabilities	(795)	910
A33000	Cash generated from operating activities	(15,128)	207,512
A33100	Interest received	1,201	3,149
A33200	Stock dividend received	9,680	9,856
A33300	Interest paid	(11,775)	(6,058)
A33500	Income taxes paid	(44,867)	(109,139)
(Carried forward)			

(Brought forward)

Code		For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
AAAA	Net cash generated from (used in) operating activities	(\$ 60,889)	\$ 105,320
	Cash Flows from Investing Activities		
B00040	Acquisition of financial assets at amortized cost	(8,346)	-
B00050	Disposal of financial assets at amortized cost	6,755	9,996
B01800	Acquisition of investments accounted for using the equity method	(13,414)	(10,964)
B02700	Purchase of property, plant and equipment	(401,951)	(263,174)
B02800	Disposal of property, plant and equipment	96	1
B03700	Decrease (increase) in refundable deposits	1,218	(233)
B04500	Purchase of intangible assets	(24)	-
B05900	Other receivables from related parties	(2,714)	(15,558)
B06700	Increase in other noncurrent assets	(69)	(73)
B07100	Increase in Prepayments for Business Facilities	(133,638)	(142,663)
B07600	Collection of subsidiary stock dividends	<u>192,171</u>	<u>146,365</u>
BBBB	Net cash used in investing activities	(<u>359,916</u>)	(<u>276,303</u>)
	Cash Flows from Financing Activities		
C00100	Increase in short-term borrowings	220,252	155,000
C01600	Proceeds from long-term borrowing	940,000	13,700
C01700	Repayment of long-term borrowing	(486,836)	(6,601)
C03100	Refund of guarantee deposits received	-	(3)
C04020	Repayments of Lease liabilities	(3,984)	(4,783)
C04500	Payment of dividends	(92,146)	(349,039)
C04900	Payments for buy-back of ordinary shares	(<u>94,924</u>)	<u>-</u>
CCCC	Net cash (used in) generated from financing activities	<u>482,362</u>	(<u>191,726</u>)
EEEE	Net increase (decrease) in cash and cash equivalents of the year	61,557	(362,709)
E00100	Cash and cash equivalents at the beginning of the year	<u>444,846</u>	<u>807,555</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 506,403</u>	<u>\$ 444,846</u>

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

Double Bond Chemical Ind. Co., Ltd.
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars, unless stated otherwise)

I. General Information

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

The functional currency of the Company is New Taiwan Dollar.

II. Approval of Financial Statements

The financial statements were approved by the Company's board of directors on March 25, 2021.

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

(I) Initial application of 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 IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company's accounting policies:

(II) The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	Effective for annual reporting periods beginning on or after January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	Effective for annual reporting periods beginning on or after June 1, 2020

As of the date the accompanying parent company only financial statements were issued, the Company 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 Company completes the evaluation.

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

As of the date the accompanying parent company only financial statements were issued, the Company is continuously assessing the impact that the application of the aforementioned standards or interpretations have on its financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

The accompanying parent company only 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 price including 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.

When preparing the parent company only financial statements, the Company account for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent only basis and the consolidated basis are adjusted under the heading of “investments accounted for using equity method”, “share of profits of subsidiaries and associates”, and “share of other comprehensive income of subsidiaries and associates in the parent company only financial statements”.

(III) Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;

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

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period, 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; and
3. Liabilities for which the Company 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 opinion 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 as current are classified as noncurrent.

(IV) Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the date 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. Such exchange differences are recognized in profit or loss in the year 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 year except for exchange differences arising on 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 in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting parent company only 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 NT\$ 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 and accumulated in equity.

If the company disposes of all interests of foreign operating agency, or dispose of part of the interests of a subsidiary to a foreign operating agency but lose control, or the retained interest after the disposal of the affiliated enterprise of the foreign operating agency is a financial asset treated in accordance with the accounting policy of the financial instrument, all accumulated exchange differences associated with this foreign operating agency will be reclassified to profit or loss.

If a partial disposal of a subsidiary to a foreign operating agency does not result in loss of control, the accumulated exchange difference is incorporated into the equity transaction calculation on a pro rata basis, but is not recognized as profit or loss. For all other partial disposals of foreign operating agency, the accumulated exchange difference is reclassified to profit or loss according to the proportion of the disposal.

(V) Inventories

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

(VI) Investment in Subsidiaries

Investments accounted for using the equity method include investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of future losses.

The amount of the acquisition cost exceeding the net fair value of the identifiable assets and liabilities of the subsidiaries that constitutes a business acquired by the Company at the date of acquisition is classified as goodwill, which is included in the carrying amount

of the investment and may not be amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition at the date of acquisition is recognized immediately in profit or loss.

When the Company evaluates the impairment, it considers the cash-generating unit as a whole in the financial report and compares its recoverable amount with the carrying value. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized net of amortization had no impairment loss been recognized in prior years. The impairment loss attributable to goodwill shall not be reversed during the subsequent period.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the downstream transactions with the subsidiaries shall be eliminated if they are not realized in the Company's parent company only financial statements. On the other hand, profits and losses resulting from the upstream & sidestream transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

(VII) Property, Plant and Equipment

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

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 is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the estimated useful lives. Each significant part is depreciated separately. The estimated useful lives, residual values, and depreciation method are reviewed at the end of each

reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(VIII) Intangible Assets

1. Separate Acquisition

Other separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being 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.

(IX) Impairment of property, plant and equipment, right-of-use asset, and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, and intangible assets 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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 assets may be impaired.

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

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance

with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

(X) Financial Instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.

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

1. Financial Assets

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

(1) Measurement category

Financial assets held by the Company can be categorized into financial assets measured at amortized cost and investment in equity instrument measured at fair value through other comprehensive income.

A. Financial assets measured at amortized cost

If the Company's investment in financial assets meets the following 2 criteria, it will be classified as financial assets measured at amortized cost.

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable, accounts receivable from related parties, other receivables, financial assets measured at amortized cost and refundable deposits) is measured at the total carrying value determined by the effective interest method less amortized cost of any impairment loss after initial recognition, while any gains and losses generated from foreign currency exchange 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. The interest income of purchased or originated credit-impaired financial assets is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of financial assets.
- b. For non-purchased or originated credit-impaired financial assets that subsequently become credit-impaired financial assets, the interest income should be calculated by multiplying the effective interest rate by the amortized cost of the financial assets from the second reporting period after the credit impairment.

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.

B. Investments in equity instruments measured at fair value through other comprehensive income

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or

loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

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

(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 accounts 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 FVTOCI, 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; 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 Company 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 Company 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 other 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 considered received and receivable is recognized in profit or loss. On derecognition of an investment in an

equity instrument at FVTOCI, the cumulative gain or loss that 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 Company are classified either as financial liability or as equity in accordance with the substance of the contractual agreement and the definitions of a financial liability and an equity instrument.

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

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. Financial liabilities

(1) Subsequent measurement

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

Financial liabilities at FVTPL

Financial liabilities are classified at fair value through profit or loss when the financial liability is held for trading.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss (excluding any dividends or interest paid for the financial liabilities).

Please refer to Note 27 for the method of determining the fair value.

(2) Derecognition of financial liabilities

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

4. Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Company are initially classified separately as financial liabilities and equity in accordance with the substance of the contractual agreements 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, and 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 amount of the liability component and balance recognized in equity will be transferred to capital stock and 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 Instrument

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.

If the derivative is embedded in the asset master agreement within the scope of IFRS 9, the financial assets are classified by the contract entirety as a whole. If the derivative is embedded in an asset master agreement not within the scope of IFRS9 (such as embedded in the financial liability master agreement) but meets the definition of a derivative, the derivative is considered as a stand-alone derivative when its risks and characteristics are not closely related to the risks and characteristics of the master agreement while the mixed contract is not measured at fair value through profit or loss.

(XI) Revenue recognition

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

Sale of goods

Sale of goods 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 company 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.

(XII) Leasing

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

1. The Company 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 Company as a lessee

The Company 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 parent company only 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 Company 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 parent company only balance sheets.

(XIII) 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.

(XIV) Government grants

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Government grants that take the form of a transfer of a non-monetary asset for the use of the entity are recognized and measured at the fair value of the non-monetary asset.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

(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 less 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 Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(XVI) Share-based payment: employee stock options

Employee stock options

Employee stock options are recognized on a straight-line basis over the lifetime based on the fair value of equity instrument and estimated optimal quantity on the grant date. At the same time, the capital surplus - employee stock options are also adjusted and recognized on the grant date. It is recognized as an expense in full at the grant date if vested immediately. Organizing capital increase by cash and retaining employee subscription, the Company defined the date of notification as the grant date

The Company revised the estimated number of expected employee stock options at the end of each reporting period. If the original estimated quantity is rectified, the effect is recognized as profit and loss so that the cumulative expenses reflect the revised estimate and the capital surplus-employee stock option is adjusted relatively.

