

(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.

2023 Annual Report

You may view the annual report at the following site:

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

<https://www.dbc.com.tw/tw/invest4.php>

Published on May 23, 2024

I. Spokesperson and Deputy Spokesperson of the Company:

1. Spokesperson of the Company:

Name : CHEN, CHUNG-PIN
Job Title : General Manager
Contact Number : (02)8228-1168
Email : ir@dbc.com.tw

2. Deputy Spokesperson of the Company

Name : TSAI, JO-YU
Job Title : Accounting manager
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/>
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IV. Name, Firm, Address, Website, and TEL of Certified Public Accountants Who Audit the Latest Annual Financial Statements

CPA : CPA CHEN, CHIH-YUAN & CPA HUANG, YAO-LIN
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>

Double Bond Chemical Ind. Co., Ltd.
2023 Annual Report
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I. LETTER TO SHAREHOLDERS

Dear Shareholders,

In 2023, the international political and economic landscape was marked by turbulence and ongoing geopolitical conflicts, which affected global economic development and social stability. The world grappled with high interest rates, high inflation, and economic slowdowns in the US and China, leading to weak demand in end markets and delayed adjustments in industry inventories. As a result, the global economic growth momentum was sluggish, and Double Bond Chemical Ind. Co., Ltd. faced significant operational challenges. The Dafeng plant was still adjusting its production capacity after resuming operations, and the Yilan plant had not yet shown significant benefits, making 2023 one of the most difficult years for the company since its establishment.

Looking ahead to 2024, the global economy continues to face uncertainties due to war conflicts, the monetary policy directions of major economies, and the economic recovery of the US and China. Despite these challenges, 2024 is anticipated to be a year of resilience and breakthrough for the company. With the Dafeng plant's capacity recovery and the Yilan plant's proactive introduction of new products such as 5G/6G and other AI electronic materials, the company's management team is committed to overcoming the difficulties. They aim to achieve excellent performance in 2024 and express gratitude for the support and encouragement from the shareholders.

For the 2023 annual business summary, the report is as follows:

I. 2023 Business Report

(I) Business plan implementation outcome

The consolidated revenue of the company in 2023 was NT\$2,227,080 thousand, which represents a 21% decrease compared to the previous year. The net loss attributable to owners of the company for the year 2023 was NT\$85,907 thousand, which is a 242% decline from 2022.

(II) Revenue, Expense, and Profitability Analysis

1. Financial revenues and expenditures:

Unit: NT\$ thousand

Item	2023	2022
Operating Income	2,227,080	2,806,070
Operating Profit Margin	256,183	413,734
Operating Gain (Loss)	(113,974)	30,305
Non-operating Income (Expenditure)	24,976	53,701
Net profit (loss) before tax	(88,998)	84,006
Current net income (loss)	(85,050)	60,221
Net profit (loss) attributable to owners of the Company	(85,907)	60,357
Net profit (loss) attributable to non-controlling interest	857	(136)

2. Profitability analysis:

Item	2023	2022
Return on Asset (%)	(1.35)	1.37
Return on Equity (%)	(3.81)	2.61
Proportion of operating income (loss) to the paid-in capital (%)	(13.32)	3.54
Proportion of net profit (loss) before tax to the paid-in capital (%)	(10.40)	9.82
Net Profit (loss) Margin (%)	(3.86)	2.15
Earnings (loss) per share (NT\$)	(1.00)	0.71

(III) Research and Development

Core R&D Products of the Group:

	2023 R&D Results	Future R&D Directions
Plastics Additives	(1) New high-efficiency light stabilizer for polyolefins (2) Phenol-free anti-yellowing additive for PU foam and obtained patent for core ingredients (3) Environmentally friendly and high efficiency heat stabilizer for PVC	(1) Development of various types of flame retardant formulas (2) Continue to develop environmentally friendly and high efficiency heat stabilizer for PVC (3) Continue to develop phenol-free anti-yellowing additive for PU foam (4) Long-acting antistatic agent
UV Curable Materials	(1) PVC matte flooring coating (2) Waterborne PU resin (3) 6231/6235 UV resin (4) Waterborne primer for wood (5) Low-cost resin development	(1) Anti-fog coating (2) Flame retardant resin (3) Water-based color adhesive is used in the development of textile middle coating (4) Development of Bio mass UV resin
Digital Printing Materials	(1) High-flexibility light-curing UV inkjet ink (2) Suitable for various materials customization inkjet ink (3) Quick-drying water-based pigment inkjet ink (4) Digital printing OEM	(1) High concentration UV-curing Color paste (2) Continue to develop suitable for various materials customization inkjet ink (3) High fastness water-based pigment ink & Pre and post treatment (4) Continue to develop digital printing OEM
Synthetic Group	(1) 5G materials (2) Pharmaceutical intermediates (3) Engineering-plastics monomer	(1) Flame retardants for battery electrolytes (2) Continue to develop 5G/6G materials (3) Other electronic materials

II. 2024 Business Plan Overview

Future business policy and sales strategy of the Company:

(I) Plastic Additives:

1. Asia:

A. China:

Focus on the application of polyurethane and polyolefin industries, expand the development of proprietary products, and develop distinctive products.

B. South Korea:

Mainly promote emulsification formula AO in PVC & ABS polymerization and CN 300 series for wire and cable.

C. Vietnam/Indonesia:

Additives for polyurethane foam, promotion of eco-friendly PVC calcium zinc heat stabilizers.

D. India:

Comprehensive promotion of CS X-100S, CS B2973, and ketone pharmaceutical intermediates.

2. Europe and America: Promote REACH and TSCA registered products and actively develop high-potential customers.

3. Key customer maintenance and development.

4. New product promotion:

A. Light stabilizer CS X-100S: Promotion for agricultural film applications.

B. Reactive antioxidant CN 3072 and hydrolysis inhibitor CN SA-1: Promotion for applications in the polyurethane industry.

C. Eco-friendly calcium zinc heat stabilizers DS 24, DS 25: Promotion for applications in the PVC industry.

(II) UV Curable Materials:

1. Fully develop and promote photo-initiators, specialty monomers, and the mass production of oligomers at the Yilan plant for applications in industries such as inks, coatings, adhesives, 3D printing, electronics, and contact lenses.

2. New product promotion: Flame-retardant resins, low-odor photo-initiators, LED curing photo-initiators, and customized formulations.

(III) Others:

1. Actively assess materials related to 5G/6G and opportunities for semiconductor PI foundry services.

2. Key 5G electronic materials DBC 5100, DBC 2300, DBC 1000: Full promotion to copper foil substrate customers in Taiwan, South Korea, and Japan.

3. Pigments, inks, and digital printing OEM: Comprehensive promotion of water-based and UV-curable pigments, inks, and digital printing OEM services, as well as textile inks, targeting key markets (China, Southeast Asia, Turkey, the United States, etc.).

III. The company's future development strategy is influenced by the external competitive environment, regulatory environment, and the overall business environment.

As the global economy is expected to continue its recovery, our company will be able to leverage its long-standing brand and channel advantages to expand its operational scale.

Moreover, driven by the growing demand for low-carbon products and the expanding applications of AI, our company is also committed to the development of new products to continuously enhance competitiveness. Although the results of various business activities require time to mature, the operational team always holds confidence in gradually realizing the operational goals at each stage.

Chairman: TSAY, MAW-DER
General Manager: CHEN, CHUNG-PIN

II. Company Profile

I Date of incorporation: February 17, 1994

II Company history:

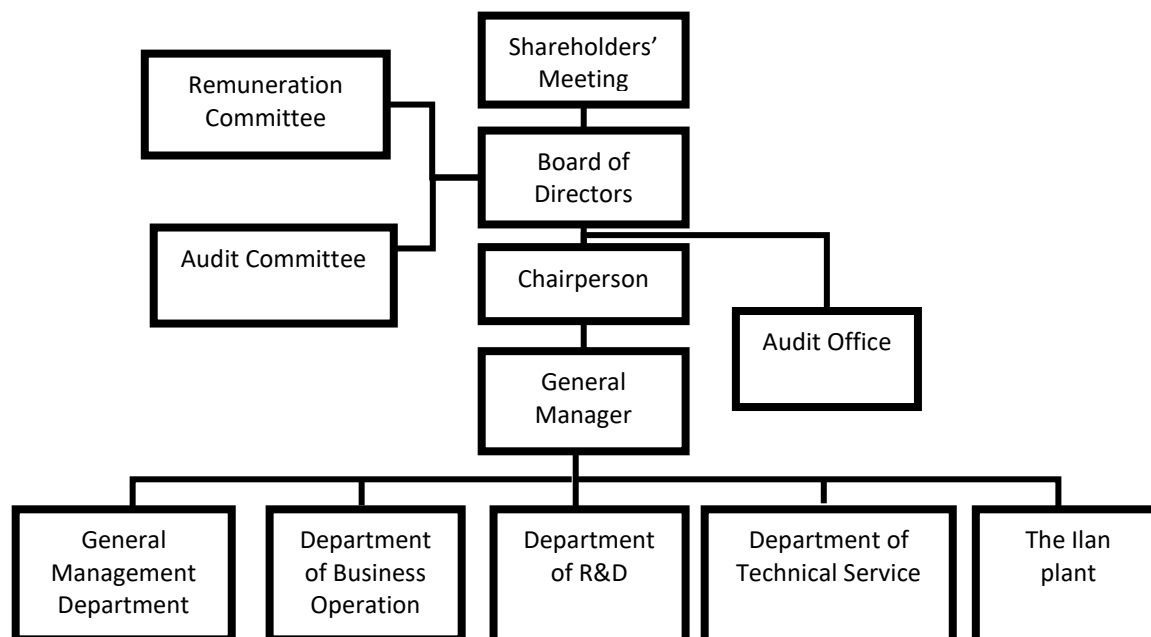
February 1994	Incorporated as Double Bond Chemical Ind. Co., Ltd., the Company started up with the paid-in capital of NT\$5,000 thousand and mainly engaged in the research, development, production and sale of various chemical raw materials, monomer-polymers for coating, industrial additives and special 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
September 2021	Capital increased in earnings by NT\$52,794 thousand and paid-in capital increased as NT\$807,001 thousand.
August 2022	Capital increased in earnings by NT\$48,420 thousand and paid-in capital increased as NT\$855,421 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.
General Management Department	Including the Finance Department, Purchasing Department, General Affairs Department, Human Resources Department and Information Department. Responsible for financial planning, capital management, 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 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.
Department of Technical Service	Provide customers with technical services, patent applications, chemical data reporting, chemical laws & regulation inquiries.
The Ilan plant	Manufacture of Photo-initiator and other products. And improve the process, equipment, manufacturing, integration technology and improvement capabilities.

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

(I) Members of the board of directors

1. Information about directors

April 30, 2024; Unit: shares

Title	Nationality or place of registration	Name	Gender/age	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 (Note1)
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Job Title	Name	Relationship	
Chairman	ROC	TSAY, MAW-DER	Male/61~70	2023.06.28	3 years	2003.03.17	2,907,372	3.40%	2,907,372	3.40%	59,000	0.07%	1,041,368	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	Chairperson 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. Chairperson 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
Director	ROC	LIN, LIANG	Female/51~60	2023.06.28	3 years	2014.06.23	884,683	1.03%	884,683	1.03%	688,185	0.78%	17,940,077	20.97%	Chairperson & General Manager 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 Legal Representative Chairperson of Innonyx International Co., Ltd. Chairperson of JATDIA international Business Co., Ltd. Chairperson of JATDITA Investments Co., Ltd. Legal Representative Supervisor of QTS CORPORATION Legal Representative Director of VisionaryBioMed Limited Supervisor of ACCE Biotech Company Limited	Representative of Legal Person Director	LIU, CHIEN-LIANG	Spouse	N/A
Director	ROC	JATDIX INVESTMENTS INTERNATIONAL LIMITED	Male/61~70	2023.06.28	3 years	2023.06.28	10,157,770	11.87%	10,088,770	11.79%	—	—	—	—	Director of VisionaryBioMed Limited Director of T-BAL CO., LTD. Chairperson & General Manager of DOUBLE BOND CHEMICAL IND. CO., LTD. Chairperson of SIN HUN CHEMICAL CO., LTD. Director of GLYCONEX INC. General Manager of UCB company Bachelor of Department of Chemistry, National Taiwan University of Science and Technology	Director of Jatdix Investments International Limited Legal representative director of T-BAL CO., LTD. Legal representative director Innonyx International Co., Ltd. Supervisor of JATDITA Investments Co., Ltd. Director of ACCE Biotech Company Limited	Director	LIN, LIANG	Spouse	N/A
		Representative : LIU, CHIEN-LIANG							626,528	0.73%	923,340	1.08%	17,940,077	20.97%						

Title	National ity or place of registrat ion	Name	Gender/ age	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 (Note1)
							Shares	Sharehol ding ratio	Shares	Sharehold ing ratio	Shares	Sharehol ding ratio	Shares	Sharehold ing ratio			Job Title	Name	Relatio nship	
Director	ROC	LEE, KUN-CHANG	Male/ 61~70	2023.06. 28	3 years	2023.06.28	4,552,320	5.32%	4,552,320	5.32%	6,829,917	7.98%	5,065,471	5.92%	General Manager of HG CO., LTD. Bachelor of Department of Chemistry, National Central University	General Manager of HG CO., LTD. Director of SIN HUN CHEMICAL CO., LTD. Supervisor of FDC, Lees CO., LTD. Supervisor of RUYU CO., LTD. Chairperson of BEST ROUND CO., LTD. Chairperson of CPCO CO., LTD.	N/A	N/A	N/A	N/A
Independe nt Director	ROC	TSAI, KAO- CHUNG	Male/ 61~70	2023.06. 28	3 years	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 & General Manager of Best Yield Development Consulting Inc. Legal Representative Vice Chairperson 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. Remuneration Committee of Nien Hsing Textile Co., Ltd.	N/A	N/A	N/A	N/A
Independe nt Director	ROC	JU, FU-CHEN	Male/ 71~80	2023.06. 28	3 years	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 Independent Director & Remuneration Committee of AntiMicrobial Savior BioteQ Co., Ltd.	N/A	N/A	N/A	N/A
Independe nt Director	ROC	LEE, SHUEI-SHENG	Male/ 71~80	2023.06. 28	3 years	2023.06.28	132,220	0.15%	132,220	0.15%	100,057	0.12%	—	—	Auditor of Bank of Taiwan Deputy manager of South Africa branch and Gaorong Branch, Bank of Taiwan Bachelor of Department of Accounting, National Cheng Kung 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.

Note2: The Chairman WANG, TUNG -HAI, director YU, HUI-LIN, and independent director SU, WEN-CHIUNG all resigned after the re-election on June 28, 2023.

2. Major shareholders of corporate shareholders:

April 30, 2024

Name of Institutional Shareholder	Major Institutional Shareholders	
	Name	Shareholding Ratio
JATDIX INVESTMENTS INTERNATIONAL LIMITED	LIN, LIANG	7.72%
	LIU, CHIEN-LIANG	39.94%
	LIU, CHIA-HAN	2.14%
	LIU, HUNG-CHIH	2.14%
	LIU, JEN-FENG	2.14%
	LIU, JEN-HSIEN	2.14%
	Belize Mega Grand Holdings Corp.	43.78%

3. If the major shareholder is also a corporate entity, please also specify its major shareholders:

April 30, 2024

Name of Institutional Shareholder	Major Institutional Shareholders	
	Name	Shareholding Ratio
Belize Mega Grand Holdings Corp.	LIU, CHIEN-LIANG	40%
	LIU, CHIA-HAN	40%
	LIU, CHIA-HAN	10%
	LIU, HUNG-CHIH	10%

4. Disclosure of information as professional qualifications and independent status of directors and independent directors:

Name	Professional Qualification and Experience (Note1)	Status of Independence (Note2)	Number of public companies where the person holds the title as independent director
Chairman TSAY, MAW-DER	<ul style="list-style-type: none"> •Required work experience in commerce, law, finance, accounting or others required by the business of the Company. •Had once worked as President of Chairperson of Double Bond Chemical (SHANGHAI) Co., Ltd. •Currently serving as Chairperson of DOUBLE BOND CHEMICAL IND. CO., LTD. 	(5) (6) (7) (8) (9) (10) (11) (12)	None
Director LIN, LIANG	<ul style="list-style-type: none"> •Required work experience in commerce, law, finance, accounting or others required by the business of the Company. •Had once worked as Chairperson & President of Double Bond Chemical Ind. Co., Ltd. •Currently serving as Chairperson of JATDIX INVESTMENTS INTERNATIONAL LIMITED. 	(1) (6) (7) (9) (11) (12)	None
Director LEE, KUN-CHANG	<ul style="list-style-type: none"> •Required work experience in commerce, law, finance, accounting or others required by the business of the Company. •Currently serving as General Manager of HG CO., LTD. 	(1) (4) (6) (7) (9) (10)(11) (12)	None
Director LIU, CHIEN-LIANG	<ul style="list-style-type: none"> •Required work experience in commerce, law, finance, accounting or others required by the business of the Company. •Had once worked as Chairperson & President of Double Bond Chemical Ind. Co., Ltd. •Currently serving as Director of Jatdix Investments International Limited 	(1) (5)(6) (7) (9) (12)	None
Independent Director TSAI, KAO- CHUNG	<ul style="list-style-type: none"> •Required work experience in commerce, law, finance, accounting or others required by the business of the Company. •Had once worked as Underwriting Manager of TAIWAN INTERNATIONAL SECURITIES CO., LTD. •Currently serving as Vice Chairman of Champion Microelectronic Corp. 	(1)(2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12)	3
Independent Director JU, FU-CHEN	<ul style="list-style-type: none"> •Required work experience in commerce, law, finance, accounting or others required by the business of the Company. •Had once worked as President of TAIWAN STOCK EXCHANGE. •Currently serving as Independent Director & Remuneration Committee of Julien's International Entertainment Group Co., LTD. 		2
Independent Director LEE, SHUEI-SHENG	<ul style="list-style-type: none"> •Required work experience in commerce, law, finance, accounting or others required by the business of the Company. •Had once worked as Deputy manager of South Africa branch and Gaorong Branch, Bank of Taiwan 		None

Note1: The matters stipulated in all paragraphs of Article 30 of the Company Act do not describe the directors mentioned above. For the academic experiences and position information of the Directors, please refer to 3. Corporate Governance Report (II) Information on directors, supervisors, presidents, vice presidents, assistant managers, and managers of each department and branch.