(XVII) 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 profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward, unused tax credits for purchases of machinery and equipment, 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 differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated

with investments in subsidiaries and associates, except where the Company 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 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 assets and liabilities 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 assets and liabilities reflects the tax consequences that would follow from the manner in which the Company 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 Company'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 Company considers the economic implications of the COVID-19 when making its critical accounting 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 equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 399	\$ 350
Checking accounts and demand deposits	376,304	414,516
Cash equivalents		
Time deposits (with original maturities less than 3 months)	<u>129,700</u>	<u>29,980</u>
	<u>\$506,403</u>	<u>\$444,846</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Demand deposits and time deposits	0.001%-0.41%	0.001%-2.12%

VII. Financial instruments measured at fair value through profit or loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities - current</u>		
Mandatorily measured at FVTPL		
Derivatives (not designated for hedging)		
- Foreign exchange forward contracts	\$ 196	\$ -
- The first convertible corporate bond (Note 18)	<u>-</u>	<u>1,980</u>
	<u>\$ 196</u>	<u>\$ 1,980</u>

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

December 31, 2020

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>
Buy	USD/NTD	2021.1.12-2021.2.25	US\$ 818/NT\$ 23,110

VIII. Financial assets measured at fair value through other comprehensive income

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Noncurrent</u>		
Domestic investment		
Unlisted stock		
Sin Hun Chemical Co., Ltd. - common stock	<u>\$104,374</u>	<u>\$136,970</u>

The Company invests in Sin Hun Chemical Co., Ltd. common stock for medium and long-term strategic purposes and expects to make a profit through long-term investments. The management of the Company 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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Domestic investment		
Time deposits with original maturities more than 3 months (1)	\$ 3,000	\$ 9,583
Restricted bank deposit (2)	<u>8,346</u>	<u>-</u>
	<u>\$ 11,346</u>	<u>\$ 9,583</u>

(1) For information on the pledge of financial assets measured at amortized cost, please refer to Note 29.

(2) The Company applied for remitting the profits of overseas subsidiaries to the specific bank account in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. The Act provides certain limits for use of savings in the specific account, so the amount in the specific account has been classified as financial assets measured at amortized cost – current.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes receivable</u>		
Incurred from business operation	<u>\$ 16,068</u>	<u>\$ 19,089</u>
<u>Accounts receivable</u>		
Total carrying value measured at amortized cost	\$ 154,941	\$ 168,015
Less: loss allowance	(<u>6,439</u>)	(<u>1,392</u>)
	<u>\$ 148,502</u>	<u>\$ 166,623</u>
<u>Accounts receivable from related party</u>	<u>\$ 109,117</u>	<u>\$ 53,382</u>

The average credit period of the Company's sales of goods is 60 days, and the accounts receivable are not interest-bearing. The impairment assessment of receivables 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 credit risk, the management of the Company 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 Company 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 Company believes that the credit risk of the Company has been significantly reduced.

The Company recognizes 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 Company, 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 the 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 company cannot reasonably expect the recoverable amount, the company 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 Company's loss allowance for the notes and accounts receivable is based on the preparation matrix as follows:

December 31, 2020

	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	0.00%	0.00%	0.00%	-	-	-	-	100%	2.30%
Total carrying value	\$270,669	\$ 631	\$ 2,387	\$ -	\$ -	\$ -	\$ -	\$ 6,439	\$280,126
Loss allowance (expected credit loss during the lifetime)	-	-	-	-	-	-	-	(6,439)	(6,439)
Amortized cost	<u>\$270,669</u>	<u>\$ 631</u>	<u>\$ 2,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$273,687</u>

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	0.002%	0.05%	0.33%	-	-	-	-	100%	0.58%
Total carrying value	\$236,787	\$ 2,010	\$ 303	\$ -	\$ -	\$ -	\$ -	\$ 1,386	\$240,486
Loss allowance (expected credit loss during the lifetime)	(4)	(1)	(1)	-	-	-	-	(1,386)	(1,392)
Amortized cost	<u>\$236,783</u>	<u>\$ 2,009</u>	<u>\$ 302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$239,094</u>

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

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Beginning of year balance	\$ 1,392	\$ 1,501
Add: impairment loss this year	5,047	-
Add: reversal of impairment loss this year	-	(78)
Less: actual write-off this year	-	(31)
End of year balance	<u>\$ 6,439</u>	<u>\$ 1,392</u>

XI. Inventories

	December 31, 2020	December 31, 2019
Raw materials	\$ 62,236	\$ 63,615
Finished products	<u>116,269</u>	<u>103,189</u>
	<u>\$178,505</u>	<u>\$166,804</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Cost of inventories sold	\$914,269	\$ 1,236,026
Inventory write-downs	<u>6,958</u>	<u>5,430</u>
	<u>\$921,227</u>	<u>\$ 1,241,456</u>

XII. Investment accounted for using equity method

	December 31, 2020	December 31, 2019
Investment in subsidiaries	<u>\$ 1,476,542</u>	<u>\$ 1,595,438</u>
DBC Group Co., Ltd	\$ 1,438,561	\$ 1,560,850
PT. Double Bond Chemindo	4,510	6,520
DBC Europe Holding AG	20,288	16,808
Double Bond Chemical Ind. USA., Inc.	(965)	1,455
Double Bond Chemical (Vietnam) Co., Ltd	9,003	5,312
DBC Korea Co., Ltd.	1,731	1,012
DBC Europe GmbH	1,232	2,010
Double Bond Chemical (Thailand) Co., Ltd.	<u>1,217</u>	<u>1,471</u>
	1,475,577	1,595,438
Add: recognized as other noncurrent liabilities	<u>965</u>	<u>-</u>
	<u>\$ 1,476,542</u>	<u>\$ 1,595,438</u>

At the end of the reporting period, the percentages of ownership and voting rights in subsidiaries held by the Company were as follows:

	December 31, 2020	December 31, 2019
DBC Group Co., Ltd.	100.00%	100.00%
PT. Double Bond Chemindo	67.00%	67.00%
DBC Europe Holding AG	100.00%	100.00%
Double Bond Chemical Ind. USA., Inc.	100.00%	100.00%
Double Bond Chemical (Vietnam) Co., Ltd	100.00%	100.00%
DBC Korea Co., Ltd.	99.98%	99.98%
DBC Europe GmbH	100.00%	100.00%
Double Bond Chemical (Thailand) Co., Ltd.	49.00%	49.00%

The company holds a 49% share in DBC Thailand Co., Ltd. on December 31, 2020, and December 31, 2019. 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.

In July, 2020, the Company handled capital increase by cash for DBC Vietnam by NT\$7,393 thousand (US\$250 thousand) and subscribed 100% with a shareholding ratio of 100%.

On February 27, 2020, the Company handled capital increase by cash for DBC USA by NT\$6,021 thousand (US\$200 thousand) and subscribed 100% with a shareholding ratio of 100%.

On September 27, 2019, the Company 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 Company received

NT\$ 8,997 thousands (IDR 4,034,485 thousands) for 51% of its shares.

In August, 2019, the Company 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%.

DBC Group held a board meeting on June 19, 2020 and February 19, 2019 to decide the distribution of cash dividends of NT\$188,460 thousand (RMB45,000 thousand) and NT\$136,440 thousand (RMB30,000 thousand), respectively.

DBC Global held a board meeting on June 19, 2020 and February 19, 2019 to decide the distribution of cash dividends of NT\$188,460 thousand (RMB45,000 thousand) and NT\$136,440 thousand (RMB30,000 thousand), respectively.

DBC Europe Holding convened a shareholder meeting on April 17, 2020 and March 19, 2019 to decide the distribution of cash dividends of NT\$3,711 thousand (Swiss francs 120 thousand) and NT\$928 thousand (Swiss francs 30 thousand), respectively.

By using the equity method, the profit and loss of the subsidiaries and other comprehensive income in the years ended December 31, 2020 and 2019 were recognized based on the financial reports audited by the accountants of each subsidiary in the same period.

XIII. Property, plant and equipment

	Land	Buildings and Structure	Machinery Equipment	Transportatio n Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>								
Balance at January 1, 2019	\$ 486,190	\$ 93,924	\$ 50,439	\$ 4,889	\$ 1,912	\$ 30,619	\$ 30,094	\$ 698,067
Additions	-	-	17,021	4,355	-	530	241,268	263,174
Disposals	-	-	(1,258)	-	(35)	-	-	(1,293)
Interest capitalization	-	-	-	-	-	-	3,286	3,286
Balance at December 31, 2019	<u>\$ 486,190</u>	<u>\$ 93,924</u>	<u>\$ 66,202</u>	<u>\$ 9,244</u>	<u>\$ 1,877</u>	<u>\$ 31,149</u>	<u>\$ 274,648</u>	<u>\$ 963,234</u>
<u>Accumulated Depreciation</u>								
Balance at January 1, 2019	\$ -	\$ 21,236	\$ 34,107	\$ 4,065	\$ 1,687	\$ 15,066	\$ -	\$ 76,161
Disposals	-	-	(1,222)	-	(32)	-	-	(1,254)
Depreciation Expense	-	1,944	10,403	537	89	1,487	-	14,460
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 23,180</u>	<u>\$ 43,288</u>	<u>\$ 4,602</u>	<u>\$ 1,744</u>	<u>\$ 16,553</u>	<u>\$ -</u>	<u>\$ 89,367</u>
Carrying amount at December 31, 2019	<u>\$ 486,190</u>	<u>\$ 70,744</u>	<u>\$ 22,914</u>	<u>\$ 4,642</u>	<u>\$ 133</u>	<u>\$ 14,596</u>	<u>\$ 274,648</u>	<u>\$ 873,867</u>
<u>Cost</u>								
Balance at January 1, 2020	\$ 486,190	\$ 93,924	\$ 66,202	\$ 9,244	\$ 1,877	\$ 31,149	\$ 274,648	\$ 963,234
Additions	-	1,060	4,700	1,084	1,859	259	392,989	401,951
Disposals	-	-	(31)	(614)	(147)	-	-	(792)
Interest capitalization	-	-	-	-	-	-	8,779	8,779
Reclassification	-	-	19,878	-	-	(19,878)	-	-
Balance at December 31, 2020	<u>\$ 486,190</u>	<u>\$ 94,984</u>	<u>\$ 90,749</u>	<u>\$ 9,714</u>	<u>\$ 3,589</u>	<u>\$ 11,530</u>	<u>\$ 676,416</u>	<u>\$1,373,172</u>
<u>Accumulated Depreciation</u>								
Balance at January 1, 2020	\$ -	\$ 23,180	\$ 43,288	\$ 4,602	\$ 1,744	\$ 16,553	\$ -	\$ 89,367
Disposals	-	-	(31)	(614)	(144)	-	-	(789)
Depreciation Expense	-	1,946	9,996	1,004	72	849	-	13,867
Reclassification	-	-	7,650	-	-	(7,650)	-	-
Other adjustments	-	270	-	-	-	-	-	270
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 25,396</u>	<u>\$ 60,903</u>	<u>\$ 4,992</u>	<u>\$ 1,672</u>	<u>\$ 9,752</u>	<u>\$ -</u>	<u>\$ 102,715</u>
Carrying amount at December 31, 2020	<u>\$ 486,190</u>	<u>\$ 69,588</u>	<u>\$ 29,846</u>	<u>\$ 4,722</u>	<u>\$ 1,917</u>	<u>\$ 1,778</u>	<u>\$ 676,416</u>	<u>\$1,270,457</u>

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

Buildings and Structure	3 to 50 years
Machinery and Equipment	3 to 15 years
Transportation Equipment	3 to 8 years
Office Equipment	3 to 12 years
Other Equipment	3 to 10 years

Please refer to Note 29 for the carrying amount of property, plant and equipment that had been pledged by the Company to secure long-term borrowings.

XIV. Lease Arrangements

1. Right-of-use assets

	December 31, 2020	December 31, 2019
<u>Carrying amounts</u>		
Buildings	\$ 74	\$ 1,249
Transportation equipment	<u>1,245</u>	<u>2,828</u>
	<u>\$ 1,319</u>	<u>\$ 4,077</u>
	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Additions to right-of-use assets	<u>\$ 1,215</u>	<u>\$ 835</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 1,173	\$ 1,515
Transportation equipment	<u>2,800</u>	<u>3,291</u>
	<u>\$ 3,973</u>	<u>\$ 4,806</u>

2. Lease liabilities

	December 31, 2020	December 31, 2019
<u>Carrying amounts</u>		
Current	<u>\$ 1,228</u>	<u>\$ 3,483</u>
Non-current	<u>\$ 103</u>	<u>\$ 617</u>

Range of discount rate for lease liabilities was as follows:

	December 31, 2020	December 31, 2019
Buildings	1.2%	1.2%
Transportation equipment	1.2%~1.6%	1.2%

3. Material lease-in activities and terms

The Company leases transportation equipment for employees to carry out business, with the remaining lease terms of 1-2 years.

The Company also leases certain buildings for the use of offices and staff quarters, with the remaining lease terms of 1-2 years. The Company does not have bargain purchase options to acquire the 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

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Expenses relating to short-term leases	<u>\$ 1,883</u>	<u>\$ 1,927</u>
Total cash outflow for leases	<u>(\$ 5,904)</u>	<u>(\$ 6,783)</u>

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

XV. Other Intangible Asset

	Trademark	Patent	Computer Software Cost	Total
<u>Cost</u>				
Balance at January 1, 2019 and December 31, 2019	<u>\$ 3,732</u>	<u>\$ 2,783</u>	<u>\$ 1,584</u>	<u>\$ 8,099</u>
<u>Accumulated Amortization</u>				
Balance at January 1, 2019	\$ 2,622	\$ 1,357	\$ 1,382	\$ 5,361
Amortization Expense	<u>200</u>	<u>631</u>	<u>72</u>	<u>903</u>
Balance at December 31, 2019	<u>\$ 2,822</u>	<u>\$ 1,988</u>	<u>\$ 1,454</u>	<u>\$ 6,264</u>
Carrying amount at December 31, 2019	<u>\$ 910</u>	<u>\$ 795</u>	<u>\$ 130</u>	<u>\$ 1,835</u>
<u>Cost</u>				
Balance at January 1, 2020	\$ 3,732	\$ 2,783	\$ 1,584	\$ 8,099
Separate Acquisition	<u>-</u>	<u>24</u>	<u>-</u>	<u>24</u>
Balance at December 31, 2020	<u>\$ 3,732</u>	<u>\$ 2,807</u>	<u>\$ 1,584</u>	<u>\$ 8,123</u>
<u>Accumulated Amortization</u>				
Balance at January 1, 2020	\$ 2,822	\$ 1,988	\$ 1,454	\$ 6,264
Amortization Expense	<u>172</u>	<u>80</u>	<u>130</u>	<u>382</u>
Balance at December 31, 2020	<u>\$ 2,994</u>	<u>\$ 2,068</u>	<u>\$ 1,584</u>	<u>\$ 6,646</u>
Carrying amount at December 31, 2020	<u>\$ 738</u>	<u>\$ 739</u>	<u>\$ -</u>	<u>\$ 1,477</u>

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

XVI. Other Assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Prepaid account	\$ 21,558	\$ 29,769
Prepaid expense	18,516	9,015
Restricted Bank deposit (note 29)	-	5,462
Others	<u>9,867</u>	<u>9,480</u>
	<u>\$ 49,941</u>	<u>\$ 53,726</u>
<u>Noncurrent</u>		
Refundable deposits	\$ 3,330	\$ 4,548
Other deferred expenses	<u>1,005</u>	<u>1,066</u>
	<u>\$ 4,335</u>	<u>\$ 5,614</u>

XVII. Borrowings

(I) Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loan</u> (note29)		
Bank loan	\$ 3,762	\$ 55,000
<u>Unsecured loan</u>		
Bank loan	<u>371,341</u>	<u>100,000</u>
	<u>\$375,103</u>	<u>\$155,000</u>

The annual interest rates of bank transition loans were 0.93%~1.39% and 1.05%~1.11% on December 31, 2020, and 2019, respectively.

(II) Long-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loan</u> (note 29)		
Bank loan	\$672,243	\$341,701
<u>Unsecured loan</u>		
Bank loan	136,322	13,700
Less: listed as part of long-term loans due within one year	(<u>57,606</u>)	(<u>9,621</u>)
	<u>\$750,959</u>	<u>\$345,780</u>

The Company borrows from the bank with its own land and building mortgage guarantee (see Note 29). The maturity dates of the Company's long-term borrowings in the form of secured loan are from February 28, 2023, to February 17, 2040. As of December 31, 2020, and 2019, the annual interest rates of the Company's long-term borrowings in the form of

secured loan are 1.09%~1.42% and 1.36%~1.67%, respectively.

The maturity dates of the Company's long-term borrowing in the form of unsecured loan are from November 6, 2022, to August 7, 2025. As of December 31, 2020, and 2019, the annual interest rate of the Company's long-term borrowings in the form of unsecured loan are 1.295%~1.32% and 1.60%, respectively.

XVIII. Bonds Payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured domestic convertible bonds	\$594,526	\$585,815
Less: Current portions due within one year	(<u>594,526</u>)	(<u>585,815</u>)
	<u>\$ -</u>	<u>\$ -</u>

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 date of the bonds. As of December 31, 2020, 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\$0 thousand and NT\$1,980 thousand at fair value on December 31, 2020 and December 31, 2019, respectively. On the other hand, the liabilities of

non-derivative financial products are measured at amortized cost of NT\$594,526 thousand and NT\$585,815 thousand on December 31, 2020 and December 31, 2019 respectively, where the original effective interest rates are both 1.4769%.

Proceeds from issue (less transaction cost NT\$5,000 thousand)	\$595,000
Equity component	(17,493)
Financial liabilities at fair value through profit or loss - noncurrent	(<u>3,511</u>)
Liability component on the date of issuance	573,996
Interest charged at effective interest rate	<u>3,236</u>
Liability component on December 31, 2018	\$577,232
Interest charged at effective interest rate	<u>8,583</u>
Liability component on December 31, 2019	<u>\$585,815</u>
Liability component on January 1, 2020	\$585,815
Interest charged at effective interest rate	<u>8,711</u>
Liability component on December 31, 2020	<u>\$594,526</u>

XIX. Other Liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
<u>Other payables</u>		
Salaries and bonuses payable	\$ 10,655	\$ 11,263
Director remuneration payable	4,000	4,000
Employee remuneration payable	1,600	2,500
Other payables from related parties	1,147	516
Other fees payable	<u>20,208</u>	<u>17,007</u>
	<u>\$ 37,610</u>	<u>\$ 35,286</u>
<u>Other liabilities</u>		
Deferred credit	\$ 6,230	\$ 9,493
Receipts under custody	<u>30</u>	<u>122</u>
	<u>\$ 6,260</u>	<u>\$ 9,615</u>
<u>Noncurrent</u>		
<u>Other liabilities</u>		
Credit balance of investments accounted for using the equity method	<u>\$ 965</u>	<u>\$ -</u>

XX. Retirement Benefit Plans

(I) Defined Contribution Plans

The Company 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.