Note2: Independence of Directors and Independent Directors in the two years before appointment and during their term. Those who comply will be disclosed above:

- (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.

5. Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors

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:

- a. Basic conditions and values: Sex, age, nationality, culture, etc.
- b. 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.
- (7) Leadership.
- (8) Decision Making.

Among 7 directors, the current board of directors includes 1 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. The Company also pays attention to the gender of the board of directors, the proportion of female directors is 14%. The independent directors accounting for 43% of the composition. Their qualifications meet the independence requirements stipulated in the law, and they are familiar with the company's financial and operating conditions. The implementation is as follows:

Director Name	Gender	Judgment	Accounting and Financing	Business Management	Crisis Management	Industrial Knowledge	Global Market Perspective	Leadership	Decision Making
TSAY, MAW-DER	Male	✓	✓	✓	✓	✓	✓	✓	✓
LIU, CHIEN-LIANG	Male	✓	✓	✓	✓	✓	✓	✓	✓
LEE, KUN-CHANG	Male	✓	✓	✓	✓	✓	✓	✓	✓
LIN, LIANG	Female	✓	✓	✓	✓	✓	✓	✓	✓
TSAI, KAO-CHUNG	Male	✓	✓	✓	✓		✓	✓	✓
JU, FU-CHEN	Male	✓	✓	✓	✓		✓	✓	✓
LEE, SHUEI-SHENG	Male	✓	✓	✓	✓		✓	✓	✓

The specific management objectives of the board diversity policy and their achievement status are as follows:

Diversity management objectives Achievement status	Diversity management objectives Achievement status
The number of independent directors exceeds one third of the board seats	Done
Number of Directors who concurrently serve as Company managers do not exceed one-third of the total director seats.	Done
At least one seat of directors is female.	Done
Adequate and diverse professional knowledge and skills	Done

(2) Independence of the Board of Directors:

The selection process of all directors of the Company is open and fair, which meets the Company's "Articles of Incorporation," "Selection Process of Directors," and "Code of Practice for Corporate Governance." The composition of the current board of directors is composed of three independent directors (43%) and four non-independent directors (57%), and none of them fall under the conditions specified in Item 3 and 4 of Clause 3 of Article 26-3 of the "Securities and Exchange Act."

The Board of Directors of the Company is independent (Please refer to this Annual Report - Disclosure of information on professional qualifications of directors and independence of independent directors).

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

April 30, 2024 ; 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	CHEN, CHUNG-PIN	Male	2012.01.01	232,752	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	(Note 2)	N/A	N/A	N/A	N/A
Vice President	China	YOU, JUN-HUA	Male	2021.05.01	—	—	—	—	—	—	Sales Manager of DAFENG XIN YUAN DA CHEMICAL CO., LTD. Shanghai Heping Senior High School	(Note 3)	N/A	N/A	N/A	N/A
Vice President	ROC	CHEN, CHIUNG-TA	Male	2022.01.01	14,104	0.02%	—	—	—	—	Inspection Analyst of SGS TAIWAN PhD Degree in Engineering Technology, National Taipei University of Technology	N/A	N/A	N/A	N/A	N/A
Vice President	China	HUANG, PENG-PENG	Male	2022.08.10	—	—	—	—	—	—	Factory chief of DAFENG XIN YUAN DA CHEMICAL CO., LTD. Department of Applied Chemistry, Yancheng Institute Technology	(Note 4)	N/A	N/A	N/A	N/A
Financial Manager & Corporate Governance Officer	ROC	TSAI, HSUI-HUEI	Female	2015.01.30	152,648	0.18%	—	—	—	—	Accountant in charge of Lai Hsin Industry Co., Ltd. Bachelor in accounting, Chihlee Junior College	(Note 5)	N/A	N/A	N/A	N/A
Accounting manager	ROC	TSAI, JO-YU (Note 6)	Female	2023.10.01	103,527	0.12%	—	—	—	—	Senior Manager, Audit Department, Deloitte Touche Tohmatsu Limited Bachelor of Department of 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: Chairperson of DBC Switzerland AG, Chairperson of DBC Europe Holding AG, Chairperson of Double Bond Chemical (Thailand) Co., Ltd., Director of DBC KOREA CO., LTD., Chairperson of DBC EUROPE GmbH, Supervisor of PT. Double Bond Chemindo, Director of DAFENG XIN YUAN DA CHEMICAL CO., LTD., Director of DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD. and his position was adjusted on 2023/08/10.

Note 3: Director of DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD.

Note 4: Director of DAFENG XIN YUAN DA CHEMICAL CO., LTD.

Note 5: Supervisor of DAFENG XIN YUAN DA CHEMICAL CO., LTD., Supervisor of DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD. and concurrently served as corporate governance officer on 2023/03/24.

Note 6: TSAI, JO-YU took office on 2023/10/01.

Note 7: YU, HUI-LIN assistant vice president and chief financial officer, resigned on 2023/09/30.

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, 2023

Unit: NT\$ thousand; thousand shares;%

Job Title	Name	Directors' remuneration								Sum of A, B, C and D and as a percentage of after-tax gain		Remuneration received as an employee concurrently								Sum of A, B, C, D, E, F, and G and as a percentage of after-tax gain		Remuner ation from invested business es other than the subsidiari es 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 Compa ny	All companies in the financial statements	The Comp any	All companies in the financial statements	The Compa ny	All companies in the financial statements	The Compa ny	All companies in the financial statements	The Company	All companies in the financial statements	The Compa ny	All companies in the financial statements	The Com pan y	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Amou nt of cash	Amou nt of stock	Amou nt of cash	Amou nt of stock			
Chairman	TSAY, MAW-DER	1,689	1,689	—	—	—	—	30	30	1,719 -2%	1,719 -2%	1,463	1,463	—	—	—	—	—	—	3,182 -3.70%	3,182 -3.70%	None
Chairman	WANG, TUNG -HAI (Note 2)	1,706	1,706	—	—	—	—	15	15	1,721 -2%	1,721 -2%	—	—	—	—	—	—	—	—	1,721 -2%	1,721 -2%	None
Director	LIN, LIANG	—	—	—	—	—	—	30	30	30 -0.03%	30 -0.03%	—	—	—	—	—	—	—	—	30 -0.03%	30 -0.03%	None
Director	LEE, KUN-CHAN G (Note 3)	—	—	—	—	—	—	10	10	10 -0.01%	10 -0.01%	—	—	—	—	—	—	—	—	10 -0.01%	10 -0.01%	None
Director	Representati ve of Jatdix Investments Internation al Limited LIU, CHIEN-LIA NG (Note 3)	—	—	—	—	—	—	15	15	15 -0.02%	15 -0.02%	—	—	—	—	—	—	—	—	15 -0.02%	15 -0.02%	None
Director	YU, HUI-LIN (Note 2)	—	—	—	—	—	—	15	15	15 -0.02%	15 -0.02%	640	640	40	40	—	—	—	—	695 -0.81%	695 -0.81%	None
Independent Director	JU, FU-CHEN	800	800	—	—	—	—	30	30	830 -0.97%	830 -0.97%	—	—	—	—	—	—	—	—	830 -0.97%	830 -0.97%	None
Independent Director	TSAI, KAO- CHUNG	800	800	—	—	—	—	30	30	830 -0.97%	830 -0.97%	—	—	—	—	—	—	—	—	830 -0.97%	830 -0.97%	None
Independent Director	LEE, SHUEI-SHE NG (Note 3)	407	407	—	—	—	—	15	15	422 -0.49%	422 -0.49%	—	—	—	—	—	—	—	—	422 -0.49%	422 -0.49%	None

Job Title	Name	Directors' remuneration								Sum of A, B, C and D and as a percentage of after-tax gain		Remuneration received as an employee concurrently								Sum of A, B, C, D, E, F, and G and as a percentage of after-tax gain		Remuner ation from invested business other than the subsidiari es 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 Compa ny	All companies in the financial statements	The Comp any	All companies in the financial statements	The Compa ny	All companies in the financial statements	The Compa ny	All companies in the financial statements	The Company	All companies in the financial statements	The Compa ny	All companies in the financial statements	The Com pan y	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Amou nt of cash	Amou nt of stock	Amou nt of cash	Amou nt of stock			
Independent Director	SU, WEN-CHIU NG (Note 2)	393	393	—	—	—	—	15	15	408 -0.48%	408 -0.48%	—	—	—	—	—	—	—	—	408 -0.48%	408 -0.48%	None
<p>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.</p> <p>2. Except for information disclosed above, remuneration paid for services rendered by Directors of the Company to all consolidated entities (such as acting as advisors of parent companies/all companies/investees listed in the financial statements who are not an employee thereof) in the most recent year: None.</p> <p>3. (Note 1) TSAY, MAW-DER was director and general manager before June 28, 2023, and was elected chairman after the election on June 28, 2023 (Note 2) WANG, TUNG -HAI, YU, HUI-LIN, and SU, WEN-CHIUNG stepped down from their positions after the election on June 28, 2023. (Note 3) LEE, KUN-CHANG, Jatdix Investments International Limited, and LEE, SHUEI-SHENG took office after the election on June 28, 2023.</p>																						

(II) Remuneration to presidents and vice presidents for the year ended December 31, 2023

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 and 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	6,575	9,427	303	303	515	2,802	—	—	—	—	7,393 -8.61%	12,532 -14.59%	None
Vice President	CHEN, CHUNG-PIN													
Vice President	YOU, JUN-HUA													
Vice President	CHIU, MING-HO													
Vice President	CHEN, CHIUNG-TA													
Vice President	HUANG, PENG-PENG													

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)	TSAY, MAW-DER; CHIU, MING-HO; CHEN, CHIUNG-TA	TSAY, MAW-DER; CHIU, MING-HO; CHEN, CHIUNG-TA; HUANG, PENG-PENG
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	CHEN, CHUNG-PIN	CHEN CHUNG-PIN; YOU, JUN-HUA
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	6

(III) Remuneration to the Five Highest Remunerated Management Personnel

(IV) 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 and as a percentage of net income (%)		Compensation paid to directors from nonconsolidated affiliates or the 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	CHEN, CHUNG-PIN (Note 1)	1,940	1,940	106	106	178	178	—	—	—	—	2,224 -2.59%	2,224 -2.59%	—
Vice President	YOU, JUN-HUA	—	1,519	—	—	—	1,759	—	—	—	—	—	3,278 -3.82%	—
Vice President	CHIU, MING-HO (Note 2)	1,581	1,581	99	99	121	121	—	—	—	—	1,801 -2.1%	1,801 -2.1%	—
Vice President	CHEN, CHIUNG-TA	1,596	1,596	98	98	211	211	—	—	—	—	1,905 -2.22%	1,905 -2.22%	—
Vice President	HUANG, PENG-PENG	—	1,332	—	—	—	528	—	—	—	—	—	1,860 -2.17%	—

Note 1: Position adjustment on August 10, 2023.

Note 2: Position adjustment on December 8, 2023.

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

December 31, 2023 ; Unit: NT\$ thousand

	Job Title	Name	Stock Amount	Cash Amount	Total	Percentage of remunerations to net income after tax (%)
Manager	President	CHEN, CHUNG-PIN (Note 1)	—	—	—	—
	Vice President	CHEN, CHIUNG-TA				
	Vice President	CHIU, MING-HO (Note 2)				
	Vice President	YOU, JUN-HUA				
	Vice President	HUANG, PENG-PENG				
	Financial Manager	TSAI, HSUI-HUEI				
	Assistant Vice President and Chief Financial Officer	YU, HUI-LIN (Note 3)				
	Accounting manager	TSAI, JO-YU (Note 4)				

Note 1: CHEN, CHUNG-PIN 's position was adjusted on August 10, 2023.

Note 2: CHIU, MING-HO's position was adjusted on December 8, 2023.

Note 3: YU, HUI-LIN resigned on September 30, 2023.

Note 4: TSAI, JO-YU has held the position on October 01, 2023.

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 2022(%)		Percentage of remunerations to net income after tax for the year 2023(%)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Director	24.54%	24.54%	-9.48%	-9.48%
President and Vice Presidents	16.29%	26.23%	-8.61%	-14.59%

- (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, 2023 and the directors' status of attendance are specified as following:

Job Title	Name	Actual attendance	Attendance by proxy	Date of actual attendance (%)	Remarks
Chairman	TSAY, MAW-DER	6	0	100%	The chairman was re-elected on June 28, 2023 and has held the position until now.
Chairman	WANG, TUNG -HAI	3	0	100%	The Chairman resigned on June 28, 2023.
Director	YU, HUI-LIN	3	0	100%	The director resigned on June 28, 2023.
Director	LIN, LIANG	6	0	100%	The director was re-elected on June 28, 2023 and has held the position until now.
Director	Representative of Jatdix Investments International Limited LIU, CHIEN-LIANG	3	0	100%	The director was elected on June 28, 2023 and has held the position until now.
Director	LEE, KUN-CHANG	2	1	66.67%	The director was elected on June 28, 2023 and has held the position until now.
Independent Director	TSAI, KAO- CHUNG	6	0	100%	The independent director was re-elected on June 28, 2023 and has held the position until now.
Independent Director	JU, FU-CHEN	6	0	100%	The independent director was re-elected on June 28, 2023 and has held the position until now.
Independent Director	SU, WEN-CHIUNG	3	0	100%	The independent director resigned on June 28, 2023.
Independent Director	LEE, SHUEI-SHENG	3	0	100%	The independent director was elected on June 28, 2023 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: It's inapplicable because the company had set Audit Committee.
 - (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 2022.	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 2022 Business Report and the 2022 Financial Statements.	The avoiding director as Accounting Supervisor of DOUBLE BOND CHEMICAL IND. CO., LTD.	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.
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 2022.	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 2022.	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.
YU, HUI-LIN	2023Q1 Consolidated Financial Statements	The avoiding director as Accounting Supervisor of DOUBLE BOND CHEMICAL IND. CO., LTD.	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.
JU, FU-CHEN TSAI, KAO-CHUNG LEE, SHUEI-SHENG	Propose to appoint members to the company's compensation and benefits committee.	The director who avoided discussing the matter is a party to this case.	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.

Name of Director	Motion content	Reasons for avoidance	Voting and attendance status
TSAY, MAW-DER	2024 Annual Bonus Plan for the Chairman and General Manager of Our Company	The avoiding directors as subjects 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.
TSAY, MAW-DER LIN, LIANG LEE, KUN-CHANG LIU, CHIEN-LIANG	Office Lease Renewal Plan for DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD	The director who avoided discussing the matter is a party to this case.	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.

III Performance assessment of the Board:

Frequency	Period	Scope	Method	Details
Annually	January 1, 2023 to December 31, 2023	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.