(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 balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	\$ 19,729	\$ 18,298
Fair value of plan assets	(<u>10,630</u>)	(<u>8,236</u>)
Net defined benefit liability	<u>\$ 9,099</u>	<u>\$ 10,062</u>

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, 2019	<u>\$ 15,147</u>	(<u>\$ 6,800</u>)	<u>\$ 8,347</u>
Service cost			
Current service cost	266	-	266
Past service cost	1,580	-	1,580
Net interest expense (income)	<u>208</u>	(<u>100</u>)	<u>108</u>
Recognized in profit or loss	<u>2,054</u>	(<u>100</u>)	<u>1,954</u>

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
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	<u>61</u>	<u>-</u>	<u>61</u>
Recognized in other comprehensive income	<u>1,097</u>	(<u>292</u>)	<u>805</u>
Contribution from the employer	-	(<u>1,044</u>)	(<u>1,044</u>)
Balance at December 31, 2019	<u>\$ 18,298</u>	(<u>\$ 8,236</u>)	<u>\$ 10,062</u>
Service cost			
Current service cost	293	-	293
Net interest expense (income)	<u>183</u>	(<u>87</u>)	<u>96</u>
Recognized in profit or loss	<u>476</u>	(<u>87</u>)	<u>389</u>
Remeasurement			
Return on plan assets	-	(1,123)	(1,123)
Actuarial loss			
- changes in demographic assumptions	13	-	13
- changes in financial assumptions	1,376	-	1,376
- experience adjustments	(<u>434</u>)	<u>-</u>	(<u>434</u>)
Recognized in other comprehensive income	<u>955</u>	(<u>1,123</u>)	(<u>168</u>)
Contribution from the employer	-	(<u>1,184</u>)	(<u>1,184</u>)
Balance at December 31, 2020	<u>\$ 19,729</u>	(<u>\$ 10,630</u>)	<u>\$ 9,099</u>

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

	December 31, 2020	December 31, 2019
Marketing expenses	\$ 126	\$ 635
Management expenses	126	653
R&D expenses	<u>137</u>	<u>666</u>
	<u>\$ 389</u>	<u>\$ 1,954</u>

Through the defined benefit plans under the Labor Standards Act, the Company 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 of Labor Funds 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 the 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 investment.

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 purpose of the actuarial valuations were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate(s)	0.50%	1.00%
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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate(s)		
0.25% increase	(\$ <u>703</u>)	(\$ <u>682</u>)
0.25% decrease	<u>\$ 735</u>	<u>\$ 715</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 700</u>	<u>\$ 684</u>
0.25% decrease	(<u>\$ 674</u>)	(<u>\$ 657</u>)

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.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
The expected contributions to the plan for the next year	<u>\$ 1,080</u>	<u>\$ 960</u>
The average duration of the defined benefit obligation	14.7 years	15.5 years

XXI. Equity

(I) Share Capital

Ordinary Share

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Number of shares authorized (in thousands)	<u>120,000</u>	<u>120,000</u>
Shares authorized	<u>\$1,200,000</u>	<u>\$1,200,000</u>
Number of shares issued and fully paid (in thousands)	<u>75,421</u>	<u>76,789</u>
Shares issued	<u>\$ 754,206</u>	<u>\$ 767,886</u>

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.

The board of directors of the Company resolved on Aug. 12, 2020 to reduce capital and cancel 1,368 thousand treasury shares. The record date of capital reduction was Aug. 4, 2020. The capital reduction and the cancellation of such treasury shares have been reported to and approved by Ministry of Economic Affairs.

(II) Capital Surplus

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Share premium	\$338,998	\$345,147
Stock option	<u>17,493</u>	<u>17,493</u>
	<u>\$356,491</u>	<u>\$362,640</u>

The capital surplus arising from shares issued in excess of par 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).

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 surplus distribution policy provisions 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 23 (8).

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 2019 and 2018 earnings had been approved by the Company's shareholders in its meetings held on June 23, 2020 and June 26, 2019, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	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
Legal capital reserve	\$ 19,446	\$ 56,223		
Special capital reserve	58,904	(62,591)		
Stock dividends	-	69,808	\$ -	\$ 1
Cash dividends	92,146	349,039	1.2	5

The Company's appropriation of earnings for 2020 had been approved in the meeting of the Board of Directors held on March 25, 2021. The appropriation and dividends per share were as follows:

	Earning Distribution	Dividend Per Share (NT\$)
Special capital reserves	\$ 13,058	
Cash dividends	22,626	\$ 0.3
Stock dividends	52,795	0.7

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, 2021.

(IV) Treasury shares

Purpose of Buy-back	Shares Cancelled (In Thousands of Shares)
<u>To maintain the Company's credit and shareholders' equity</u>	
Number of shares at January 1, 2020	-
Increase during the year	1,368
Decrease during the year	(<u>1,368</u>)
Number of shares at December 31, 2020	<u>-</u>

To maintain the Company's credit and its shareholders' equity, the board of directors of

the Company resolved on May 12, 2020 to buy back treasury shares at the centralized securities exchange market. As of December 31, 2020, a total of 1,368 thousand treasury shares in the amount of NT\$94,924 thousand were cancelled for reducing capital by the resolution of the board of directors of the Company on August 12, 2020 and relevant change registrations were also completed.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

XXII. Revenue

	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
Revenue from contracts with customers		
Sales revenue	<u>\$ 1,143,370</u>	<u>\$ 1,604,408</u>

(I) Contract Balance

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Net Notes Receivable (Note 10)	\$ 16,068	\$ 19,089	\$ 42,845
Net Accounts Receivable (Note 10)	148,502	166,623	266,215
Net Accounts Receivable from Related Party (Note 10)	<u>109,117</u>	<u>53,382</u>	<u>96,374</u>
	<u>\$ 273,687</u>	<u>\$ 239,094</u>	<u>\$ 405,434</u>
Contract liabilities			
Sale of Goods	<u>\$ 5,796</u>	<u>\$ 2,394</u>	<u>\$ 4,996</u>

(II) Classification of revenue from contracts with customers

For classification of revenue from contracts with customers, please refer to Table 8 of the operating income statement.

XXIII. Net Profit From Continuing Operation

Net profit from continuing operation includes the follows:

(I) Interest income

	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
Interest income	<u>\$ 1,244</u>	<u>\$ 2,933</u>

(II) Other income

	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
Dividend income	\$ 9,680	\$ 9,856
Others	<u>8,786</u>	<u>5,030</u>
	<u>\$ 18,466</u>	<u>\$ 14,886</u>

(III) Other gains and losses

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Net gains (losses) on financial assets and liabilities		
Mandatorily measured at FVTPL	\$ 1,949	\$ 1,200
Gain (Loss) on disposal of property, plant and equipment	93	(38)
Exchange gain (loss), net	528	(11,060)
Others	(<u>457</u>)	(<u>80</u>)
	<u>\$ 2,113</u>	<u>(\$ 9,978)</u>

(IV) Financial costs

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Interest expense		
Bank loan	\$ 12,246	\$ 6,026
Convertible bond	8,711	8,583
Interest on lease liabilities	<u>37</u>	<u>73</u>
	20,994	14,682
Less: Amounts included in the cost of qualifying assets	(<u>8,779</u>)	(<u>3,286</u>)
	<u>\$ 12,215</u>	<u>\$ 11,396</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Capitalized interest amount	\$ 8,779	\$ 3,286
Capitalization rate	1.28%	1.38%

(V) Impairment losses recognized (reversed)

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Notes receivable and accounts receivable	<u>\$ 5,047</u>	(<u>\$ 78</u>)
Inventories (included in operating costs)	<u>\$ 6,958</u>	<u>\$ 5,430</u>

(VI) Depreciation and amortization

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Property, plant and equipment	\$ 13,867	\$ 14,460
Right-of-use assets	3,973	4,806
Intangible assets and deferred expenses	<u>782</u>	<u>1,422</u>
	<u>\$ 18,622</u>	<u>\$ 20,688</u>

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
An analysis of depreciation by function		
Operating costs	\$ 1,045	\$ 1,622
Operating expenses	<u>16,795</u>	<u>17,644</u>
	<u>\$ 17,840</u>	<u>\$ 19,266</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 782</u>	<u>\$ 1,422</u>

(VII) Personnel Expenses

	2020			2019		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Personnel expenses						
Salaries	\$ 4,087	\$ 76,384	\$ 80,471	\$ 4,522	\$ 76,264	\$ 80,786
Labor insurance and health insurance	-	7,368	7,368	-	7,263	7,263
Pension cost						
Defined contribution plan	-	3,659	3,659	-	3,589	3,589
Defined benefit plan (note 20)	-	389	389	-	1,954	1,954
Director's remuneration	-	6,390	6,390	-	6,585	6,585
Others	-	6,025	6,025	-	7,672	7,672
	<u>\$ 4,087</u>	<u>\$ 100,215</u>	<u>\$ 104,302</u>	<u>\$ 4,522</u>	<u>\$ 103,327</u>	<u>\$ 107,849</u>

The average number of employees in this year and the previous year were 116 and 108 respectively, of which the number of directors who were not part-time employees was 4.

This year's average employee welfare cost is NT\$ 874 thousands; The average employee welfare cost in the previous year was NT\$ 974 thousands.

This year's average employee salary cost is NT\$ 718 thousands; The average employee salary cost in the previous year was NT\$ 777 thousands. The change of adjustments to average employee salary and expenses (8%).

The Company did not have supervisors for 2020 and 2019, so there was no remuneration to supervisors.

Remunerations to employees of the Company are determined and adjusted based on their relevant professional experience and performance and after general pay levels in the industry are taken into account. In addition to salaries provided every month as part of remunerations to employees, bonuses and compensations are also given to employees based on the status of corporate operation and profitability. The amount of the bonus and compensation given to each employee depends on the duties, contribution and performance of the employee.

Remunerations to managers of the Company are determined on their duties and performance and the business result and future operation plan of the Company are

taken into account. Remunerations to managers shall be reviewed by the remuneration committee and then resolved by the board of directors.

Remunerations to directors of the Company are provided in accordance with the Regulations for Management of Directors' Remuneration, which detail fixed remunerations and earning-based remunerations to directors. The total amount of remunerations to directors, as provided in the articles of incorporation, shall not exceed 5% of the Company's annual profit. An independent director receives a fixed remuneration and does not participate in distribution of the directors' remuneration. Chairman receives not only a fixed remuneration every month but also a year-end bonus distributed based on the business result of the Company, and participates in distribution of the directors' remuneration. Instead of receiving fixed remunerations, other directors receive the remunerations distributed to them based on their duties and levels of their participation in corporate business. Remunerations to directors shall be reviewed by the remuneration committee and then resolved by the board of directors.

(VIII) 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, 2020 and 2019, employee's compensation and remuneration to directors were resolved by the board of directors on March 25, 2021 and March 25, 2020, respectively:

<u>Estimated ratio</u>	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
Employee's compensation	1.98%	1.02%
Remuneration to directors	4.96%	1.63%
<u>Amount</u>	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
	<u>Cash</u>	<u>Cash</u>
Employee's compensation	\$ 1,600	\$ 2,500
Remuneration to directors	4,000	4,000

If there is a change in the proposed amounts after the annual 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 employee's compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

XXIV. Income Taxes Relating To Continuing Operations

(I) Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
Current tax		
In respect of the current period	\$ 36,385	\$ 54,658
Surtax on undistributed earnings	1,085	7,638
In respect of prior periods	<u>1,185</u>	(<u>891</u>)
	38,655	61,405
Deferred Tax		
In respect of the current period	(<u>25,628</u>)	(<u>17,048</u>)
Income tax expense recognized in profit or loss	<u>\$ 13,027</u>	<u>\$ 44,357</u>

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

	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
Income from continuing operation before income tax	<u>\$ 75,111</u>	<u>\$238,818</u>
Income tax expense calculated at statutory rate	\$ 15,022	\$ 47,764
Fees that cannot be deducted from taxes	1,411	1,419
Surtax on undistributed earnings	1,085	7,638
Adjustments to prior year's income tax expense (profit)	1,185	(891)
Tax exempt income	(8,273)	(1,971)
Temporary difference that has not yet been recognized	3,927	(8,983)
Others	(<u>1,330</u>)	(<u>619</u>)
Income tax expense recognized in profit or loss	<u>\$ 13,027</u>	<u>\$ 44,357</u>

(II) Current tax liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current tax liabilities		
Income tax payable	<u>\$ 7,188</u>	<u>\$ 13,400</u>

(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, 2020

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Closing Balance</u>
Deferred tax assets			
Temporary differences			
Allowance for inventory write down	\$ 4,078	\$ 1,392	\$ 5,470

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Unrealized loss on foreign exchange	609	(465)	144
Unrealized gain from inter-affiliate accounts	1,662	(653)	1,009
Net loss on disposal of fixed assets	19	(19)	-
Others	252	(164)	88
	<u>\$ 6,620</u>	<u>\$ 91</u>	<u>\$ 6,711</u>
Deferred tax liabilities			
Temporary differences			
Investment income recognized under equity method	\$ 41,329	(\$ 25,894)	\$ 15,435
Others	306	357	663
	<u>\$ 41,635</u>	<u>(\$ 25,537)</u>	<u>\$ 16,098</u>

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Allowance for inventory write down	\$ 2,992	\$ 1,086	\$ 4,078
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
	<u>\$ 5,387</u>	<u>\$ 1,233</u>	<u>\$ 6,620</u>

Deferred tax liabilities			
Temporary differences			
Investment income recognized under equity method	\$ 57,464	(\$ 16,135)	\$ 41,329
Unrealized gain on foreign exchange	(80)	80	-
Others	66	240	306
	<u>\$ 57,450</u>	<u>(\$ 15,815)</u>	<u>\$ 41,635</u>

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

As of December 31, 2020 and 2019, the aggregate taxable temporary differences associated with investments in subsidiaries and not recognized as deferred income tax liabilities amounted to NT\$210,273 thousand and NT\$214,200 thousand, respectively.

(V) Income tax assessments

The tax authorities have examined income tax returns of the Company through 2018. All investment tax credit adjustments assessed by the tax authorities have been recognized accordingly.

XXV. Earnings per share

	For the Year Ended December 31, 2020	Unit: NT\$/Share For the Year Ended December 31, 2019
Basic earnings per share		
of continuing operation units	<u>\$ 0.81</u>	<u>\$ 2.53</u>
Diluted earnings per share		
of continuing operation units	<u>\$ 0.81</u>	<u>\$ 2.36</u>

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, 2020	For the Year Ended December 31, 2019
Net profit	\$ 62,084	\$194,461
Effects of dilutive potential ordinary shares on earnings		
Interests of convertible bonds after tax and valuation of financial liabilities	<u>6,731</u>	<u>7,383</u>
	<u>\$ 68,815</u>	<u>\$201,844</u>

Ordinary Shares Outstanding

	For the Year Ended December 31, 2020	Unit: thousand shares For the Year Ended December 31, 2019
Weighted average number of ordinary shares in computation of basic earnings per share	76,269	76,789
Effects of dilutive potential ordinary shares on earnings:		
Corporate convertible bonds	8,824	8,824
Employee compensations	<u>36</u>	<u>65</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>85,129</u>	<u>85,678</u>

If the company 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 dilution 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.

XXVI. Capital risk management

Based on the current industrial operations, future company development, and external environmental changes, the Company 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 Company 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 Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares, issuing new debts, or repaying old debts.

XXVII. Financial Instrument

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

December 31, 2020

		Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
— convertible bond	\$594,526	\$597,480	\$ -	\$ -	\$597,480

December 31, 2019

		Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
— convertible bond	\$585,815	\$589,980	\$ -	\$ -	\$589,980

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

1. Fair Value Hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investment in equity instruments				
Domestic unlisted common stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,374</u>	<u>\$ 104,374</u>
<u>Financial liabilities measured at fair value through profit or loss</u>				
Derivatives - foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 196</u>	<u>\$ -</u>	<u>\$ 196</u>

December 31, 2019

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

For the year ended December 31, 2020 and 2019, there was no transfer of fair value measurement between the first level and the second level.

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

<u>Financial instrument category</u>	<u>Pricing models and input values</u>
Derivatives - Foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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 stocks 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, 2020	December 31, 2019
<u>Financial assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 837,744	\$ 720,539
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	104,374	136,970
<u>Financial liabilities</u>		
Financial liabilities measured at fair value through profit or loss		
Financial liabilities measured at fair value through profit or loss mandatorily	196	1,980
Financial liabilities measured at amortized cost (Not 2)	1,968,991	1,294,091

Note 1: The balances included cash and cash equivalents, financial assets measured at amortized cost - current, net notes receivables, net accounts receivable, net accounts receivable from related parties, other receivables, other receivables from related parties, 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, other accounts payable by related parties, long-term borrowings and corporate bonds payable that are due within one year, long-term borrowings, and other financial liabilities measured at amortized cost.

(IV) Financial risk management objectives and policies

The Company's major financial instruments included accounts receivable, accounts payable, borrowings and lease liabilities. The Company'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 risk

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

(1) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk.

For the carrying amount of monetary assets and monetary liabilities denominated in the non-functional currency at the end of the reporting period, see Note 31.

Sensitivity analysis

The Company was mainly exposed to USD, RMB and EUR.

The following table details the Company'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 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		EUR Impact	
	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Profit or loss	\$ 1,578	\$ 2,769	\$ 383	\$ 99	\$ 1,131	\$ 753

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, RMB and EUR that were outstanding but with no cash flow hedge at the end of the reporting period.

(2) Interest rate risk

The Company 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 Company's financial assets and financial liabilities with

exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
— Financial assets	\$141,046	\$ 39,563
— Financial liabilities	832,959	734,515
Cash flow with interest rate risk		
— Financial assets	376,304	414,516
— Financial liabilities	945,235	361,701

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 Company 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 Company's net profit before tax for 2020 will decrease/increase by NT\$5,689, and the Company's net profit before tax for 2019 will increase/decrease by NT\$528 thousand if all other variables remain unchanged. The main reason is the exposure to fair value interest rate risk of the net portion of the Company'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 Company. As at the end of the reporting period, the Company's maximum exposure to credit risk approximates the carrying amount of the financial assets recognized in the balance sheets.