The Board of Directors and Functional Committees Performance Evaluations of 2023 year were reported to the Board of Directors on March 14, 2024. The average score of the overall Board of Directors performance self-evaluation was 4.7 and the average score of the Board of Directors individual member self-evaluation was 4.88 this year, which showed a great improvement. The Directors gave favorable scores, representing the good operations of the entire Board of Directors. The average score of the individual member self-evaluations for the Audit Committee and Remuneration Committee was 4.96 and 5, meaning the operations of both committees are complete and both fulfill their duties. (The scores are out of 5)

- 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: 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. 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. The Company's website contains "Shareholders", "Corporate Governance" and "Environmental, Social, and Governance" 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.
- 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, 2023.◎: Actual attendance; ☆:attendance by proxy;— : not applicable

	Jan. 17	Mar. 24	May. 10	Jun. 28	Aug. 10	Nov. 10
TSAI, KAO-CHUNG	◎	◎	◎	◎	◎	◎
JU, FU-CHEN	◎	◎	◎	◎	◎	◎
SU, WEN-CHIUNG	◎	◎	◎	—	—	—
LEE, SHUEI-SHENG	—	—	—	◎	◎	◎

(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 4 meetings of the audit committee were held for the year ended December 31, 2023 and the directors' status of attendance are specified as follows:

Job Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)	Remarks
Independent Director (Convener)	TSAI, KAO-CHUNG	4	0	100%	The independent director was re-elected on June 28, 2023 and has held the position until now.
Independent Director	JU, FU-CHEN	4	0	100%	The independent director was re-elected on June 28, 2023 and has held the position until now.
Independent Director	SU, WEN-CHIUNG	2	0	100%	The independent director resigned on June 28, 2023.
Independent Director	LEE, SHUEI-SHENG	2	0	100%	The independent director was elected on June 28, 2023 and has held the position until now.

Other notes:

I If any of the following circumstances occur, the dates of meetings, Terms, contents of motion, independent directors' dissenting Opinions, reservations or significant Recommendations, the resolution of the Audit Committee and our company's handling of the Audit Committee's opinions shall be clearly described.

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

Date/Term of the Audit Committee	Content of motion	Independent directors' dissenting Opinions, reservations or significant Recommendations	Resolution made by the Audit Committee	The Company's handling of the opinions of the Audit Committee
The First Time on 2023.03.24	<ol style="list-style-type: none"> 2022 Annual Business Report and Financial Statements of the Company. Proposal of 2022 Earnings Distribution of the Company. Proposal of 2022 Effectiveness Evaluation of Internal Control System and Declaration of Internal Control System. Audit fee for the certified public accountants of the Company. Proposal of the Company's Change of CPA of Financial Statements and Evaluation of Independence and Competency of New CPA. Revise part article in Articles of Incorporation. Revise the Corporate Governance Best Practice Principles. 	None.	Passed by all commissioners attending the meeting.	Passed by all directors attending the meeting.
The Second Time on 2023.05.10	<ol style="list-style-type: none"> 2023Q1 Consolidated Financial Statements. Proposal of the Company's Loan of Funds to Indonesia subsidiary PT. Double Bond Chemindo. 			
The Third Time on 2023.08.10	<ol style="list-style-type: none"> 2023Q2 Consolidated Financial Statements. Amendments to the level of authority forms of the Company. Amendments to the level of authority forms of Subsidiaries. Amendment of the Internal Control System of Our Company. 			
The fourth Time on 2023.11.10	<ol style="list-style-type: none"> Appointment of Accounting Manager for Our Company. 2023Q3 Consolidated Financial Statements. 2024 Annual Audit Plan. 			

	4. Renewal of Office Lease for Subsidiary DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD.																		
	(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:																		
	<table><tr><th>Date</th><th>Details</th><th>Outcome</th></tr><tr><td>The First Time on 2023.03.24</td><td>1. Internal audit items from December 2022 to January 2023. 2. Assessment on the effectiveness of internal control system for 2022 and 2022 "Statement of Internal Control System".</td><td>1. Reported at the Audit Committee meeting and then the Board meeting. 2. Submitted to the Board once approved.</td></tr><tr><td>The Second Time on 2023.05.10</td><td>Internal audit items from February to March 2023.</td><td>Reported at the Audit Committee meeting and then the Board meeting.</td></tr><tr><td>The Third Time on 2023.08.10</td><td>Internal audit items from April to June 2023.</td><td>Reported at the Audit Committee meeting and then the Board meeting.</td></tr><tr><td>The fourth Time on 2023.11.10</td><td>1. Internal audit items from July to September 2023. 2. 2023 audit plan.</td><td>1. Reported at the Audit Committee meeting and then the Board meeting. 2. Submitted to the Board once approved.</td></tr></table>				Date	Details	Outcome	The First Time on 2023.03.24	1. Internal audit items from December 2022 to January 2023. 2. Assessment on the effectiveness of internal control system for 2022 and 2022 "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 Second Time on 2023.05.10	Internal audit items from February to March 2023.	Reported at the Audit Committee meeting and then the Board meeting.	The Third Time on 2023.08.10	Internal audit items from April to June 2023.	Reported at the Audit Committee meeting and then the Board meeting.	The fourth Time on 2023.11.10	1. Internal audit items from July to September 2023. 2. 2023 audit plan.	1. Reported at the Audit Committee meeting and then the Board meeting. 2. Submitted to the Board once approved.
Date	Details	Outcome																	
The First Time on 2023.03.24	1. Internal audit items from December 2022 to January 2023. 2. Assessment on the effectiveness of internal control system for 2022 and 2022 "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 Second Time on 2023.05.10	Internal audit items from February to March 2023.	Reported at the Audit Committee meeting and then the Board meeting.																	
The Third Time on 2023.08.10	Internal audit items from April to June 2023.	Reported at the Audit Committee meeting and then the Board meeting.																	
The fourth Time on 2023.11.10	1. Internal audit items from July to September 2023. 2. 2023 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 results. Communications between Independent Directors and CPAs are summarized as follows:																		
	<table><tr><th>Date</th><th>Details</th><th>Outcome</th></tr><tr><td>2023.01.24 Independent Directors and CPAs meeting</td><td>1. Independence of Accountants. 2. Audit Method and Scope. 3. 2022 Group Organizational Structure and Audit Scope. 4. Types of Reports to be Issued. 5. Pre-planned Key Audit Matters for This Year. 6. Assessment Covid-19 of the impact on audit.</td><td>Communicated and discussed with Independent Directors. Independent directors have no opinions and no suggestions.</td></tr><tr><td>2023.03.24 Independent Directors and CPAs meeting</td><td>1. Responsibilities of Governing Units 2. Audit Method and Scope. 3. Situation of the Group Audit. 4. Significant Risk and Key Audit Matters. 5. Summary of Audit Conclusion. 6. Other Promotion Matters. 7. Audit Quality Indicator Information.</td><td>Communicated and discussed with Independent Directors. Independent directors have no opinions and no suggestions.</td></tr></table>				Date	Details	Outcome	2023.01.24 Independent Directors and CPAs meeting	1. Independence of Accountants. 2. Audit Method and Scope. 3. 2022 Group Organizational Structure and Audit Scope. 4. Types of Reports to be Issued. 5. Pre-planned Key Audit Matters for This Year. 6. Assessment Covid-19 of the impact on audit.	Communicated and discussed with Independent Directors. Independent directors have no opinions and no suggestions.	2023.03.24 Independent Directors and CPAs meeting	1. Responsibilities of Governing Units 2. Audit Method and Scope. 3. Situation of the Group Audit. 4. Significant Risk and Key Audit Matters. 5. Summary of Audit Conclusion. 6. Other Promotion Matters. 7. Audit Quality Indicator Information.	Communicated and discussed with Independent Directors. Independent directors have no opinions and no suggestions.						
Date	Details	Outcome																	
2023.01.24 Independent Directors and CPAs meeting	1. Independence of Accountants. 2. Audit Method and Scope. 3. 2022 Group Organizational Structure and Audit Scope. 4. Types of Reports to be Issued. 5. Pre-planned Key Audit Matters for This Year. 6. Assessment Covid-19 of the impact on audit.	Communicated and discussed with Independent Directors. Independent directors have no opinions and no suggestions.																	
2023.03.24 Independent Directors and CPAs meeting	1. Responsibilities of Governing Units 2. Audit Method and Scope. 3. Situation of the Group Audit. 4. Significant Risk and Key Audit Matters. 5. Summary of Audit Conclusion. 6. Other Promotion Matters. 7. Audit Quality Indicator Information.	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) Does the Board established a diversity policy, specific management goals and implemented it accordingly?	✓		(I) Diversity of board members is stipulated in the Company's Code of Practice for Corporate Governance and fully implemented. Please refer to the "Diversity and independence of the Board of Directors" section of this annual report.	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 committees?		✓	(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	
(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 2024, the 2023 performance evaluation of the Board of Directors has been completed, and the evaluation results have been submitted to the Board of Directors on March 14, 2024, 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.
(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	No significant discrepancy.

Assessment criteria	Operation			Difference from corporate governance practice principles for TWSE/GTSM-Listed companies and reasons
	Yes	No	Summary Description	
			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 March 14, 2024.	
(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)?	✓		In order to implement corporate governance, the Board of Directors on March 24, 2023 approved the appointment of Financial Manager TSAI, HSUI-HUEI as the Company's corporate governance supervisor, which is the highest supervisor on the corporate governance related matters. Key responsibilities: 1. Organize board meetings and general meetings according to the law. 2. Compile board meeting and general meeting minutes. 3. Help directors take office and participate in continuing education. 4. Provide business information for directors as needed for performing their duties. 5. Assist directors with legal compliance. 6. The review results of whether the independent director's qualifications during nomination, appointment, and their term of service comply with the	No significant discrepancy.

Assessment criteria	Operation			Difference from corporate governance practice principles for TWSE/GTSM-Listed companies and reasons
	Yes	No	Summary Description	
			relevant laws and regulations are reported to the Board of Directors. 7. Handle matters related to the change of directors. 8. Other duties pursuant to the Articles of Incorporation or other contracts.	
(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 March 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. (VI) Implementation of risk management policies and risk evaluation standards: Please refer to the risk assessment and analysis section of this annual report.				

Assessment criteria	Operation			Difference from corporate governance practice principles for TWSE/GTSM-Listed companies and reasons								
	Yes	No	Summary Description									
<p>(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.</p> <p>(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.</p> <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, 2023 to March 1, 2024</td></tr></table>					Insured	Insurance Company	Insured Amount	Insured Period	All directors and key personnel	AIG Taiwan	USD 10 million	From March 1, 2023 to March 1, 2024
Insured	Insurance Company	Insured Amount	Insured Period									
All directors and key personnel	AIG Taiwan	USD 10 million	From March 1, 2023 to March 1, 2024									
<p>(IX) 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 8th 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:</p> <table><tr><td>Item</td><td>Status of Improvement</td></tr><tr><td>Improved</td><td>(1) When cash dividends are distributed, they shall be distributed within 30 days after the ex-dividend base date. (2) Formulate risk management policies and procedures approved by the board of directors, disclose the scope of risk management, organizational structure and its operation, and report to the board of directors at least once a year.</td></tr><tr><td>Priorities measures to reinforce</td><td>(1) Disclose the annual greenhouse gas emissions, water consumption, and total weight of waste for the past two years. (2) Disclose the specific measures taken to implement the prohibition of insider trading (such as: adding a requirement to notify the board of directors 30/15 days before the announcement of financial reports, or the topics, hours, and number of participants in the training courses conducted for insiders).</td></tr></table>					Item	Status of Improvement	Improved	(1) When cash dividends are distributed, they shall be distributed within 30 days after the ex-dividend base date. (2) Formulate risk management policies and procedures approved by the board of directors, disclose the scope of risk management, organizational structure and its operation, and report to the board of directors at least once a year.	Priorities measures to reinforce	(1) Disclose the annual greenhouse gas emissions, water consumption, and total weight of waste for the past two years. (2) Disclose the specific measures taken to implement the prohibition of insider trading (such as: adding a requirement to notify the board of directors 30/15 days before the announcement of financial reports, or the topics, hours, and number of participants in the training courses conducted for insiders).		
Item	Status of Improvement											
Improved	(1) When cash dividends are distributed, they shall be distributed within 30 days after the ex-dividend base date. (2) Formulate risk management policies and procedures approved by the board of directors, disclose the scope of risk management, organizational structure and its operation, and report to the board of directors at least once a year.											
Priorities measures to reinforce	(1) Disclose the annual greenhouse gas emissions, water consumption, and total weight of waste for the past two years. (2) Disclose the specific measures taken to implement the prohibition of insider trading (such as: adding a requirement to notify the board of directors 30/15 days before the announcement of financial reports, or the topics, hours, and number of participants in the training courses conducted for insiders).											

- (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

Title	Name	Qualifications and Experience	Independence	Number of Other Public Companies in which the Member also Serves as an on the Compensation Committee
Independent Director (Convener)	TSAI, KAO-CHUNG	Please refer to the "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" form on pages 10 to 11.		3
Independent Director	JU, FU-CHEN			2
Independent Director	SU, WEN-CHIUNG			—
Independent Director	LEE, SHUEI-SHENG			—

2. Operations of Remuneration Committee

(1) Remuneration Committee of the Company is composed of 3 members.

(2) The term of office held by the current committee members: From June 28, 2023 to June 27, 2026. For the year ended December 31, 2023, the Remuneration Committee held 5 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	5	0	100%	The independent director was re-elected on June 28, 2023 and has held the position until now.
Commissioner	JU, FU-CHEN	5	0	100%	The independent director was re-elected on June 28, 2023 and has held the position until now.
Commissioner	SU, WEN-CHIUNG	3	0	100%	The independent director resigned on June 28, 2023.
Commissioner	LEE, SHUEI-SHENG	2	0	100%	The independent director was elected on June 28, 2023 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.

3. 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 17, 2023	1. Work plan of the Remuneration Committee in 2023. 2. Review the various remuneration projects to be carried out by the Company in 2023. 3. Salary adjustment for the Chairperson. 4. Year-end bonus distribution to the Chairperson in 2022. 5. Salary adjustment for the managers. 6. Year-end bonus distribution to the managers in 2022.	Passed by all commissioners attending the meeting.	Passed by all directors attending the meeting.
The Second Time on March 24, 2023	1. Allocation of remuneration to the Company's employees and directors of the company in 2022. 2. Proposal to establish the position of Corporate Governance supervisor.		
The Third Time on May 10, 2023	1. Allocation of remuneration to the directors and managers of the company in 2022. 2. Salary adjustment for President of DAFENG XIN YUAN DA CHEMICAL CO., LTD.		
The Third Time on August 10, 2023	1. Proposal to adjust the salary of the new general manager.		
The Fifth Time on November 10, 2023	1. Proposal to adjust the salary of the new accounting manager. 2. Implementation Plan for the Annual Bonus of the Chairman and General Manager of the Company for the Year 2024.		

(V) Corporate Governance Implementation Status and Deviations from “ Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” :

Evaluation Item	Implementation Status			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Company
	Yes	No	Summary description	
I Does the Company have a governance structure for promoting sustainable developments and exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing sustainable development, and let the Board of Directors entrust the high-ranking management with the implementation and supervise the status?	✓		<p>The Company promotes a sustainable development structure, and has set up a sustainable development committee, with the general manager as the general convener. Each group member is composed of the directors of each unit, who takes responsibility for the formulation of the company’s sustainable development objectives and strategies, the promotion and supervision of the sustainable development work, the preparation and verification of the sustainable report and other matters related to the company’s sustainable development efforts. The committee actively promotes corporate governance, social welfare, sustainable environment and other issues, and report the implementation progress of sustainable development to the board of directors at least once a year.</p> <p>On March 24, 2022, the Board of Directors passed the Company's "Sustainability Report Preparation and Verification Operating Procedures" based on the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" of TWSE, and instructed the Sustainable Development Team to implement the procedures.</p> <p>The Company published the 2023 Sustainability Report in 2022 year. The specific implementation plan and results can be</p>	No significant discrepancy.

Evaluation Item	Implementation Status			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Company								
	Yes	No	Summary description									
			found on this report. The ESG Sustainable Development Team reported its performance and key findings to the Board of Directors on August 10, 2023.									
II Does the company follow principles of materiality in evaluating the risks of environmental, social, and corporate governance, and establish relevant policies or strategies?	✓		<div>The Company has formulated Sustainable Development Best Practice Principles. 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 Sustainable Development implementation results and detailed contents are disclosed in the Company's Annual ESG Report. Eight major themes identified in 2022 year as follow:</div> <table><tr><td>Important issue</td><td>Item</td></tr><tr><td>Environmental</td><td>Pollution prevention and control, Waste management, Water resource management</td></tr><tr><td>Social</td><td>Product liability</td></tr><tr><td>Corporate governance</td><td>Economic performance, Material usage, Technological innovation, Customer service</td></tr></table>	Important issue	Item	Environmental	Pollution prevention and control, Waste management, Water resource management	Social	Product liability	Corporate governance	Economic performance, Material usage, Technological innovation, Customer service	No significant discrepancy.
Important issue	Item											
Environmental	Pollution prevention and control, Waste management, Water resource management											
Social	Product liability											
Corporate governance	Economic performance, Material usage, Technological innovation, Customer service											

Evaluation Item	Implementation Status			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Company
	Yes	No	Summary description	
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) Has the company made efforts to improve the efficiency of resources utilization and use recycled materials which have a low impact on the environment?	✓		(II) Committed to developing ecofriendly products and promoting environmental protection, the Company takes actions to sort garbage, use recycled papers, bring ecofriendly tableware, 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, 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.

Evaluation Item	Implementation Status			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Company
	Yes	No	Summary description	
(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 energy conservation & carbon reduction, greenhouse gas emission reduction, water use reduction, and other waste management?	✓		(IV) In order to avoid improper waste, the Company attaches great importance to the management of energy resources. Through the adoption of energy-saving 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 ESG Report.	No significant discrepancy.
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.