In order to mitigate credit risk, the management of the Company 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 Company 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 Company believes that the credit risk of the Company 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 Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Company had available unutilized bank loan facilities set out in (2) financing facilities 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 Company may be required to repay. Therefore, the bank borrowings that the Company 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, 2020

	On Demand or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 71,848	\$ 92,968	\$ 43,819	\$ -
Lease liabilities	294	340	601	103
Fixed rate instrument	4,048	234,951	594,526	-
Floating rate instrument	<u>20,118</u>	<u>131,610</u>	<u>52,505</u>	<u>858,247</u>
	<u>\$ 96,308</u>	<u>\$ 459,869</u>	<u>\$ 691,451</u>	<u>\$ 858,350</u>

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

	<u>Less than 1 Year</u>	<u>1 Year to 5 Years</u>
Lease liabilities	<u>\$ 1,235</u>	<u>\$ 103</u>

December 31, 2019

	On Demand or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 77,148	\$ 98,082	\$ 72,729	\$ -
Lease liabilities	428	757	2,323	618
Fixed rate instrument	30,147	105,139	589,163	10,671
Floating rate instrument	<u>959</u>	<u>21,909</u>	<u>8,443</u>	<u>346,682</u>
	<u>\$ 108,682</u>	<u>\$ 225,887</u>	<u>\$ 672,648</u>	<u>\$ 357,971</u>

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

	<u>Less than 1 Year</u>	<u>1 Year to 5 Years</u>
Lease liabilities	<u>\$ 3,508</u>	<u>\$ 618</u>

(2) Financing Facilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank facilities		
— Amount used	\$ 1,280,303	\$ 582,500
— Amount unused	<u>805,637</u>	<u>1,189,940</u>
	<u>\$ 2,085,940</u>	<u>\$ 1,772,440</u>

XXVIII. Related-Party Transactions

The transactions between the company and its related parties are as follows.

(I) Names and relationships of the related parties

<u>Related Party</u>	<u>Relationship with the Company</u>
Double Bond Chemical (Shanghai) Co., Ltd.	Subsidiary
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Subsidiary
DBC Korea Co., Ltd.	Subsidiary
DBC Switzerland AG	Subsidiary
DBC Europe GmbH	Subsidiary
Double Bond Chemical Ind.USA., Inc.	Subsidiary
PT. Double Bond Chemindo	Subsidiary
Double Bond Chemical (Thailand) Co., Ltd.	Subsidiary
Double Bond Chemical (Vietnam) Co., Ltd.	Subsidiary
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
Sin Hun Chemical Co., Ltd.	Other Related Party (Note)

Note: A juridical person of the company.

(II) Sales

<u>Related Parties / Name</u>	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
Subsidiaries		
DBC Switzerland AG	\$165,527	\$230,254
Others	144,940	149,113
Substantive related parties	<u>12,213</u>	<u>2,851</u>
	<u>\$322,680</u>	<u>\$382,218</u>

The Company 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, 2020	For the Year Ended December 31, 2019
Subsidiaries		
Double Bond Chemical (Shanghai) Co.,td.	\$ 98,883	\$137,374
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	11,308	103,687
Others	364	-
Substantive related parties	82,504	111,007
Other related parties	<u>66,542</u>	<u>78,966</u>
	<u>\$ 259,601</u>	<u>\$431,034</u>

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

(IV) Accounts receivable from related parties (excluding loans to related parties and contract assets)

Account	Related Parties/Name	December 31, 2020	December 31, 2019
Accounts receivable from related parties	Subsidiaries		
	DBC Switzerland AG	\$ 67,823	\$ 12,948
	Double Bond Chemical (Shanghai) Co., Ltd.	15,911	18,476
	PT. Double Bond Chemindo	6,923	7,676
	Double Bond Chemical (Thailand) Co., Ltd.	2,955	8,659
	Others	10,477	4,640
	Substantive related parties	<u>5,028</u>	<u>983</u>
		<u>\$ 109,117</u>	<u>\$ 53,382</u>

There are no guarantees for outstanding receivable from related parties. The accounts receivable from related parties for the years ended December 31, 2020 and 2019 are not recognized as the loss allowances.

(V) Accounts payable to related parties

Account	Related Parties/Name	December 31, 2020	December 31, 2019
Accounts payable to related parties	Subsidiaries		
	Double Bond Chemical (Shanghai) Co., Ltd.	\$ 28,838	\$ 19,579
	Others	738	2,457
	Other Related Party		
	SIN HUN CHEMICAL CO., LTD.	29,754	23,853
	Substantive related party		
	FDC, Lees Co., Ltd.	12,777	11,265
	Substantive related parties		
	Others	<u>5,124</u>	<u>6,003</u>
		<u>\$ 77,231</u>	<u>\$ 63,157</u>

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

(VI) Prepayments for Business Facilities

<u>Related Parties/Name</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiaries	<u>\$ 1,346</u>	<u>\$ -</u>

(VII) Acquisitions of property, plant and equipment

<u>Related Parties/Name</u>	<u>Purchase Price</u>	
	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
Subsidiaries		
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	\$ -	\$ 2,506
Double Bond Chemical (Shanghai) Co., Ltd.	-	191
	<u>\$ -</u>	<u>\$ 2,697</u>

(VIII) Loans to related parties

<u>Related Parties/Name</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Other receivable from related parties</u>		
Subsidiaries		
PT. Double Bond Chemindo	<u>\$ 17,143</u>	<u>\$ 15,030</u>

<u>Related Parties/Name</u>	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
<u>Interest income</u>		
Subsidiaries		
PT. Double Bond Chemindo	\$ 189	\$ 50
Double Bond Chemical (Vietnam) Co., Ltd.	-	33
	<u>\$ 189</u>	<u>\$ 83</u>

(IX) Other transactions with related parties

Credit and debt at the end of the term

The balance of other payables to related parties at the end of the reporting period is as follows:

<u>Related Parties/Name</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Other accounts payable</u>		
Subsidiaries	<u>\$ 1,147</u>	<u>\$ 516</u>

Other transactions

<u>Related Parties/Name</u>	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
<u>Commission expense</u>		
Subsidiaries		

Related Parties/Name	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Double Bond Chemical Ind.USA., Inc.	\$ 1,869	\$ 6,449
DBC Europe GmbH	4,111	6,715
DBC Korea Co., Ltd.	<u>5,015</u>	<u>3,830</u>
	<u>\$ 10,995</u>	<u>\$ 16,994</u>

Processing cost

Other related parties	<u>\$ 131</u>	<u>\$ -</u>
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The terms of the processing cost between the Company and related parties is determined by mutual agreement.

(X) Compensation of key management personnel

	December 31, 2020	December 31, 2019
Short-term benefits	\$ 20,938	\$ 20,602
Post-employment benefits	<u>456</u>	<u>378</u>
	<u>\$ 21,394</u>	<u>\$ 20,980</u>

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

XXIX. Assets Pledged as Collateral or for Security

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

	December 31, 2020	December 31, 2019
Property, plant and equipment	\$554,752	\$556,663
Financial assets measured at amortized cost-current	3,000	9,583
Bank deposits (recognized as other current assets)	<u>-</u>	<u>5,462</u>
	<u>\$557,752</u>	<u>\$571,708</u>

XXX. 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, 2021, 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.

XXXI. Significant assets and liabilities denominated in foreign currencies

The Company'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, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD	\$ 7,513	28.48 (USD : NTD)	\$ 213,964
RMB	8,759	4.377 (RMB : NTD)	38,338
EUR	3,230	35.02 (EUR : NTD)	113,115
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	1,971	28.48 (USD : NTD)	56,122

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD	\$ 11,647	29.98 (USD : NTD)	\$ 349,188
RMB	2,291	4.305 (RMB : NTD)	9,865
EUR	2,242	33.59 (EUR : NTD)	75,292
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	2,411	29.98 (USD : NTD)	72,276

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

	<u>January 1 to December 31, 2020</u>		<u>January 1 to December 31, 2019</u>	
	Functional currencies in exchange for presentation currencies	Net foreign exchange gains	Functional currencies in exchange for presentation currencies	Net foreign exchange losses
Functional currency				
NTD	1 (NTD : NTD)	<u>\$ 528</u>	1 (NTD : NTD)	(<u>\$ 11,060</u>)

XXXII. 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 (None).
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 4).
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. Information on investees (Annex 5).

(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 6).
2. Any of the following significant transactions with investees companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Annex 4 and 6).
 - (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.

(IV) Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Annex 7)

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries
Financing Provided to Others
For the Year Ended December 31, 2020

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	\$ 31,328 (USD1,100,000)	\$ 17,088 (USD600,000)	\$ 17,088 (USD600,000)	1.15%	Short-term Financing	\$ -	Operating Capital	\$ -	-	-	\$ 331,862	\$ 884,964

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, 2020.