Evaluation Item	Implementation Status			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Company
	Yes	No	Summary description	
(II) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		(II) The Company has established a Salary and Remuneration Committee to regularly review the policies, systems, standards and structure of operating 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.	No significant discrepancy.
(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. Education and training on occupational safety & health and machinery operations when newcomers onboarding. 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 inspection according to the frequency preset for each machine and equipment. 5. Arrange employee health examinations every year. For the year ended December 31, 2023, the Company has no occupational injuries or fires.	No significant discrepancy.

Evaluation Item	Implementation Status			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Company
	Yes	No	Summary description	
(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's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	✓		(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.

Evaluation Item	Implementation Status			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Company
	Yes	No	Summary description	
(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 ESG reports? 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). The Corporate Social Responsibility Report of 2022 was obtained by a third-party verification unit. This report is guaranteed according to the core options of the GRI standard and the AA1000 assurance standard. It was uploaded to the Market Observation Post System and group website on September 14, 2023.	No significant discrepancy.

Evaluation Item	Implementation Status			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Company
	Yes	No	Summary description	
VI	If the Company has established the ESG principles based on " Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies ", please describe any discrepancy between the Principles and their implementation: none.			
VII	Other important information to facilitate better understanding of the Company's ESG practices: Please refer to the Company website: http://www.dbc.com.tw/tw/			

Climate-Related Information of TWSE / TPEx-Listed Company Implementation of Climate-Related Information

Implementation of Climate-Related Information

Item	Implementation Status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	To address climate-related risks and opportunities, our company has established the Sustainable Development Committee and its functional subcommittees to be responsible for planning and implementing sustainable development and climate change strategies. The General Manager serves as the chairperson of the Committee and continuously monitors the achievement of each goal. Our company annually submits the Sustainability Report, along with ESG performance results and the annual risk management results report, to the Board of Directors for their supervision and guidance. In addition, to ensure the governance of climate change management strategies, the Board of Directors continuously monitors the progress of greenhouse gas inventory and verification schedules on a quarterly basis to align with international trends and implement carbon reduction plans.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Our company comprehensively considers climate change trends and operational conditions to identify climate risks and opportunities and their impacts. Please refer to our company's Sustainability Report for more information.
3. Describe the financial impact of extreme weather events and transformative actions.	Our company has assessed the impact of key climate change issues on our operating revenue and operating costs and has developed relevant strategies. Please refer to our company's Sustainability Report for more information.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Our company's approach to climate change management involves discussions and assessments by the Sustainable Development Committee to ensure that all significant climate-related risks and opportunities are properly evaluated and addressed. Additionally, in accordance with the Risk Management Policy and Procedures, we have established a Risk Management Committee. Each operating unit is responsible for identifying, analyzing, assessing, and responding to risks within its purview. The Committee also establishes relevant crisis management mechanisms as needed to address the impacts of global climate change. The Risk

Item	Implementation Status
	Management Committee integrates climate-related risks into its risk identification process to ensure that climate change management is seamlessly integrated into the overall risk management system.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	None.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	None.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	None.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	None.
9. Greenhouse gas inventory and assurance status.	<p>The schedule applicable to our company is as follows:</p> <ol style="list-style-type: none"> 1. The parent company entity shall conduct a greenhouse gas inventory from 2026 and verification from 2028. 2. Consolidated financial reporting subsidiaries shall conduct a greenhouse gas inventory from 2027 and verification from 2029. 3. Our company shall disclose carbon reduction targets, strategies, and specific action plans from 2027.

(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 Practice Principles for TWSE/TPEX Listed Companies?	✓		(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 promotes relevant corporate ethics to employees from time to time.	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) 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 Directors?	✓		(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 2022.	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) 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.
(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.

Item	Operation			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
III Operation of whistleblowing 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.
(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.

Item	Operation			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
IV Enhanced information disclosure 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?	✓		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 14, 2024

Based on the results of self-assessment, the Company states the following with regard to its internal control system for the year of 2023:

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, 2023, 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 14, 2024, 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: TSAY, MAW-DER

General Manager: CHEN, CHUNG-PIN

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 2023 year	Subsequent execution status
1. The 2022 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. The 2022 surplus earning distribution.	Earnings distribution in 2022, allocate cash dividends to shareholders of NT\$ 42,771,031 (NT\$0.5 per share), ex-dividend base date is July 29, 2023. Cash dividends of NT\$0.4 per share were issued on August 15, 2023.
3. Amendments to "articles of incorporation".	The resolution was approved and has been handled in accordance with the revised articles of association.
4. Complete board replacement proposal.	The list of elected directors is as follows: Directors (4 seats): LEE, KUN-CHANG, LIN, LIANG, TSAY, MAW-DER, Representative of Jatdix Investments International Limited LIU, CHIEN-LIANG. Independent directors (3 seats): TSAI, KAO-CHUNG, JU, FU-CHEN, LEE, SHUEI-SHENG.
5. Deregulation of the restriction of non-competition for new directors.	Resolved, that the non-compete restrictions applicable to the following directors and independent directors shall be lifted: Directors: LEE, KUN-CHANG, LIN, LIANG, TSAY, MAW-DER, Representative of Jatdix Investments International Limited LIU, CHIEN-LIANG. Independent Directors: TSAI, KAO-CHUNG, JU, FU-CHEN.

2. Important resolutions of the board meetings:

Date	Important Resolutions
2023.01.17	<ol style="list-style-type: none"> 1. Passing the "work plan of the remuneration committee in 2023". 2. Passing the "review of various remuneration projects to be carried out by the company in 2023". 3. Passing the "salary adjustments for the chairperson". 4. Passing the "year-end bonus distribution to the chairperson in 2022". 5. Passing the "salary adjustments for the managers".

Date	Important Resolutions
	6. Passing the “year-end bonus distribution to the managers in 2022”. 7. Passing the “appointment of director of DAFENG XIN YUAN DA CHEMICAL CO., LTD.”. 8. Passing the “apply to Yuanta Commercial Bank Co., Ltd. for one-year term for the line of credit”.
2023.03.24	1. Passing the “allocation of remuneration to the employees and directors of the Company in 2022”. 2. Passing the “2022 business report and financial statements of the Company”. 3. Passing the “proposal of 2022 Earning distribution of the Company”. 4. Passing the “Proposal of 2022 Effectiveness Evaluation of Internal Control System and Declaration of Internal Control System”. 5. Passing the “audit fee for the certified public accountants of the Company”. 6. Passing the “Proposal of the Company’s evaluation of Independence and Competency of CPA”. 7. Passing the “amendment of part article in Articles of Incorporation”. 8. Passing the “amendment of “Corporate Governance Best Practice Principles” 9. Passing the “establishing Corporate Governance Officer”. 10. Passing the “proposal to completely re-elect directors”. 11. Passing the “related issues on the acceptance of nomination of candidates for directors (including independent directors) at 2023 Regular Shareholders’ Meeting, the acceptance period and the acceptance office”. 12. Passing the “nomination by the Board of Directors and the formal confirmation of the list of candidates for directors and independent directors”. 13. Passing the “restriction of non-competition for new directors”. 14. Passing the “2023 Regular Shareholders’ Meeting”.
2023.05.10	1. Passing the “allocation of remuneration to the directors and managers of the Company in 2022”. 2. Passing the “salary adjustment for President of DAFENG XIN YUAN DA CHEMICAL CO., LTD.”. 3. Passing the “2023Q1 Consolidated Financial Statements”. 4. Passing the “Proposal of the Company's Loan of Funds to Indonesia subsidiary PT. Double Bond Chemindo.”. 5. Passing the “application to Shanghai Commercial and Savings Bank for the line of credit” 6. Passing the “application to CTBC Bank for the line of credit”.
2023.06.28	1. Passing the proposal to re-elect Chairman. 2. Passing the appointment of members of Salary Remuneration Committee of the Company.

Date	Important Resolutions
2023.08.10	<ol style="list-style-type: none"> 1. Passing the “appointment of the new General manager”. 2. Passing the “salary adjustment for the new General manager”. 3. Passing the “restriction of non-competition for new General Manager”. 4. Passing the “2023Q2 Consolidated Financial Statements”. 5. Passing the “Company’s earnings distribution plan for the first half of 2023”. 6. Passing the amendment to the Company’s budget for the second half-year of 2023”. 7. Passing the “replacement of Members of the board of directors of DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD.” . 8. Passing the “replacement of Members of the board of directors of DAFENG XIN YUAN DA CHEMICAL CO., LTD.” . 9. Passing the “replacement of Corporate director representative for subsidiaries DBC Group Co., Ltd., Double Bond Chemical Global Co., LTD., Total Triumph Limited.” . 10. Passing the “appointment of director of the Vietnamese subsidiary DOUBLE BOND CHEMICAL VIETNAM CO., LTD.”. 11. Passing the “amendments to the level of authority forms of the Company”. 12. Passing the “amendments to the level of authority forms of Subsidiaries”. 13. Amendment of the Internal Control System of Our Company. 14. Passing the “application to Taipei Fubon Bank for the line of credit”. 15. Passing the “application to Bank Sinopac for the line of credit and financial transaction line (for risk hedging purposes)”. 16. Passing the “application to E.SUN Commercial Bank for the line of credit”. 17. Passing the “application to CTBC Bank for the line of credit”. 18. Passing the “application to Hua Nan Bank Jisui Branch for the line of credit”.
2023.11.10	<ol style="list-style-type: none"> 1. Passing the “appointment of the Accounting manager”. 2. Passing the “salary adjustment for the new Accounting manager”. 3. Passing the “2024 year-end bonus distribution to the chairperson and General Manager.” 4. 2023Q3 Consolidated Financial Statements. 5. Passing the “2024 corporate business plan and 2024 budget plan of the Company”. 6. 2024 Annual Audit Plan. 7. Renewal of Office Lease for Subsidiary DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD.
2024.01.30	<ol style="list-style-type: none"> 1. Passing the “work plan of the remuneration committee in 2023”. 2. Passing the “review of various remuneration projects to be carried out by the company in 2023”. 3. Passing the “salary adjustments for the chairperson”.

Date	Important Resolutions
	<ol style="list-style-type: none"> 4. Passing the “year-end bonus distribution to the chairperson in 2022”. 5. Passing the “salary adjustments for the managers”. 6. Passing the “year-end bonus distribution to the managers in 2022”. 7. Passing the “appointment of director of DAFENG XIN YUAN DA CHEMICAL CO., LTD”. 8. Passing the “apply to Yuanta Commercial Bank Co., Ltd. for one-year term for the line of credit”.
2024.03.14	<ol style="list-style-type: none"> 1. Passing the “2023 business report and financial statements of the Company”. 2. Passing the “proposal of 2023 Appropriation of profit or loss of the Company”. 3. Passing the “Proposal of 2023 Effectiveness Evaluation of Internal Control System and Declaration of Internal Control System”. 4. Passing the " Proposal of the Evaluation of Independence and Competency of CPA”. 5. Passing the “audit fee for the certified public accountants of the Company”. 6. Passing the “amendment of the Rules of Procedure for Shareholders’ Meeting and Practices Governing the Election of Directors and Independent Directors of the Company”. 7. Passing the “amendments to the level of authority forms of the Company”. 8. Passing the “the appointment of the director of a subsidiary company in Korea: DBC Korea Co., Ltd.”. 9. Passing the “2024 Regular Shareholders’ Meeting”.
2024.05.10	<ol style="list-style-type: none"> 1. Proposal for internal audit supervisor Change. 2. 2024Q1 Consolidated Financial Statements. 3. Proposal for Loan to Indonesian Subsidiary PT. Double Bond Chemindo. 4. Application to First Commercial Bank Zhongxiao Road Branch for the line of credit. 5. Application to Cathay United Bank for the line of credit. 6. Application to Shanghai Commercial and Savings Bank for the line of credit.

(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:

Job Title	Name	Appointment Date (note)	Dismissal Date	Reason for Dismissal
Chairperson	WANG, TUNG-HAI	2015/05/01	2023/06/28	Resign after re-election
General Manager	TSAY, MAW-DER	2015/05/01	2023/08/10	Position adjustment
Accounting manager	YU, HUI-LIN	2015/12/11	2023/09/30	Resignation for Personal Career Planning
Chief Internal Auditor	HU, HUI-HSIA	2020/03/25	2024/4/30	Resignation for Personal Career Planning

Note: The date of selection or appointment to the position

V Information about Certified Public Accountant(CPA)'s Professional Fees:

Unit: NT\$ Thousand

Name of CPA Firm	Name of CPA	Audit Period	Audit Fee	Non-Audit Fee (note)	Total	Note
Deloitte & Touche	CHEN, CHIH-YUAN & HUANG, YAO-LIN	2023.01.01~2023.12.31	3,100	573	3,673	—

Note: Other non-audit fees are NT\$273 thousand for industrial and commercial registration and NT\$300 thousand for transfer pricing, professional review and consultation.

- (I) If the CPA firm changes, and the audit fee paid in the year of such change is reduced from the audit fee of the previous year, the amount of the audit fee before and after such change and the reason of such change should be disclosed : none.
- (II) If the audit fee is reduced by more than 10% from last year, the amount, ratio, and reason for the reduction of the audit fee should be disclosed : none.

VI Information on replacement of CPA: 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	2023		In the current year up to April 30, 2024		Remarks
		Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	
Chairman & major shareholder	WANG, TUNG-HAI	—	350,000	—	2,000,000	Note 1

Job Title	Name	2023		In the current year up to April 30, 2024		Remarks
		Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	
Chairman	TSAY, MAW-DER					Note 2
Director	LIN, LIANG	—	—	—	—	
Director	LEE, KUN-CHANG	—	—	—	—	Note 3
Director	Jatdix Investments International Limited	(31,000)		(38,000)		Note 4
	Representative: LIU, CHIEN-LIANG	—	—	—	—	
Director & Accounting manager	YU, HUI-LIN	(64,000)	—	—	—	Note 5
Independent Director	TSAI, KAO-CHUNG	—	—	—	—	
Independent Director	JU, FU-CHEN	—	—	—	—	
Independent Director	SU, WEN-CHIUNG	—	—	—	—	Note 6
Independent Director	LEE, SHUEI-SHENG	—	—	—	—	Note 7
General Manager	CHEN, CHUNG-PIN	—	—	—	—	Note 8
Vice President	YOU, JUN-HUA	—	—	—	—	
Vice President	CHIU, MING-HO	—	—	—	—	Note 9
Vice President	CHEN, CHIUNG-TA	—	—	—	—	
Vice President	HUANG, PENG-PENG	—	—	—	—	
Accounting manager	TSAI, JO-YU	—	—	—	—	Note 10
Financial Manager & Corporate Governance Officer	TSAI, HSUI-HUEI	(3,000)	—	—	—	

Note 1: WANG, TUNG-HAI resigned as chairman after re-election on June 28, 2023.

Note 2: TSAY, MAW-DER took office as chairman after re-election on June 28, 2023.

Note 3: LEE, KUN-CHANG took office after re-election on June 28, 2023.

Note 4: Jatdix Investments International Limited took office after re-election on June 28, 2023.

Note 5: YU, HUI-LIN was dismissed as director after re-election on June 28, 2023 and resigned on September 30, 2023.

Note 6: SU, WEN-CHIUNG resigned from office after re-election on June 28, 2023.

Note 7: LEE, SHUEI-SHENG took office after re-election on June 28, 2023.

Note 8: CHEN, CHUNG-PIN's position was adjusted on August 10, 2023.

Note 9: CHIU, MING-HO's position was adjusted on December 08, 2023.

Note 10: TSAI, JO-YU took office on October 1, 2023.

(II) Information about the transfer of shareholders' equity: none.