Note 4: The NT\$55 thousand interest receivable of the NT\$17,088 thousand loan to PT. Double Bond Chemindo are listed as other receivables from related parties.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries
Endorsement/Guarantee Provided
For the Year Ended December 31, 2020

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/Gua ranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorse ment/Gu arantee Given by Parent on Behalf of Subsidiari es	Endorse ment/Gu arantee Given by Subsidiari es on Behalf of Parent	Endorse ment/Gu arantee Given on Behalf of Compani es in Mainland China	Note
		Name	Relationship (Note2)											
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical Ind. Co., Ltd.	(1)	\$ 884,964	\$ 6,000	\$ 3,000	\$ 1,500	\$ -	0.14%	\$ 884,964	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, 2020

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, 2020				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	\$ 104,374	9.78	\$ 104,374	-

Note: For information on the investments in subsidiaries and associates, please refer to Annex 5 and Annex 6.

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, 2020

Annex 4 (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	\$ 108,833	8%	-	-	-	(\$ 56,436)	(22%)	Note 1
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Double Bond Chemical (Shanghai) Co., Ltd.	Associate	Sale	(108,833)	(88%)	-	-	-	56,436	99%	Note 1
DBC Switzerland AG	Double Bond Chemical Ind. Co., Ltd.	Parent Company	Purchase	165,527	100%	-	-	-	(67,823)	(100%)	Note 1
Double Bond Chemical Ind. Co., Ltd.	DBC Switzerland AG	Subsidiary	Sale	(165,527)	(14%)	-	-	-	67,823	25%	Note 1

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.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries
Information on Investees
For the Year Ended December 31, 2020

Annex 5

(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, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	%	Carrying Amount			
Double Bond Chemical Ind. Co., Ltd.	DBC Group Co., Ltd.	Samoan Islands	Investment industry	\$ 317,605	\$ 317,605	10,430	100	\$ 1,438,561	\$ 44,888	\$ 45,707	Note 1 & 2
	DBC Europe Holding AG	Switzerland	Investment industry	2,982	2,982	0.1	100	20,288	6,436	6,436	Note 2
	DBC Europe GmbH	Germany	Chemical industry	3,599	3,599	-	100	1,232	(831)	(831)	Note 2
	DBC Korea Co., Ltd.	Korea	Chemical industry	4,457	4,457	59	99.98	1,731	677	677	Note 2
	Double Bond Chemical Ind USA., Inc.	America	Chemical industry	19,843	13,822	2	100	(965)	(8,345)	(8,345)	Note 2
	PT. Double Bond Chemindo	Indonesia	Chemical industry	10,028	10,028	1.675	67	4,510	2,353	1,577	Note 2
	Double Bond Chemical (Thailand) Co., Ltd.	Thailand	Chemical industry	907	907	9.8	49	1,217	(355)	(174)	Note 2
	Double Bond Chemical Vietnam Co., Ltd.	Vietnam	Chemical industry	22,118	14,725	-	100	9,003	(2,535)	(2,535)	Note 2
	Double Bond Chemical Global Co., Ltd.	Samoan Islands	Investment industry	79,338	79,338	2,530	100	823,809	142,087	142,087	Note 2
DBC GROUP CO., LTD	Total Triumph Limited	Samoan Islands	Investment industry	237,595	237,595	7,900	100	618,402	(97,208)	(97,208)	Note 2
DBC Europe Holding AG	DBC Switzerland AG	Switzerland	Chemical industry	2,679	2,679	0.08	80	10,879	8,375	6,700	Note 2

Note 1: According to the shareholding ratio, the net profit of investee company is NT\$44,888 thousand plus the balance of unrealized and realized gain adjustments of NT\$819 thousand for downstream and upstream transaction.

Note 2: As calculated in accordance with the financial statements of investee company audited by the accountant in 2020.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries
Information on Investments in Mainland China
For the Year Ended December 31, 2020

Annex 6

(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Double Bond Chemical (Shanghai) Co., Ltd.	Chemical	\$ 72,054 (USD 2,530)	Note 1	\$ 72,054 (USD 2,530)	\$ -	\$ -	\$ 72,054 (USD 2,530)	\$ 144,278 (RMB33,694)	100	\$ 144,278	\$ 823,781	\$ 392,700	-
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Chemical	275,668 (RMB62,981)	Note 1	202,090 (RMB46,171)	-	-	202,090 (RMB46,171)	(97,224) (RMB-22,705)	100	(97,224)	617,536	-	Note 4

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 274,144 (RMB 46,171) (USD 2,530)	\$ 349,691 (RMB 63,431) (USD 2,530)	\$ 1,327,446

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, 2020.

Note 3: As calculated in accordance with the financial statement of investee company audited by the accountant in 2020.

Note 4: Regarding DAFENG XIN YUAN DA CHEMICAL CO., LTD., the difference between the accumulated outward remittance for investment from Taiwan of 202,090 (RMB 46,171) and the paid-up capital of 275,668 (RMB 62,981) at the end of the current period was due to the capital increase out of earnings.

Double Bond Chemical Ind. Co., Ltd.
Information of major shareholders
December 31, 2020

Annex 7

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shinning Spark Limited, Seychelles	6,782,223	8.99%
Lin, Su-Fang	6,021,793	7.98%
Mega Grand Holdings Corp., Belize	5,796,428	7.68%
Jatdia Investments Limited, Samoa	5,572,592	7.38%
Jumbo Harvest Limited, Seychelles	5,217,221	6.91%
Right Point Limited, Seychelles	4,466,119	5.92%
Lee, Kun-Chang	4,208,077	5.57%

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

§Schedule Lists of Significant Financial Statement Accounts§

SCHEDULE LISTS	Number/Index
Assets, liabilities and owner's equity	
Cash and cash equivalents	Table 1
Accounts receivable	Table 2
Inventory	Table 3
Other current assets	Note 16
Changes in investments by using equity method	Table 4
Changes in property, plant and equipment	Note 13
Changes in accumulated depreciation of property, plant and equipment	Note 13
Deferred income tax assets	Note 24
Changes in other intangible assets	Note 15
Other noncurrent assets	Note 16
Financial liabilities measured at fair value through profit or loss - noncurrent	Note 7
Accounts payable	Table 5
Short-term borrowings	Table 6
Long-term borrowings	Table 7
Deferred income tax liabilities	Note 24
Other noncurrent liabilities	Note 19
Profit and loss	
Operating revenue	Table 8
Operating cost	Table 9
Operating expense	Table 10
Depreciation, amortization and employee benefit expense this term	Note 23

Double Bond Chemical Ind. Co., Ltd.
Schedule List of Cash and Cash Equivalents
December 31, 2020

Table 1 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Account	Summary	Amount
Cash on hand and revolving funds	Note 1	\$ 399
Bank check and demand deposit	Note 2	376,304
Time deposit with an original maturity within 3 months	Note 3	<u>129,700</u>
		<u>\$ 506,403</u>

Note 1: Including USD 4 thousand, RMB 9 thousand, JPY 259 thousand, EUR 2 thousand and HKD 7 thousand, which were converted to NT\$ at exchange rates of 28.48, 4.377, 0.276, 35.02 and 3.673, respectively.

Note 2: Including USD 2,735 thousand, RMB 8,471 thousand, JPY 66,401 thousand, EUR 424 thousand and CHF 147 thousand, which were converted to NT\$ at exchange rates of 28.48, 4.377, 0.276, 35.02 and 32.305, respectively.

Note 3: During the period, November 6, 2020~March 24, 2021, the deposit rate was 0.22%~0.41%.

Double Bond Chemical Ind. Co., Ltd.
Schedule List of Accounts Receivable
December 31, 2020

Table 2 (In Thousands of New Taiwan Dollars)

Customer Name	Summary	Amount
Non-related parties		
A	Sales revenue	\$ 9,283
B	Sales revenue	9,091
C	Sales revenue	8,083
Others (Note)	Sales revenue	128,484
Less: allowance for doubtful accounts		<u>6,439</u>
Minor Sum		<u>148,502</u>
Related parties		
DBC Switzerland AG	Sales revenue	67,823
Double Bond Chemical (Shanghai) Co., Ltd.	Sales revenue	15,911
Double Bond Chemical Ind. USA., Inc.	Sales revenue	8,894
PT. DOUBLE BOND CHEMINDO	Sales revenue	6,923
Double Bond Chemical (Thailand) Co., Ltd.	Sales revenue	2,955
Others	Sales revenue	<u>6,611</u>
Minor Sum		<u>109,117</u>
		<u>\$ 257,619</u>

Note: Individual balance has not reached 5 percent of the balance under this financial statement account.

Double Bond Chemical Ind. Co., Ltd.

Schedule List of Inventory

December 31, 2020

Table 3

(In Thousands of New Taiwan Dollars)

Account	Cost	Market Price (Note)
Raw materials	\$ 75,778	\$ 49,316
Finished products	130,075	151,812
Less: allowance to reduce inventory to market	<u>27,348</u>	<u>-</u>
	<u>\$178,505</u>	<u>\$201,128</u>

Note: The market price is calculated based on the net realizable value.

Double Bond Chemical Ind. Co., Ltd.
Schedule List of Changes in Investments Accounted for Using Equity Method
For the Year Ended December 31, 2020

Table 4

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

Name	Opening Balance		Increment This Year		Invested Amount (Note 2)	Adjustment Number for Cumulative Conversion (Note 1)	Decrement This Year (Note 3)		Profit and Loss on Investment (Note 1)	Closing Balance			Market Price or Net Worth of Shareholders' Equity (Note 4) Total	Pledge
	Number of share	Amount	Number of Share	Amount			Number of Share	Amount		Shareholdi				
										Closing Number of Share	Percentage %	Closing Amount		
Investment accounted for using equity method														
DBC Group Co., Ltd.	10,430	\$1,560,850	-	\$ -	\$ 20,464	-	(\$188,460)	\$ 45,707	10,430	100	\$1,438,561	\$1,438,561	None	
DBC Europe Holding AG	0.1	16,808	-	-	755	-	(3,711)	6,436	0.1	100	20,288	20,288	None	
DBC Europe GmbH	-	2,010	-	-	53	-	-	(831)	-	100	1,232	1,232	None	
DBC Korea Co., Ltd.	59	1,012	-	-	42	-	-	677	59	99.98	1,731	1,731	None	
Double Bond Chemical Ind. USA., Inc.	2	1,455	-	6,021	(96)	-	-	(8,345)	2	100	(965)	(965)	None	
PT. Double Bond Chemindo	1.675	6,520	-	-	(433)	-	-	(1,577)	1.675	67	4,510	4,510	None	
Double Bond Chemical (Thailand) Co., Ltd.	9.8	1,471	-	-	(80)	-	-	(174)	9.8	49	1,217	1,217	None	
Double Bond Chemical (Vietnam) Co., Ltd.	-	<u>5,312</u>	-	<u>7,393</u>	(<u>1,167</u>)	-	<u>-</u>	(<u>2,535</u>)	-	100	<u>9,003</u>	<u>9,003</u>	None	
		1,595,438		<u>\$ 13,414</u>	<u>\$ 19,538</u>		<u>(\$192,171)</u>	<u>\$ 39,358</u>			1,475,577	<u>\$1,475,577</u>		
recognized as other noncurrent liabilities		<u>-</u>									<u>965</u>			
		<u>\$1,595,438</u>									<u>\$1,476,542</u>			

Note 1: As calculated in accordance with the financial statements of the investee company audited by accountants in 2020.

Note 2: Double Bond Chemical Ind. USA., Inc. has a capital increased by cash of NT\$6,021 thousand; Double Bond Chemical (Vietnam) Co., Ltd. has a capital increased by cash of NT\$7,393 thousand.

Note 3: For the decrement this year, cash dividends of NT\$188,460 thousand and NT\$3,711 thousand were collected from DBC Group Co., Ltd. and DBC Europe Holding AG, respectively.

Note 4: Net worth of shareholder's equity is mainly calculated based on the financial statements of the investee company and the shareholding ratio of the company.

Double Bond Chemical Ind. Co., Ltd.

Schedule List of Accounts Payable

December 31, 2020

Table 5

(In Thousands of New Taiwan Dollars)

Customer Name	Summary	Amount
Non-related parties		
D	Sales Revenue	\$ 21,376
E	Sales Revenue	6,545
F	Sales Revenue	5,120
G	Sales Revenue	4,543
H	Sales Revenue	4,376
Others (Note)	Sales Revenue	<u>33,996</u>
		<u>75,956</u>
Related parties		
Sin Hun Chemical Co., Ltd.	Sales Revenue	29,754
Double Bond Chemical (Shanghai) Co., Ltd.	Sales Revenue	28,838
FDC, Lees Co., Ltd.	Sales Revenue	12,777
EVER EXCEL INTERNATIONAL LIMITED	Sales Revenue	4,692
Others (Note)	Sales Revenue	<u>1,170</u>
		<u>77,231</u>
		<u>\$ 153,187</u>

Note: Individual balance has not reached 5 percent of the balance under this financial statement account.

Double Bond Chemical Ind. Co., Ltd.
Schedule List of Short-term Borrowings
December 31, 2020

Table 6

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

Loan Type and Creditor	Balance, End of Year	Contract Period	Range of interest rates (%)	Loan Commitment	Pledge or Collateral
Bank secured loan					
E.SUN Commercial Bank	\$ 3,762	2020.10.29-2021.01.27	1.24%	\$ 200,000	Property, plant and equipment
Bank unsecured loan					
CTBC Bank	121,670	2020.11.20-2021.03.26	1.03%-1.09%	200,000	None
Taipei Fubon Bank	200,000	2020.09.18-2021.03.18	0.95%	200,000	None
Cathay United Commercial Bank	15,000	2020.07.27-2021.01.27	1.39%	75,000	None
Shanghai Commercial and Savings Bank	15,664	2020.11.26-2021.03.24	1.02%-1.05%	85,440	None
Bank SinoPac	<u>19,007</u>	2020.11.12-2021.03.24	0.93%-1.16%	<u>160,000</u>	None
Total short-term borrowings	<u>\$ 375,103</u>			<u>\$ 920,440</u>	

Note: As of the end of 2020, the company had NT\$ 785,337 thousand unused loan commitment to short-term bank borrowings.

Double Bond Chemical Ind. Co., Ltd.
Schedule List of Long-term Borrowings
December 31, 2020

Table 7

(In Thousands of New Taiwan Dollars)

Name	Borrowing Period	Annual Interest Rate (%)	Original Borrowing Amount	Loan Commitment (Note 2)	Carrying Amount		Total	Pledge or Collateral	Note
					Due within One Year	Due after One Year			
Bank secured loan									
Land Bank of Taiwan	2020.02.17-2040.02.17	1.20%	\$ 566,000	\$ 566,000	\$ -	\$ 566,000	\$ 566,000	Property, plant and equipment	Note 1
Land Bank of Taiwan	2010.03.24-2030.03.24	1.30%	82,500	82,500	3,610	31,643	35,253	Property, plant and equipment	Note 1
Hua Nan Commercial Bank	2010.05.04-2028.11.22	1.42%	82,000	82,000	13,467	54,344	67,811	Property, plant and equipment	Note 1
E.SUN Commercial Bank	2008.02.29-2023.02.28	1.09%	20,000	20,000	1,458	1,721	3,179	Property, plant and equipment	Note 1
Bank unsecured loan									
Cathay United Commercial Bank	2019.11.06-2022.11.06	1.32%	74,700	75,000	30,721	25,601	56,322	None	Note 1
Shanghai Commercial and Savings Bank	2020.08.07-2025.08.07	1.295%	<u>80,000</u>	<u>100,000</u>	<u>8,350</u>	<u>71,650</u>	<u>80,000</u>	None	Note 1
			<u>\$ 905,200</u>	<u>\$ 925,500</u>	<u>\$ 57,606</u>	<u>\$ 750,959</u>	<u>\$ 808,565</u>		

Note 1: The interest is paid on a monthly basis, and the principal and interest are repaid to the maturity date of the loan in monthly installment.

Note 2: As of the end of 2020, the company had NT\$ 20,300 thousand unused loan commitment to long-term bank borrowings.

Double Bond Chemical Ind. Co., Ltd.
Schedule List of Operating Revenue
For the Year Ended December 31, 2020

Table 8 (In Thousands of New Taiwan Dollars /Metric Ton)

<u>Account</u>	<u>Quantity</u>	<u>Amount</u>
Photo-curable materials	1,700	\$ 448,111
Plastic additives	1,996	568,072
Others (Note)		<u>127,187</u>
Total Sales Revenue		<u><u>\$ 1,143,370</u></u>

Note: Individual amount has not reached 5 percent of the amount under this financial statement account.

Double Bond Chemical Ind. Co., Ltd.
Schedule List of Operating Cost
For the Year Ended December 31, 2020

Table 9

(In Thousands of New Taiwan Dollars)

Account	Amount
Raw materials at the beginning of the year	\$ 63,615
Add: incoming materials	80,635
Less: raw materials at the end of the year	(75,778)
Transfer-in of finished goods	10,457
Recognition of R&D fee	(2,988)
Direct material consumption	75,941
Direct labor	4,090
Manufacturing expenses	<u>18,576</u>
Manufacturing costs	<u>98,607</u>
Add: Finished products at the beginning of the year	123,579
Finished products purchased	825,775
Inventory losses	(452)
Transfer-in of raw materials	(10,457)
Recognition of R&D fee	(1,834)
Recognition of Sample fee	(1,284)
Less: finished products at the end of the year	(130,075)
Sales cost	<u>903,859</u>
Inventory losses due to falling price	6,958
Inventory losses	452
Other operating cost	<u>9,958</u>
Total operating cost	<u><u>\$ 921,227</u></u>

Double Bond Chemical Ind. Co., Ltd.
Schedule List of Operating Expense
For the Year Ended December 31, 2020

Table 10

(In Thousands of New Taiwan Dollars)

	Marketing Expense	Manageme nt Expense	R&D Expense	Expected Credit Loss (Reversal of Impairment Loss)	Total
Salary	\$ 28,716	\$ 32,382	\$ 25,724	\$ -	\$ 86,822
Freight	11,790	18	-	-	11,808
Insurance	3,550	2,434	3,005	-	8,989
Research and development	-	-	4,364	-	4,364
Depreciation	3,075	4,828	8,892	-	16,795
Commission	17,654	-	-	-	17,654
Other Expenses (Note)	<u>19,256</u>	<u>20,582</u>	<u>7,944</u>	<u>5,047</u>	<u>52,829</u>
Total	<u>\$ 84,041</u>	<u>\$ 60,244</u>	<u>\$ 49,929</u>	<u>\$ 5,047</u>	<u>\$199,261</u>

Note: Individual amount has not reached 5 percent of the amount under this financial statement account.

Double Bond Chemical Ind. Co., Ltd.

Chairman: WANG, TUNG -HAI