(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 30, 2024; 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	
JATDIX INVESTMENTS INTERNATIONAL LIMITED	10,088,770	11.79%	—	—	—	—	JATDITA Investments Co., Ltd.	Same person as the person in charge of the company	—
Person in Charge: LIN, LIANG	884,683	1.03%	665,185	0.78%	17,940,077	20.97%			
SHINNING SPARK LIMITED (Seychelles)	7,692,396	8.99%	—	—	—	—	Hau Yang Investment Co., Ltd.	Same person as the person in charge of the company	—
Person in Charge: HUANG, KUEI-YING	387,426	0.45%	4,201,854	4.91%	11,061,134	12.93%	WANG, TUNG -HAI	Spouse	
LIN, SU-FANG	6,829,917	7.98%	4,552,320	5.32%	5,065,471	5.92%	RIGHT POINT LIMITED (Seychelles)	Chairman of the company	—
							LEE, KUN-CHANG	Spouse	
JATDITA Investments Co., Ltd.	6,451,307	7.54%	—	—	—	—	JATDIX INVESTMENTS INTERNATIONAL LIMITED	Same person as the person in charge of the company	—
Person in Charge: LIN, LIANG	884,683	1.03%	665,185	0.78%	17,940,077	20.97%			
JUMBO HARVEST LIMITED (Seychelles)	5,917,371	6.92%	—	—	—	—			—
Person in Charge: HUNG, TSAI-CHING	59,000	0.07%	2,907,372	3.40%	1,041,368	1.22%			
RIGHT POINT LIMITED (Seychelles)	5,065,471	5.92%	—	—	—	—	LIN, SU-FANG	Chairperson of the company	—
Person in Charge: LING, SU-FANG	6,829,917	7.98%	4,552,320	5.32%	5,065,471	5.92%	LEE, KUN-CHANG	Spouse	

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	
LEE, KUN-CHANG	4,552,320	5.32%	6,829,917	7.98%	5,065,471	5.92%	LIN, SU-FANG	Spouse	—
							RIGHT POINT LIMITED (Seychelles)	Spouse as the person in charge of the company	
WANG, TUNG -HAI	4,201,854	4.91%	387,426	0.45%	11,061,134	12.93%	HUANG, KUEI-YING	Spouse	—
							SHINNING SPARK LIMITED (Seychelles)	Spouse as the person in charge of the company	
							Hau Yang Investment Co., Ltd.	Spouse as the person in charge of the company	
Hau Yang Investment Co., Ltd.	3,368,738	3.94%	—	—	—	—	SHINNING SPARK LIMITED (Seychelles)	Same person as the person in charge of the company	—
Person in Charge: HUANG, KUEI-YING	387,426	0.45%	4,201,854	4.91%	11,061,134	12.93%	WANG, TUNG -HAI	Spouse	
LIU, JUN-JIE	2,911,491	3.4%	165,593	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 30, 2024; 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.	59.477	99.98%	—	—	59.477	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%

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)	Shareholdi ng ratio	Shares (in thousand)	Shareholding ratio
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 30, 2024; Unit: shares

Type of shares	Authorized capital (Note)			Remarks
	Outstanding shares	Unissued shares	Total	
Ordinary shares	85,542,062	34,457,938	120,000,000	The Company's stock refers to the listed stock.

2. Formation of capital:

April 30, 2024; 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
2021.09	10	120,000	1,200,000	80,700	807,001	Capitalization of retained earnings:NT\$52,794 thousand	N/A	Note 20
2022.08	10	120,000	1,200,000	85,542	855,421	Capitalization of retained earnings:NT\$48,420 thousand	N/A	Note 21

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.

Note 20: Jing-Shou-Shang-Zi No. 11001170680 dated September 23, 2021.

Note 21: Jing-Shou-Shang-Zi No. 11101150690 dated August 10, 2022.

(II) Shareholder structure

April 30, 2024; Unit: persons; share: %

Shareholder Structure Quantity	Government agency	Financial institute	Other corporations	Individual	Foreign institute and others	Total
Number of persons	0	0	17	1,630	17	1,664
Shares held	0	0	25,335,446	40,317,535	19,889,081	85,542,062
Shareholding ratio	0.00%	0.00%	29.62%	47.13%	23.25%	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 30, 2024; Unit: persons; Share: %

Level of shareholding	Number of shareholders	Shares held	Shareholding ratio
1 to 999	565	97,205	0.11%
1,000 to 5,000	684	1,422,587	1.66%
5,001 to 10,000	137	1,003,897	1.17%
10,001 to 15,000	61	760,678	0.89%
15,001 to 20,000	36	654,226	0.76%
20,001 to 30,000	48	1,205,607	1.41%
30,001 to 40,000	19	657,043	0.77%
40,001 to 50,000	21	954,282	1.12%
50,001 to 100,000	31	2,255,244	2.64%
100,001 to 200,000	32	4,255,786	4.98%
200,001 to 400,000	9	2,723,329	3.18%
400,001 to 600,000	2	1,020,438	1.19%
600,001 to 800,000	3	2,023,456	2.37%
800,001 to 1,000,000	2	1,884,683	2.20%
1,000,001 or more	14	64,623,601	75.55%
Total	1,664	85,542,062	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 30, 2024; Unit: shares; %

Shares of major shareholders	Shares held	Shareholding ratio
Name of major shareholder		
JATDIX INVESTMENTS INTERNATIONAL LIMITED	10,088,770	11.79%
SHINNING SPARK LIMITED (Seychelles)	7,692,396	8.99%
LIN, SU-FANG	6,829,917	7.98%
JATDITA Investments Co., Ltd.	6,451,307	7.54%
JUMBO HARVEST LIMITED (Seychelles)	5,917,371	6.92%
RIGHT POINT LIMITED (Seychelles)	5,065,471	5.92%
LEE, KUN-CHANG	4,552,320	5.32%
WANG, TUNG -HAI	4,201,854	4.91%
Hau Yang Investment Co., Ltd.	3,368,738	3.94%
LIU, JUN-JIE	2,911,491	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			2022	2023	In the current year up to March 31, 2024
Market price per share	Highest		60.90	58.50	43.10
	Lowest		46.45	39.45	34.70
	Average		54.91	47.60	39.51
Per-share net worth	Before distribution		27.36	25.32	25.30
	After distribution		26.86	25.32(Note 1)	—
Earnings per share	Weighted average outstanding shares		85,542	85,542	85,542
	EPS	Before retroactive adjustment	0.71	(1.00)	(0.30)
		After retroactive adjustment	—	—	—
Stock dividend per share	Cash dividends		0.5	—	—
	Stock dividends	From earnings	—	—	—
		From capital reserves	—	—	—
	Cumulative unpaid dividends		—	—	—
Investment return analysis	P/E ratio		77.34	—	—
	Price to dividends ratio		109.82	—	—
	Cash dividends yield		0.91%	—	—

Note 1: 2023 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 28, 2024.

(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:

The company does not plan to distribute dividends this year. The proposal will be dealt with in accordance applicable regulations after resolved at the regular shareholders' meeting on June 28, 2024.

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

The Company reported a pre-tax net loss for the year 2023; therefore, no distributions were made for employee remuneration and remuneration to directors. There was no difference between the estimated amount of compensation recognized as an expense.

(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:

The company did not distribute any this fiscal year, therefore it is not applicable.

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 2022, the employee remuneration and director remuneration were NT\$2,500 thousand and NT\$3,500 thousand, respectively. There was no difference between the actual distribution amount and the estimated registered amount.

(IX) Repurchase of the Company's shares: none.

II Issuance of corporate bond: none.

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) Not applicable.

(II) In July 2018, the company was authorized by the regulatory authority to issue its first domestic unsecured corporate convertible bonds. The total amount of funds required for the plan was 1,381,518 thousand TWD, and the total amount raised was 600,000 thousand TWD. The purpose of the funds was for the construction of a factory and the purchase of machinery and equipment in Yilan. By the end of the 2010 year, the project had been completed. The Yilan factory of the company has obtained the necessary production licenses and is actively operating, and it will continue to strive to improve efficiency in the future.

V. Overview of Operation

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	2022		2023	
	Net operating income	Weight(%)	Net operating income	Weight (%)
Plastic additives	1,740,611	62.03	1,349,856	60.61
UV curable materials	787,747	28.07	658,124	29.55
Others	277,712	9.90	219,100	9.84
Total	2,806,070	100.00	2,227,080	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. Development of various types of flame retardant formulas
- B. Continue to develop environmentally friendly and high efficiency heat stabilizer for PVC
- C. Continue to develop phenol-free anti-yellowing additive for PU foam
- D. Long acting antistatic agent

(2) UV Curable Materials

- A. Anti-fog coating
- B. Flame retardant resin
- C. Water-based color adhesive is used in the development of textile middle coating
- D. Development of Bio mass UV resin

(3) Digital Printing Materials

- A. High concentration UV-curing Color paste
- B. Continue to develop suitable for various materials customization inkjet ink
- C. High fastness water based pigment ink & Pre and post treatment
- D. Continue to develop digital printing OEM

(4) Synthetic Group

- A. Flame retardants for battery electrolytes
- B. Continue to develop 5G/6G materials
- C. Other electronic materials

(II) Overview of the industry

1. The industry and develop

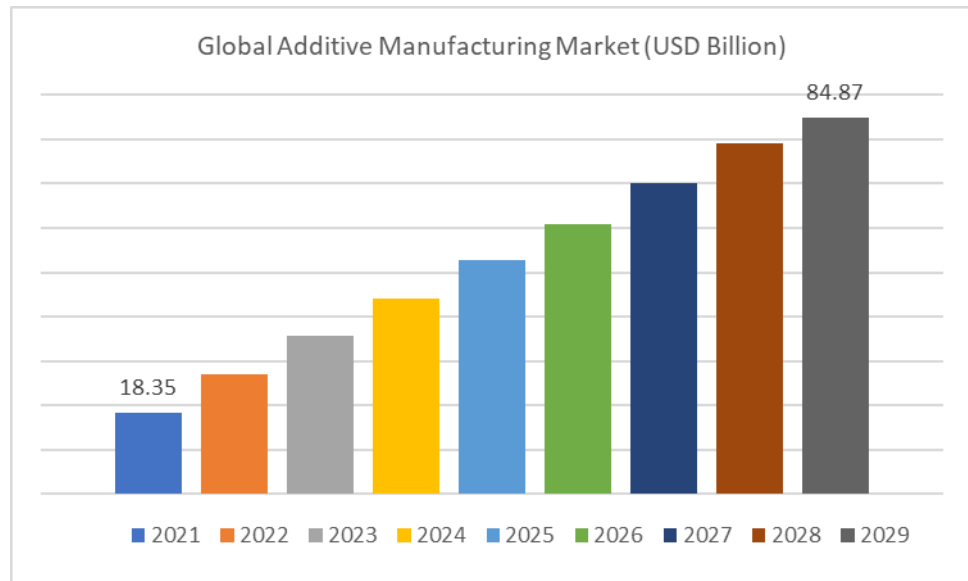
(1) Plastic additives

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. Despite the low proportion and material cost of additives, they often highlight the important performance characteristics of the product 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 plastics 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 research report in September 2022 of Maximize Market Research, the global plastic additives industry market size in 2021 is US\$18.35 billion, and is expected to reach US\$84.87 billion by 2029, with a compound annual growth rate of 21.1%.

The CAGR of Global Plastic Additives Market will reach 21.1% from 2021 to 2029



Source: " Maximize Market Research, Sept. 2022"

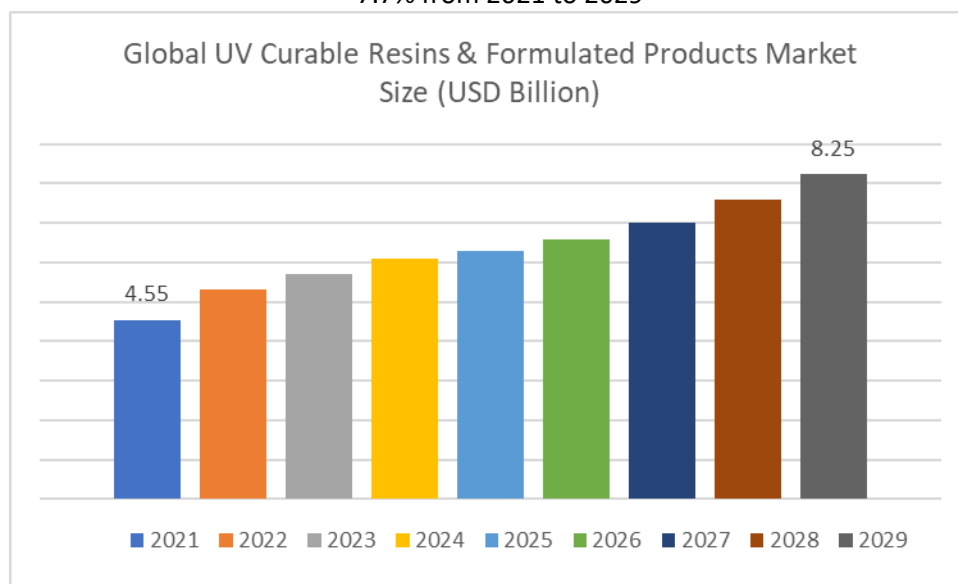
Although the scale of the plastic additives market in Taiwan is small, the industrial supply chain is complete and downstream applications are comprehensive. Products generated from the plastics mixing plant are sold to the world's largest electronics and optical products manufacturers while plastic additive manufacturers in Taiwan are mainly small and medium-sized enterprises. Manufacturers produce a wide variety of products, with most manufacturers producing approximately 3 to 5 types of additives, while a few produce more than 10 types. Overall, Taiwanese plastic additive manufacturers possess excellent technology, with high capabilities in the purification and formulation of additives, and their product quality is well recognized 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. 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.

The CAGR of Global UV Curable Resin & Formulated Products Market will reach 7.7% from 2021 to 2029



Source: Maximize Market Research, Nov. 2022

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.

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.

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, 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, our company has been dedicated to the development of new structural additives, hoping to achieve excellent results and make a significant contribution to 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.

(III) 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 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 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. Provide complete solutions to customer problems through the vertical integration of the R&D team. 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.

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

Unit: person; %

Items \ Year		2022		2023		April 30, 2024	
		Number of person	%	Number of person	%	Number of person	%
Educational Background	Ph.D	2	6.25	2	6.25	2	6.06
	Master Degree	24	75.00	24	75.00	25	75.76
	Bachelor Degree	6	18.75	6	18.75	6	18.18
	Below Bachelor Degree	—	—	—	—	—	—
	Total	32	100	32	100	33	100
Average seniority (years)		6.38		7.17		7.01	

3. The research and development expenses incurred in the most recent fiscal year and up to the date of the annual report publication, as well as the technologies or products that have been successfully developed.

Unit: NT\$ thousand; %

R&D expenses		Successfully developed technologies or products
2023	In the current year up to March 31, 2024	(1) New high-efficiency light stabilizer for polyolefins (2) Phenol-free anti-yellowing additive for PU foam and obtained patent for core ingredients (3) PVC matte flooring coating
60,505	12,567	(4) Waterborne PU resin (5) 6231/6235 UV resin (6) Waterborne primer for wood (7) Low-cost resin development (8) High-flexibility light-curing UV inkjet ink (9) Quick-drying water-based pigment inkjet ink (10) 5G materials (11) Pharmaceutical intermediates (12) Engineering-plastics monomer

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

1. Short-term plans

- (1) Accelerate the mass production of new products at the Yilan factory.
- (2) Improve the capacity utilization rate after the resumption of production at the Dafeng factory.
- (3) Actively expand into new global markets.
- (4) Strengthen the liquidation of long-standing inventory.

2. Long-term plans

- (1) Develop products with high cost-effectiveness.
- (2) Global marketing regional integration.
- (3) Independent development of key raw materials.
- (4) Increase production capacity and strengthen industry cooperation.
- (5) Form alliances in upstream and downstream supply and sales.

II Overview of the market, production, and marketing

(I) Market analysis

1. Territories where main products are sold

Unit: NT\$ thousand; %

Territory \ Year		2022		2023	
		Sales amount	Percentage (%)	Sales amount	Percentage (%)
Domestic Marketing		233,750	8.33	211,286	9.49
Export Sales	Asia	73.82	73.82	1,644,523	73.84
	Europe	13.41	13.41	271,159	12.18
	America	4.15	4.15	92,542	4.15
	Others	0.29	0.29	7,570	0.34
	Subtotal	91.67	91.67	2,015,794	90.51
Total		2,806,070	100.00	2,227,080	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

Item	2016	2017
Market Share (A)/(B)	4.01%	4.03%

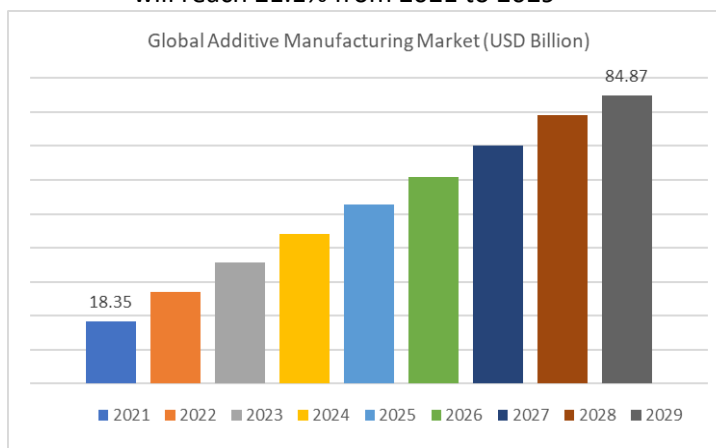
Source: "2017 Specialty Chemical Industry Yearbook" and 2016~2017 financial statements of the Company audited by certified public accountants.

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

(1) Plastic additives

The production and sales of the world's major Plastic additives are still dominated by North American and European manufacturers, accounting for more than 50% of the total market. According to the research report in September 2022 off Maximize Market Research, the global plastic additives industry market size in 2021 is US\$18.35 billion, and is expected to reach US\$84.87 billion by 2029, with a compound annual growth rate of 21.1%.

the CAGR of Global Additives Manufacturing Market Scale will reach 21.1% from 2021 to 2029



Source: "Maximize Market Research, Sept. 2022"

(2) UV curable materials

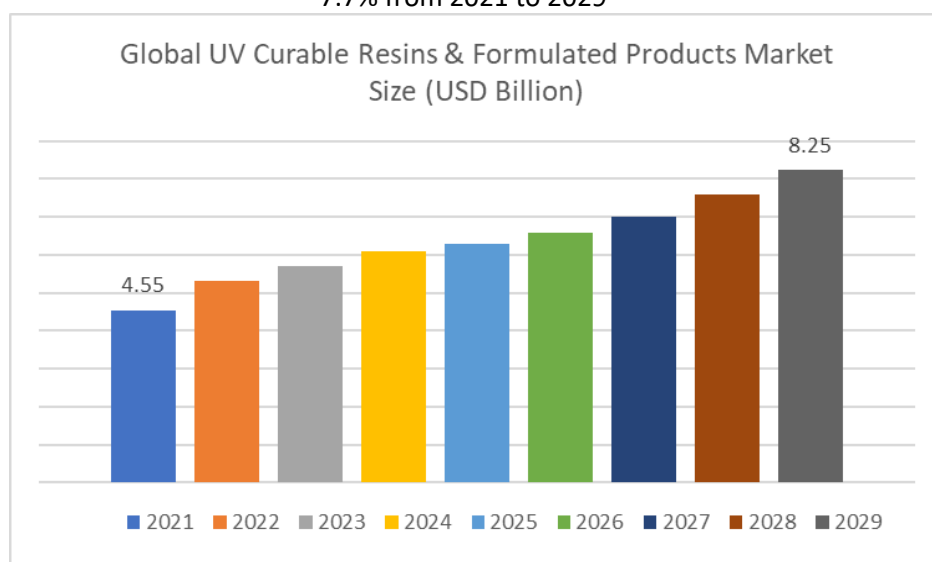
UV curable materials are mainly composed of monomers, oligomers, photo-initiators, and relevant auxiliaries. The UV curing process utilizes ultraviolet radiation to initiate polymerization of oligomers and active monomers before cross-linking into an insoluble solid film, which is a prototype of photo-curable resin. According to the research report in November 2022 of Maximize Market Research, the UV photocurable resin market and formulation market will reach US\$4.55 billion in 2021, and is expected to reach US\$8.25 billion by 2029, with a compound annual growth rate of 7.7%. 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. Rising activity in the construction industry due to

strong economic growth in developing regions, especially the large-scale market in Asia Pacific, will drive the sales of architectural coatings. Suppliers in developing regions will also benefit from brighter prospects for manufacturing output and infrastructure spending, which will also stimulate sales of industrial coatings used in the production and maintenance of automobiles, furniture, ships and roads and bridges.

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.

the CAGR of Global UV Curable Resins & Formulated products market will reach 7.7% from 2021 to 2029



Source: " Maximize Market Research, Sept. 2022"

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 sales 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.

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

(1) Advantage

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

The rapid economic growth of emerging markets is expected to drive demand for various raw materials and consumer goods. Additionally, the global demand for environmentally friendly products is on the rise, which should support the continued growth of the plastic additives and coatings industry.

- 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 has installed pollution prevention and control equipment and requires that all product manufacturing processes comply with environmental regulations. We are also refining our processes to reduce the generation of waste gas, wastewater, and solid waste. Additionally, we are committed to developing low-pollution products, expanding this market, and gradually increasing their 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 corporations 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.

(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.

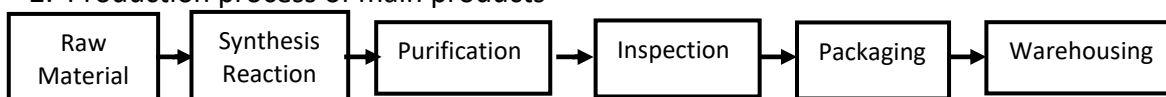
C. UV curable monomer:

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
Cyclohexanecarboxylic Acid	A company, B company	Good
Benzoic Acid	C company, D company	Good
Isobutyric Acid	E company, F company	Good
MMEA	G company	Good

(IV) To identify customers whose purchases and sales accounted for more than 10% of the total purchase and sales amount in any of the last two years, along with their purchase and sales amount and proportion, and to explain the reasons for the increase and decrease changes, please provide the following information:

1. Information about the main suppliers in the past two years:

Unit: NT\$ thousand

	2022				2023				During 2024 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	302,402	14.05	—	A	256,592	15.83	—	A	54,618	12.15	—
2	Others	1,849,762	85.95		Others	1,364,772	84.17		Others	394,782	87.85	
	Net Purchase	2,152,164	100.00		Net Purchase	1,621,364	100.00		Net Purchase	449,400	100.00	

Analysis of change:

From 2022 to the first quarter of 2024, company A accounted for 14.05%, 15.83% and 12.15% 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. Information about the main customers in the past two years:

Unit: NT\$ thousand

	2022				2023				During 2024 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	—	—	—	—	—	—	—	—	—	—	—	—
2	Others	2,806,070	100.00		Others	2,227,080	100.00		Others	521,372	100.00	
	Net Sales	2,806,070	100.00		Net Sales	2,227,080	100.00		Net Sales	521,372	100.00	

Analysis of change: From 2022 to the first quarter of 2024, no single customer accounted for more than 10% of the net sales.

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

(VI) Unit: metric ton; NT\$ thousand

Year/Production Volume & Value	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Main Products						
Plastic additives	988	346	63,802	717	437	76,848
UV curable materials	4,144	175	46,999	4,290	1,241	199,333
Others	3,622	500	73,015	3,723	1,010	172,040
Total	8,754	1,021	183,816	8,730	2,688	448,221

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

Unit: metric ton; NT\$ thousand

Year/Sales Volume & Value Main Product	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Plastic additives	583	134,695	6,144	1,605,916	416	91,722	5,958	1,258,134
UV curable materials	146	49,213	2,356	738,534	209	79,698	1,691	578,426
Others	135	49,841	1,120	227,871	292	39,866	764	169,234
Total	864	233,749	9,620	2,572,321	917	211,286	8,413	2,005,794

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

Unit: person; year; %

Year		2022	2023	2024 until April 30
Number of employees	Direct employees	128	154	168
	Indirect employees	237	241	243
	Total	365	395	411
Average age (years)		41.7	42.46	41.22
Average years of service (years)		7.49	7.39	7.47
Academic background (%)	Doctor	0.82	0.76	0.73
	Master	12.33	11.14	10.95
	College	49.04	48.10	50.12
	High school	33.15	34.94	33.58
	High school and below	4.66	5.06	4.62

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: Not applicable.
- (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. Our company has not planned any significant capital expenditures for environmental protection. The estimated annual routine environmental protection expenditure is approximately NT\$20 million.
 2. 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.

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 free lunch, employee health screenings, meal gatherings, subsidiaries for activities, year-end bonus, parking spaces for locomotives, subsidiaries for on-the-job training, gifts on three major Chinese festivals, 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. In addition, employees will be entitled to 3 days of paid sick leave per year starting from 2022 year.
 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 Information Security Management

- (I) Describe the risk management framework for information and communications security, information and communications security policies, specific management plans, and resources devoted to information and communications security management.

1.The risk management framework for information and communications security:

The Company's information security is evaluated by the information department, which is an independent department not affiliated with the user unit, and is responsible for coordinating and implementing internal information security standards and systems, planning and implementing information security operations and information security policies, collecting and improving the technology, products or procedures of the performance and effectiveness of the organization's information security management system, and making timely adjustments as required. Every year, the audit office conducts an information security audit on the internal control system-computer information system operation cycle to evaluate the effectiveness of the company's internal control over information operations.

2.information and communications security policies:

A. There is an internal control system-computer information system operation cycle and information security policy, which regulates the information security operation behavior of the Company's personnel, strengthens information security protection operations according to environmental changes, and cooperates with third-party service providers to strengthen emergency response capabilities.

B. Regularly evaluate the security of the personnel and information equipment of the unit to ensure that they comply with the information security policy and relevant regulations.

C. In the outsourcing contract, the security requirements are to be modified at any time according to the actual needs, such as security control measures and operation procedures.

3.Information security specific management plans:

A. Firewall protection: the firewall sets the connection rules, and if there are special connection requirements, additional applications are required to be opened.

B. User internet control mechanism: automatically filter the websites that users may connect to when using the Internet, including Trojan horses, ransomware or malicious programs.

C. Anti-virus software: use anti-virus software, and automatically update the virus pattern to reduce the chance of virus infection.

D. Operation system updates: the system is automatically updated. If it is not updated for

some reason, the information department will assist in updating it.

E. E-mail security control: there is automatic e-mail scanning threat protection. Before users receive e-mails, they should guard against unsafe attachment files, phishing e-mails and junk e-mails, and expand the scope of protection against malicious links. After a personal computer receives an e-mail, the anti-virus software will also scan for unsafe attachment files.

F. Data backup mechanism: all important information system databases are set for daily backup. Back up the data to other places for safekeeping.

G. Important file uploading to the server: the important files of each department in the company are stored in the server, and are backed up and kept by the information department.

H. Carry out disaster restore plan: regularly implement internal core system disaster recovery drill plans to ensure the continuous operation of critical information operations.

I. Equipment room is equipped with access control to manage the personnel entering and exiting: only information personnel can enter and exit. If colleagues or vendors enter due to business needs, information personnel should accompany them and fill in relevant forms.

J. Education and training for personnel management and information security: to establish employee awareness of information security, enhance employee security awareness and improve the level of information security.

4. Resources devoted to information and communications security management: In order to strengthen information security, we will actively improve and strengthen the capital security defense mechanism, improve the information security protection, establish a joint defense mechanism, and train information security personnel as required.

(II) Any losses, possible impacts and responses to major information security incidents suffered in the most recent year and up to the date of printing of the annual report: none.

VII Important contracts

Nature	Parties	Term	Main contents	Restrictive clauses
Loan agreement	FUBON BANK	2023.10~2024.10	Credit loan with a general credit limit	N/A
Loan agreement	CTBC BANK	2023.08~2024.08	Credit loan with a general credit limit, secured loan	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	2023.09~2024.11	Credit loan with a general credit limit	N/A

Nature	Parties	Term	Main contents	Restrictive clauses
Loan agreement	E.SUN Bank	2023.08~2024.09	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	2024.03~2025.03	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	Cathay United Bank	2023.07~2024.07	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	2023.08~2024.08	Credit loan with a general credit limit	N/A
Loan agreement	Yuanta Bank	2023.03~2025.03	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, 2024 Financial Information (Note 2)
		2019	2020	2021	2022	2023	
Current asset		2,531,747	2,517,588	2,563,244	2,397,881	2,173,830	2,202,746
Property, plant, and equipment		1,077,652	1,446,518	1,715,079	1,809,505	2,074,583	2,040,323
Intangible assets		2,356	1,672	1,282	2,316	4,787	4,605
Other assets		426,624	553,245	534,368	582,002	289,740	307,550
Total assets		4,038,379	4,519,023	4,813,973	4,791,704	4,542,940	4,555,224
Current liabilities	Before distribution	1,280,559	1,523,375	1,194,849	1,364,150	1,647,216	1,684,777
	After distribution	1,372,705	1,598,796	1,275,549	1,406,921	—	—
Non-current liabilities		399,855	777,030	1,333,000	1,083,507	724,493	701,427
Total liabilities	Before distribution	1,680,414	2,300,405	2,527,849	2,447,657	2,371,709	2,386,204
	After distribution	1,772,560	2,375,826	2,608,549	2,490,428	—	—
Equity attributable to owners of parent company		2,350,286	2,212,410	2,282,167	2,340,060	2,166,305	2,164,025
Share capital		767,886	754,206	807,001	855,421	855,421	855,421
Capital collected in advance		—	—	—	—	—	—
Capital surplus		362,640	356,491	356,515	356,515	356,590	356,700
Retained earnings	Before distribution	1,298,399	1,193,410	1,224,176	1,206,007	1,077,293	1,051,343
	After distribution	1,206,253	1,117,989	1,143,476	1,163,236	—	—
Other equity		(78,639)	(91,697)	(105,525)	(77,883)	(122,999)	(99,439)
Treasury shares		—	—	—	—	—	—
Non-controlling interest		7,679	6,208	3,957	3,987	4,926	4,995
Total of equity	Before distribution	2,357,965	2,218,618	2,286,124	2,344,047	2,171,231	2,169,020
	After distribution	2,265,819	2,143,197	2,205,424	2,301,276	—	—

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 2019 to 2023 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, 2024 Financial information (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	3,496,960	2,632,875	3,063,040	2,806,070	2,227,080	521,372
Gross profit	677,192	443,048	537,843	413,734	256,183	56,546
Net operating income	243,400	89,682	147,345	30,305	(113,974)	(31,196)
Non-operating income and expense	13,717	20,302	2,035	53,701	24,976	2,590
Net income before tax	257,117	109,984	149,380	84,006	(88,998)	(28,606)
Net income of continuing operations	197,418	62,801	106,631	60,221	(85,050)	(25,904)
Net loss from discontinuing operations	—	—	—	—	—	—
Net income (loss)	197,418	62,801	106,631	60,221	(85,050)	(25,904)
Other comprehensive income (loss) net of tax	(59,068)	(13,064)	(14,878)	29,982	(45,070)	23,583
Total comprehensive income	138,350	49,737	91,753	90,203	(130,120)	(2,321)
Net income attributable to owners of parent company	194,461	62,084	106,874	60,357	(85,907)	(25,950)
Net income attributed to non-controlling equity	2,957	717	(243)	(136)	857	46
Total comprehensive income attributable to owners of parent company	134,752	49,194	92,359	90,173	(131,059)	(2,390)
Total comprehensive income attributable to non-controlling equity	3,598	543	(606)	30	939	69
Earnings per share	2.53	0.76	1.25	0.71	(1.00)	(0.30)

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 2019 to 2023 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, 2024 Financial Information
		2019	2020	2021	2022	2023	
Current asset		936,521	1,062,860	992,445	870,690	646,874	N/A
Properties, plants, and equipment		873,867	1,270,457	1,533,377	1,627,699	1,911,942	
Intangible assets		1,835	1,477	1,276	2,310	4,779	
Other assets		1,915,340	1,893,540	1,927,950	1,969,245	1,676,497	
Total assets		3,727,563	4,228,334	4,455,048	4,469,944	4,240,092	
Current liabilities	Before distribution	979,183	1,238,700	840,807	1,048,304	1,351,101	
	After distribution	1,071,329	1,314,121	921,507	1,091,075	—	
Noncurrent liabilities		398,094	777,224	1,332,074	1,081,580	722,686	
Total liabilities	Before distribution	1,377,277	2,015,924	2,172,881	2,129,884	2,073,787	
	After distribution	1,469,423	2,091,345	2,253,581	2,172,655	—	
Equity attributable to owners of parent company		2,350,286	2,212,410	2,282,167	2,340,060	2,166,305	
Share capital		767,886	754,206	807,001	855,421	855,421	
Capital collected in advance		—	—	—	—	—	
Capital surplus		362,640	356,491	356,515	356,515	356,590	
Retained earnings	Before distribution	1,298,399	1,193,410	1,224,176	1,206,007	1,077,293	
	After distribution	1,206,253	1,117,989	1,143,476	1,163,236	—	
Other equity		(19,735)	(78,639)	(91,697)	(105,525)	(77,883)	
Treasury shares		—	—	—	—	—	
Non-controlling interest		—	—	—	—	—	
Total of equity	Before distribution	2,350,286	2,212,410	2,282,167	2,340,060	2,166,305	
	After distribution	2,258,140	2,136,989	2,201,467	2,297,289	—	

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 2019 to 2023 has been audited.

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

Unit: NT\$ thousand

Year Items	Financial information for the most recent five years (Note)					Year-to-date March 31, 2024 Financial information
	2019	2020	2021	2022	2023	
Operating revenue	1,604,408	1,143,370	1,354,802	1,247,907	971,110	N/A
Gross profit	365,177	225,406	239,903	176,550	25,154	
Net operating income	141,698	26,145	17,011	(31,785)	(163,616)	
Non-operating income and expense	97,120	48,966	93,912	95,904	54,970	
Net income before tax	238,818	75,111	110,923	64,119	(108,646)	
Net income of continuing operations	194,461	62,084	106,874	60,357	(85,907)	
Net loss from discontinuing operations	—	—	—	—	—	
Net income (loss)	194,461	62,084	106,874	60,357	(85,907)	
Other comprehensive income (loss) net of tax	(59,709)	(12,890)	(14,515)	29,816	(45,152)	
Total comprehensive income	134,752	49,194	92,359	90,173	(131,059)	
Net income attributed to owners of parent company	194,461	62,084	106,874	60,357	(85,907)	
Net income attributed to non-controlling equity	—	—	—	—	—	
Total comprehensive income attributed to owners of parent company	134,752	49,194	92,359	90,173	(131,059)	
Total comprehensive income attributed to non-controlling equity	—	—	—	—	—	
Earnings per share	2.53	0.76	1.25	0.71	(1.00)	

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 2019 to 2023 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
2019	Deloitte & Touche	CHEN, CHIH-YUAN, CHANG, CHING-JEN	Unqualified opinions
2020	Deloitte & Touche	CHEN, CHIH-YUAN, CHANG, CHING-JEN	Unqualified opinions
2021	Deloitte & Touche	CHEN, CHIH-YUAN, HUANG, YAO-LIN	Unqualified opinions
2022	Deloitte & Touche	CHEN, CHIH-YUAN, HUANG, YAO-LIN	Unqualified opinions
2023	Deloitte & Touche	CHEN, CHIH-YUAN, HUANG, YAO-LIN	Unqualified opinions

II Financial analysis for the most recent five years

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

Analysis items \ Year (Note 2)		Financial information for the most recent five years					In the current year up to March 31, 2024
		2019	2020	2021	2022	2023	
Financial Structure	Debt ratio (%)	41.61	50.90	52.51	51.08	52.21	52.38
	Long term fund to property, plant and equipment ratio (%)	255.20	206.66	210.79	189.20	139.34	140.44
Liquidity Analysis	Current ratio (%)	197.71	165.26	214.52	175.78	131.97	130.74
	Quick ratio (%)	164.97	138.65	167.83	140.67	108.22	103.47
	Times interest earned	41.19	16.72	9.18	3.25	(1.61)	(2.12)
Operating Performance Analysis	Account receivable turnover (times)	4.24	3.77	4.59	4.46	4.24	4.70
	Average collection turnover days	86	97	80	82	86	78
	Inventory turnover (times)	5.34	4.95	4.90	4.35	3.97	3.63
	Account payable turnover (times)	6.66	6.06	6.19	5.69	5.62	5.62
	Average inventory turnover days	68	74	74	84	92	101
	Property, plant, and equipment turnover (times)	3.66	2.09	1.94	1.59	1.15	1.01
	Total assets turnover (times)	0.84	0.62	0.66	0.58	0.48	0.46
Profitability Analysis	Return on total assets (%)	4.88	1.69	2.46	1.37	(1.35)	(1.62)
	Return on equity (%)	7.91	2.72	4.76	2.61	(3.81)	(4.79)
	To paid-up capital ratio (%)	Operating income	31.70	11.89	18.26	3.54	(13.32)
		Net income before tax	33.48	14.58	18.51	9.82	(10.40)
	Net margin (%)		5.56	2.36	3.49	2.15	(3.86)
	Earnings per share (NT\$)		2.53	0.76	1.32	0.71	(1.00)
Cashflow	Cashflow ratio (%)	35.31	8.51	3.45	11.13	8.56	Note 1
	Cashflow adequacy ratio (%)	95.15	75.21	65.53	49.11	50.78	35.15
	Cash reinvestment ratio (%)	3.53	1.18	0.48	3.26	3.07	Note 1
Leverage	Operating leverage	1.29	1.75	1.41	2.89	(0.16)	(0.42)
	Financial leverage	1.05	1.17	1.07	1.29	0.80	0.77

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

1. The ratio of long-term funds to property, plant and equipment decreased by 26.35%, mainly due to a decrease in non-current liabilities at the end of 2023.
2. The current ratio and quick ratio decreased by 24.92% and 23.07%, respectively, mainly due to an increase in current liabilities at the end of 2023.
3. The interest coverage ratio decreased by 149.51%, mainly due to a decrease in operating profit in 2023.
4. The turnover rate of property, plant and equipment decreased by 27.98%, mainly due to a decrease in net sales in 2023.
5. Asset return, equity return, operating profit to share capital ratio, pre-tax profit to share capital ratio, profit margin, and earnings per share decreased by 198.44%, 245.99%, 476.09%, 205.94%, 279.33%, and 242.33%, respectively, mainly due to decreases in operating profit, pre-tax profit, and after-tax profit in 2023.
6. The cash flow ratio decreased by 23.04%, mainly due to a decrease in net cash inflow from operating activities in 2023.
7. Operating leverage and financial leverage decreased by 105.60% and 38.20%, respectively, mainly due to a decrease in operating profit in 2023.

Note 1: The relevant ratios are not listed since cash flow generated from operating activities is negative and is not comparable.

Note 2: The afore mentioned financial information has been audited or reviewed by certified public accountants.

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		Year (Note 2)	Financial information for the most recent five years					In the current year up to March 31, 2024
			2019	2020	2021	2022	2023	
Financial Structure	Debt ratio (%)		36.95	47.68	48.77	47.65	48.91	N/A
	Long term funds to property, plant and equipment ratio (%)		314.51	235.32	235.70	210.21	151.10	
Liquidity Analysis	Current ratio (%)		95.64	85.80	118.03	83.06	47.88	
	Quick ratio (%)		77.69	69.90	79.89	54.06	32.59	
	Times interest earned		41.30	7.42	7.09	2.56	(2.15)	
Operating Performance Analysis	Account receivable turnover (times)		4.96	4.39	4.84	4.66	4.31	
	Average collection turnover days		74	83	75	78	85	
	Inventory turnover (times)		5.96	4.69	4.21	3.41	3.36	
	Account payable turnover (times)		5.85	5.83	6.41	6.65	8.19	
	Average inventory turnover days		61	78	87	107	109	
	Property, plant, and equipment turnover (times)		2.15	1.07	0.97	0.79	0.55	
	Total assets turnover (times)		0.42	0.29	0.31	0.28	0.22	
Profitability Analysis	Return on total assets (%)		5.29	1.81	2.64	1.47	(1.45)	
	Return on equity (%)		7.91	2.72	4.76	2.61	(3.81)	
	To paid-up capital ratio (%)	Operating income	18.45	3.47	2.11	(3.72)	(19.13)	
		Net income before tax	31.10	9.96	13.75	7.50	(12.70)	
	Net margin (%)		12.12	5.43	7.89	4.84	(8.85)	
	Earnings per share (NT\$)		2.53	0.76	1.25	0.71	(1.00)	
Cash flow	Cash flow ratio (%)		10.76	Note 1	Note 1	Note 1	1.67	
	Cash flow adequacy ratio (%)		37.64	25.94	16.37	7.75	Note 1	
	Cash reinvestment ratio (%)		Note 1	Note 1	Note 1	Note 1	Note 1	
Leverage	Operating leverage		1.13	1.59	2.22	0.32	0.45	
	Financial leverage		1.09	1.88	2.24	0.83	0.85	

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

1. The ratio of long-term funds to property, plant and equipment decreased by 28.12%, mainly due to a decrease in non-current liabilities at the end of 2023.
2. The current ratio and quick ratio decreased by 42.36% and 39.72%, respectively, mainly due to an increase in current liabilities at the end of 2023.
3. The interest coverage ratio decreased by 183.75%, mainly due to a decrease in operating profit in 2023.
4. Accounts payable turnover rate (times) increased by 23.15%, mainly due to a decrease in cost of goods sold in 2023.
5. The turnover rate of property, plant and equipment decreased by 30.50%, mainly due to an increase in net property, plant and equipment at the end of 2023.
6. Asset return, equity return, operating profit to share capital ratio, pre-tax profit to share capital ratio, profit margin, and earnings per share decreased by 198.44%, 245.99%, 414.76%, 269.44%, 282.90%, and 242.33%, respectively, mainly due to decreases in operating profit, pre-tax profit, and after-tax profit in 2023.
7. Operating leverage increased by 41.42%, mainly due to a decrease in operating profit in 2023.

Note 1: The relevant ratios are not listed since cash flow generated from operating activities is negative and is not comparable.

Note 2: The afore mentioned financial information has been audited or reviewed by certified public accountants.

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 2023 Business Report, Financial Statements (both parent company only and consolidated), and proposal for allocation of profits. Both CPA CHEN,CHIH-YUAN & CPA HUANG,YAO-LIN of the CPA firm Deloitte & Touche were retained to audit Double Bond Chemical's Financial Statements and have issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Double Bond Chemical Ind. Co., Ltd. According to the Securities and Exchange Act and the Company Act, we hereby submit this report.

Double Bond Chemical Ind. Co., Ltd.

Convener of the Audit Committee: TSAI, KAO-CHUNG

March 14, 2024

- 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	2022	2023	Increase (decrease)	
			Amount	%
Current asset	2,397,881	2,173,830	(224,051)	(9.34)
Property, plant, and equipment	1,809,505	2,074,583	265,078	14.65
Intangible assets	2,316	4,787	2,471	106.69
Other assets	582,002	289,740	(292,262)	(50.22)
Total assets	4,791,704	4,542,940	(248,764)	(5.19)
Current liabilities	1,364,150	1,642,216	283,066	20.75
Non-current liabilities	1,083,507	724,493	(359,014)	(33.13)
Total liabilities	2,447,657	2,371,709	(75,948)	(3.10)
Share capital	855,421	855,421	—	—
Capital surplus	356,515	356,590	75	0.02
Retained earnings	1,206,007	1,077,293	(128,714)	(10.67)
Other equity	(77,883)	(122,999)	(45,116)	(57.93)
Non-controlling interest	3,987	4,926	939	23.55
Total shareholder's equity	2,344,047	2,171,231	(172,816)	(7.37)
1. Description of major changes (increased or decreased by NT\$10,000 thousand and 20% or more):				
(1) Other assets decrease: Mainly due to the reclassification of prepaid equipment payments to real estate, plant and equipment.				
(2) Current liabilities Increase: Mainly due to the increase in short-term borrowings in 2023.				
(3) Non-current liabilities decrease: Mainly due to the continuous repayment of long-term bank loans.				
(4) Other equity decrease: Mainly due to changes in exchange differences in the translation of financial statements of foreign operating institutions in 2023.				
2. Response plan for major changes:				
The above deviations had no major impact on the Group's financial status, so response plans did not need to be formulated.				

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

Unit: NT\$ thousand; %

Accounting title \ Year	2022	2023	Increase (decrease)	
			Amount	%
Current asset	870,690	646,874	(223,816)	(25.71)
Property, plant and equipment	1,627,699	1,911,942	284,243	17.46
Intangible asset	2,310	4,779	2,469	106.88
Other assets	1,969,245	1,676,497	(292,748)	(14.87)
Total assets	4,469,944	4,240,092	(229,852)	(5.14)
Current liabilities	1,048,304	1,351,101	302,797	28.88
Non-current liabilities	1,081,580	722,686	(358,894)	(33.18)
Total liabilities	2,129,884	2,073,787	(56,097)	(2.63)
Share capital	855,421	855,421	0	0.00
Capital surplus	356,515	356,590	75	0.02
Retained earnings	1,206,007	1,077,293	(128,714)	(10.67)
Other equity	(77,883)	(122,999)	(45,116)	(57.93)
Non-controlling interest	—	—	—	—
Total shareholder's equity	2,340,060	2,166,305	(173,755)	(7.43)
<p>1. Description of major changes (increased or decreased by NT\$10,000 thousand and 20% or more):</p> <p>(1) Current assets decrease: Mainly due to decrease in accounts receivable and inventory.</p> <p>(2) Current liabilities Increase: Mainly due to the increase in short-term borrowings in 2023.</p> <p>(3) Non-current liabilities decrease: Mainly due to the continuous repayment of long-term bank loans.</p> <p>(4) Other equity decrease: Mainly due to changes in exchange differences in the translation of financial statements of foreign operating institutions in 2023.</p> <p>2. Response plan for major changes:</p> <p>The above deviations had no major impact on the Group's financial status, so response plans did not need to be formulated.</p>				

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	2022	2023	Increase (decrease)	
			Amount	%
Operating income	2,806,070	2,227,080	(578,990)	(20.63)
Operating cost	2,392,336	1,970,897	(421,439)	(17.62)
Gross profit	413,734	256,183	(157,551)	(38.08)
Operating expense	383,429	370,157	(13,272)	(3.46)
Operating profit	30,305	(113,974)	(144,279)	(476.09)
Non-operating income and expense	53,701	24,976	(28,725)	(53.49)
Net profit before tax	84,006	(88,998)	(173,004)	(205.94)
Income tax expense	23,785	(3,948)	(27,733)	(116.60)
Net income	60,221	(85,050)	(145,271)	(241.23)
Net other comprehensive income (loss) after tax	29,982	(45,070)	(75,052)	(250.32)
Total comprehensive income	90,203	(130,120)	(220,323)	(244.25)
Description of major changes (increased or decreased by NT\$10,000 thousand and 20% or more):				
1. Decrease in operating, income gross profit, operating profit, net profit before tax, Income tax expense and Net income: mainly due to operating profit decreased in 2023 year.				
2. Decrease in non-operating income and expense: mainly due to the increase in financial costs due to the rise in interest rates and the reduction in the amount of capitalized interest in 2023.				
3. Decrease in Net other comprehensive income (loss) after tax: mainly due to the change in the Exchange Differences on Translation of Foreign Financial Statements in 2023 year.				

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

Unit: NT\$ thousand; %

Accounting title \ Year	2022	2023	Increase (decrease)	
			Amount	%
Operating income	1,247,907	971,110	(276,797)	(22.18)
Operating cost	1,071,357	945,956	(125,401)	(11.70)
Gross profit	176,550	25,154	(151,396)	(85.75)
Operating expense	208,335	188,770	(19,565)	(9.39)
Operating profit	(31,785)	(163,616)	(131,831)	(414.76)
Non-operating income and expense	95,904	54,970	(40,934)	(42.68)
Net profit before tax	64,119	(108,646)	(172,765)	(269.44)
Income tax expense	3,762	(22,739)	(26,501)	(704.44)
Net income	60,357	(85,907)	(146,264)	(242.33)
Net other comprehensive income (loss) after tax	29,816	(45,152)	(74,968)	(251.44)
Total comprehensive income	90,173	(131,059)	(221,232)	(245.34)
Description of major changes (increased or decreased by NT\$10,000 thousand and 20% or more):				
1. Decrease in operating, income gross profit, operating profit, net profit before tax, Income tax expense and Net income: mainly due to operating profit decreased in 2023 year.				
2. Decrease in non-operating income and expense: mainly due to the increase in financial costs due to the rise in interest rates and the reduction in the amount of capitalized interest in 2023.				
3. Decrease in Net other comprehensive income (loss) after tax: mainly due to the change in the Exchange Differences on Translation of Foreign Financial Statements in 2023 year.				

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	2022	2023	Amount of increase or decrease
Operating activities	151,768	141,037	(10,731)
Investing activities	(120,749)	(56,763)	63,986
Financing activities	15,425	(70,000)	(85,425)
Net cash inflow (outflow)	82,038	(6,117)	(88,155)
Analysis of changes in cashflow:			
1. Decrease in inflow of operating activities: mainly due to the revenue decrease in 2023 year.			
2. Decrease in outflow of investment activities: mainly due to the decrease of purchasing property, plant and equipment in 2023 year.			
3. Increase in outflow of financing activities: mainly due to bank borrowing decrease in 2023 year.			

(II) Corrective measures to be taken in response to insufficient liquidity: none.

(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
1,195,993	54,129	(84,239)	52,528	1,218,411	—	—
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 purchase of machinery and equipment.						
(3) Inflow of financing activities: mainly due to bank borrowing increased.						
2. Countermeasures and liquidity analysis for expected insufficiency in cash flow: none.						

IV Effects of any major capital expenditures on financial operations during the most recent year: None.

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) Investment Policies for the most recent year, Main causes of profits or losses, Improvement plan and Investment plan for the following year:

Unit: NT\$ thousand

Investees	Investment income recognized in 2023	Reinvestment policy	Main causes of profits or losses	Improvement plan	Investment plan for the following year
DBC Group Co., Ltd.	71,445	Holding company	Due to the profit earned by the investee.	—	—
DBC Europe Holding AG	24	Holding company	Due to the profit earned by the investee	—	—
DBC Europe GmbH	82	Product promotion and customer service	Due to the profit gained from operating activities.	—	—
DBC Korea Co., Ltd.	684	Product promotion and customer service	Due to the profit gained from operating activities.	—	—
Double Bond Chemical Ind. USA, Inc.	(18,226)	Sales of chemical products	Since 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	2,084	Sales of chemical products	Due to the profit gained from operating activities.	—	—
Double Bond Chemical (Thailand) Co., Ltd.	(254)	Sales of chemical products	Since 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.	1,076	Sales of chemical products	Due to the profit gained from operating activities.	—	—
Double Bond Chemical Global Co., Ltd.	105,927	Holding company	Due to the profit earned by the investee.	—	—
Total Triumph Limited	(37,696)	Holding company	Due to the loss earned by the investee.	—	—
DBC Switzerland AG	381	Sales of chemical products	Due to the profit gained from operating activities.	—	—
DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD.	106,118	Sales of chemical products	Due to the profit gained from operating activities.	—	—
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	(37,680)	Production and sales of chemical products	The main reason is that it has not yet reached the economic scale after resumption of work in 2023.	Adjust production lines according to market demand and group planning and actively strive for customer orders.	—

- 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. The net interest expense for the fiscal year 2023 was 11,189 thousand TWD, which accounted for approximately (0.50)% of the net operating income and 12.57% of the pre-tax net loss for the year.
 - (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. 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
The net amount of exchange gains (losses) for the company in fiscal year 2023 was NTD12,225 thousand, which accounted for approximately 0.55% of the net operating income and (13.74%) of the pre-tax net loss for the year.
 - (2) Countermeasures to be taken
The finance department continuously monitors exchange rate fluctuations and maintains close contact with financial institutions to grasp international exchange rate trends and changes, and flexibly adjusts foreign currency positions. Additionally, the company primarily adopts a natural hedging policy and conducts forward foreign exchange hedging transactions based on the principle of prudence to reduce the impact of exchange rate volatility on the company's profits and losses.
 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 will continue to closely observe the changes in the price index, study the impact of inflation on the Company, and timely adjusts product prices and raw material inventory levels to respond to the risks of 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 the annual report publication, 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. Development of various types of flame retardant formulas
- B. Continue to develop environmentally friendly and high efficiency heat stabilizer for PVC
- C. Continue to develop phenol-free anti-yellowing additive for PU foam
- D. Long acting antistatic agent

(2) UV Curable Materials

- A. Anti-fog coating
- B. Flame retardant resin
- C. Water-based color adhesive is used in the development of textile middle coating
- D. Development of Bio mass UV resin

(3) Digital Printing Materials

- A. High concentration UV-curing Color paste
- B. Continue to develop suitable for various materials customization inkjet ink
- C. High fastness water based pigment ink & Pre and post treatment
- D. Continue to develop digital printing OEM

(4) Synthetic Group

- A. Flame retardants for battery electrolytes
- B. Continue to develop 5G/6G materials
- C. Other electronic materials

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 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) The impact of technological changes (including cybersecurity risks) and industry shifts on the company's financial operations, as well as corresponding measures. Independent research and development is a crucial aspect of our company's operations. Technological advancements can enhance our R&D expertise, improve product quality, and facilitate the continuous development of new products to drive the growth of our financial operations.

While we have established cybersecurity measures for our network and computer systems, the rapid evolution of technology has given rise to a multitude of cybersecurity threats, including data breaches and ransomware attacks. Such attacks could result in substantial financial liabilities due to operational disruptions, customer compensation, or contractual penalties. To mitigate these risks, in addition to annual internal social engineering drills and employee cybersecurity awareness campaigns, we continuously update and implement cybersecurity controls, and have introduced endpoint protection systems, server endpoint detection and response mechanisms, intrusion detection and prevention systems, and email sandbox analysis to enhance email security and reduce the occurrence of incidents involving the leakage of confidential or sensitive data.

As of the date of this annual report, there have been no material adverse impacts on our financial operations arising from technological changes (including cybersecurity risks) or industry shifts.

- (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 construction of the Yilan factory

has been completed, and efforts are ongoing to continuously improve its efficiency. 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:

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 two suppliers at a time to keep a stable source of product supply. In terms of sales, the proportion of any single customer is not high, therefore there is no risk of concentration in sales.

- (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: Not applicable.

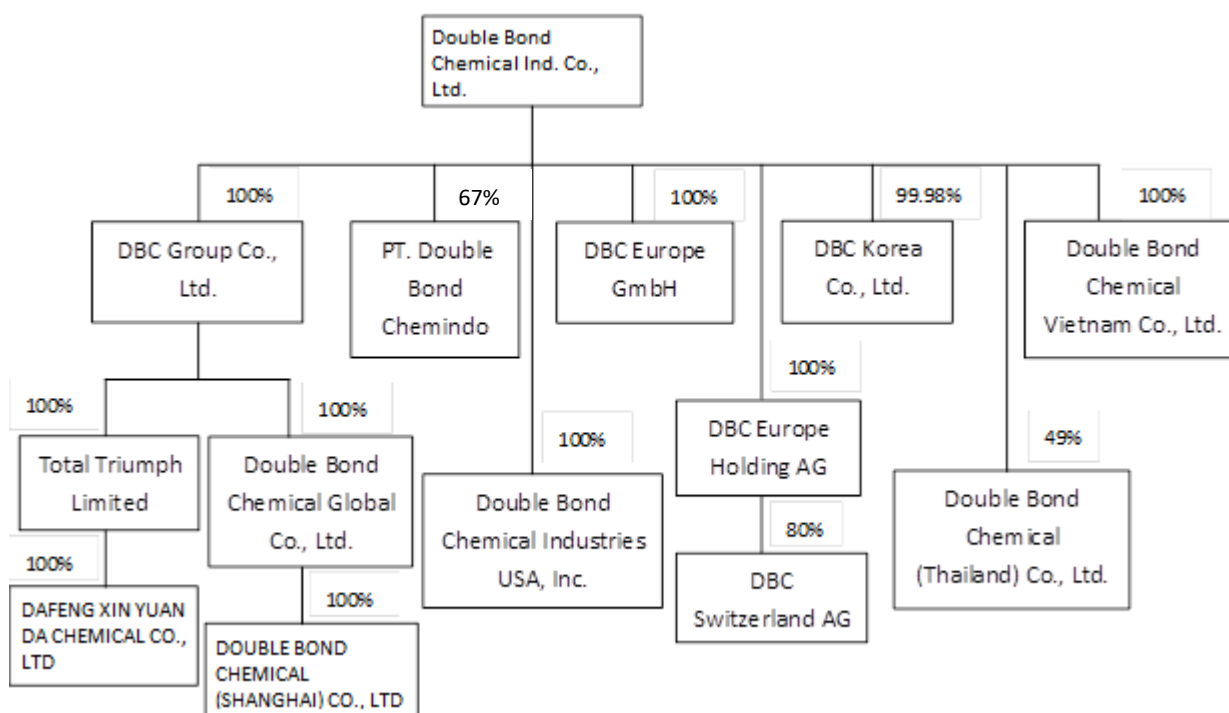
VII Other important matters: none.

VIII. Special items to be included

I Information related to the Company's affiliates

(I) Affiliates' Organizational Chart

December 31, 2023



(II) Basic information of affiliates

December 31, 2023; 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 1,351	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	Sales of chemical products
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, 2023

Name of Business	Job Title	Name or representative	Shares held	
			Shares (in thousand)	Shareholding ratio
DBC Group Co., Ltd.	Director	TSAY, MAW-DER, 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	CHEN, CHUNG-PIN	—	—
	Director	FU, YU-GUI	—	—
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	TSAY, MAW-DER	—	—
	Director	CHEN, I-TING	—	—
Double Bond Chemical Global Co., Ltd.	Director	TSAY, MAW-DER, Representative of DBC Group Co., Ltd.	2,530	100.00%
Total Triumph Limited	Director	TSAY, MAW-DER, 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	TSAY, MAW-DER	—	—
	Director	CHEN, CHUNG-PIN	—	—
	Director	YOU, JUN HUA	—	—
	Supervisor	TSAI, HSUI-HUEI	—	—
DAFENG XIN YUAN DA CHEMICAL CO., LTD	Director	TSAY, MAW-DER	—	—
	Director	HUANG, PENG-PENG	—	—
	Director	CHEN, CHUNG-PIN	—	—
	Supervisor	TSAI, HSUI-HUEI	—	—

(IV) Overview of business of various affiliates in 2023

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.	1,928,471	421,793	1,506,678	1,645,305	58,640	68,231
DBC Europe Holding AG	24,404	16,997	7,407	132,575	1,850	24
DBC Europe GmbH	2,330	302	2,028	6,499	(235)	82
DBC Korea Co., Ltd.	2,784	482	2,302	6,068	812	684
Double Bond Chemical Ind. USA, Inc.	20,693	20,277	416	46,275	(18,147)	(18,226)
PT. Double Bond Chemindo	30,345	21,709	8,636	39,969	2,829	3,111
Double Bond Chemical (Thailand) Co., Ltd.	5,005	3,390	1,615	24,195	(731)	(519)
Double Bond Chemical Vietnam Co., Ltd.	20,244	10,487	9,757	36,081	1,411	1,076
Double Bond Chemical Global Co., Ltd.	1,376,835	365,372	1,011,463	1,382,628	117,134	105,927
Total Triumph Limited	551,622	56,421	495,201	262,677	(58,494)	(37,696)
DBC Switzerland AG	23,131	16,862	6,269	132,575	2,087	476
DOUBLE BOND CHEMICAL (SHANGHAI) CO., LTD.	1,376,807	365,372	1,011,435	1,382,628	117,134	106,118
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	524,171	56,421	467,750	262,677	(58,494)	(37,680)

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 (net profit excluding those attributable to non-controlling interests).

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 2023 (from January 1 to December 31, 2023) 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: TSAY, MAW-DER
March 14, 2024

(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 3(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, 2023 and 2022 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, 2023 (from January 1 to December 31, 2023), 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:

TSAY, MAWDER

Chairman

March 14, 2024

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, 2023 and 2022 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, 2023 and 2022, 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 in the Republic of China. 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, 2023. 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, 2023 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 specialty chemicals. Among them, the sales revenue of plastic additives in industrial additives accounts for 61% of the total revenue in 2023. 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 matter in 2023 for audit. For the accounting policies related to the recognition of operating revenue, please refer to Note 4, 21 and 32 of the consolidated financial statements.

Regarding our audit procedures in respect of the key audit matter, we performed the compliance tests to assess the Group's process for the recognition of revenue from the sale of plastic additives 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, 2023 and 2022 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 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 in the Republic of China, we exercise professional judgment and 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, 2023 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 HUANG, YAO-LIN.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 14, 2024

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, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 4 & 6)	\$ 1,195,993	26	\$ 1,202,110	25
1136	Financial assets at amortized cost - current (Note 4, 8, 28)	3,000	-	3,000	-
1150	Notes receivable, net (Note 4, 9, 21)	46,626	1	49,441	1
1170	Accounts receivable, net (Note 4, 9, 21)	391,206	9	532,832	11
1180	Accounts receivable from related parties, net (Note 4, 9, 21, 27)	4,859	-	7,618	-
1200	Other receivables	34,701	1	41,536	1
1220	Current tax assets (Note 4 & 23)	212	-	71	-
130X	Inventories, net (Note 4 & 10)	382,387	8	444,683	9
1479	Other current assets (Note 4, 16, 27, 28)	<u>114,846</u>	<u>3</u>	<u>116,590</u>	<u>3</u>
11XX	Total current assets	<u>2,173,830</u>	<u>48</u>	<u>2,397,881</u>	<u>50</u>
	Noncurrent Assets				
1517	Financial assets at fair value through other comprehensive income – noncurrent (Note 4 & 7)	89,650	2	106,728	2
1600	Property, plant and equipment (Note 4, 12, 28)	2,074,583	46	1,809,505	38
1755	Right-of-use assets (Note 4 & 27)	18,741	-	24,999	-
1805	Goodwill (Note 4 & 14)	26,593	-	26,593	1
1821	Other intangible assets (Note 4 & 15)	4,787	-	2,316	-
1840	Deferred tax assets (Note 4 & 23)	122,532	3	79,998	2
1915	Prepayments for Business Facilities	4,439	-	334,035	7
1990	Other noncurrent assets (Note 16)	<u>27,785</u>	<u>1</u>	<u>9,649</u>	-
15XX	Total noncurrent assets	<u>2,369,110</u>	<u>52</u>	<u>2,393,823</u>	<u>50</u>
1XXX	Total assets	<u>\$ 4,542,940</u>	<u>100</u>	<u>\$ 4,791,704</u>	<u>100</u>
Code	Liabilities and Equity	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current Liabilities				
2100	Short-term borrowings (Note 17 & 28)	\$ 855,000	19	\$ 580,000	12
2130	Contract liabilities (Note 4 & 21)	16,662	-	10,700	-
2150	Notes payable	125,497	3	112,889	2
2160	Notes payable to related parties (Note 27)	4,327	-	-	-
2170	Accounts payable	165,739	3	212,644	5
2180	Accounts payable to related parties (Note 27)	37,236	1	47,794	1
2219	Other accounts payable (Note 18)	81,412	2	95,928	2
2230	Current tax liabilities (Note 4 & 23)	8,287	-	8,445	-
2280	Lease liabilities - current (Note 4, 13, 27)	620	-	6,393	-
2322	Current portion of long-term borrowings (Note 17 & 28)	351,395	8	288,847	6
2399	Other current liabilities (Note 18)	<u>1,041</u>	-	<u>510</u>	-
21XX	Total current liabilities	<u>1,647,216</u>	<u>36</u>	<u>1,364,150</u>	<u>28</u>
	Noncurrent liabilities				
2540	Long-term borrowings (Note 17 & 28)	706,273	16	1,064,116	22
2570	Deferred tax liabilities (Note 4 & 23)	12,922	-	13,069	1
2580	Lease liabilities - non-current (Note 4, 13, 27)	140	-	373	-
2640	Net defined benefit liabilities - noncurrent (Note 4 & 19)	<u>5,158</u>	-	<u>5,949</u>	-
25XX	Total noncurrent liabilities	<u>724,493</u>	<u>16</u>	<u>1,083,507</u>	<u>23</u>
2XXX	Total Liabilities	<u>2,371,709</u>	<u>52</u>	<u>2,447,657</u>	<u>51</u>
	Owner's equity of this Company (Note 20)				
3110	Common stock	<u>855,421</u>	<u>19</u>	<u>855,421</u>	<u>18</u>
3200	Capital surplus	<u>356,590</u>	<u>8</u>	<u>356,515</u>	<u>8</u>
	Retained earnings				
3310	Legal reserve	238,077	5	231,824	5
3320	Special reserve	77,883	2	105,526	2
3350	Unappropriated earnings	<u>761,333</u>	<u>17</u>	<u>868,657</u>	<u>18</u>
3300	Total retained earnings	<u>1,077,293</u>	<u>24</u>	<u>1,206,007</u>	<u>25</u>
3490	Other equity	(<u>122,999</u>)	(<u>3</u>)	(<u>77,883</u>)	(<u>2</u>)
31XX	Total owner's equity of this Company	2,166,305	48	2,340,060	49
36XX	Noncontrolling interest	<u>4,926</u>	-	<u>3,987</u>	-
3XXX	Total equity	<u>2,171,231</u>	<u>48</u>	<u>2,344,047</u>	<u>49</u>
	Total liabilities and equity	<u>\$ 4,542,940</u>	<u>100</u>	<u>\$ 4,791,704</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, 2023 and 2022

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

Code		For the Year Ended December 31, 2023		For the Year Ended December 31, 2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 4, 21, 27)	\$ 2,227,080	100	\$ 2,806,070	100
5000	Operating costs (Note 10, 22, 27)	<u>1,970,897</u>	<u>88</u>	<u>2,392,336</u>	<u>85</u>
5900	Gross profit	<u>256,183</u>	<u>12</u>	<u>413,734</u>	<u>15</u>
	Operating expenses (Note 4, 9, 13, 19, 22, 27)				
6100	Sales and marketing	186,139	8	197,144	7
6200	General and administration expense	123,264	6	125,010	5
6300	Research and development expense	60,505	3	61,763	2
6450	Gain (Loss) on reversal of expected credit loss	<u>249</u>	<u>-</u>	(<u>488</u>)	<u>-</u>
6000	Total operating expenses	<u>370,157</u>	<u>17</u>	<u>383,429</u>	<u>14</u>
6900	Net operating profit (loss)	(<u>113,974</u>)	(<u>5</u>)	<u>30,305</u>	<u>1</u>
	Nonoperating income and expenses				
7100	Interest income (Note 22)	17,447	1	12,782	-
7010	Other income (Note 22)	23,569	1	26,219	1
7020	Other gains and losses (Note 22)	12,596	-	21,571	1
7050	Financial costs (Note 22 & 27)	(<u>28,636</u>)	(<u>1</u>)	(<u>6,871</u>)	<u>-</u>
7000	Total nonoperating income and expenses	<u>24,976</u>	<u>1</u>	<u>53,701</u>	<u>2</u>
7900	Profit before income tax	(88,998)	(4)	84,006	3
7950	Income tax expense (Note 4 & 25)	(<u>3,948</u>)	<u>-</u>	<u>23,785</u>	<u>1</u>
8200	Net profit for the year	(<u>85,050</u>)	(<u>4</u>)	<u>60,221</u>	<u>2</u>

(Carried forward)
(Brought forward)

Code		For the Year Ended		For the Year Ended	
		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Other comprehensive income (loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 19)	(\$ 36)	-	\$ 2,174	-
8316	Unrealized gain or loss on investments in equity instrument at fair value through other comprehensive income	(17,078)	(1)	4,177	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	(27,956)	(1)	23,631	1
8300	Other comprehensive income (loss) of the year	(45,070)	(2)	29,982	1
8500	Total comprehensive income of the year	(\$ 130,120)	(6)	\$ 90,203	3
	Net profit attributable to:				
8610	Owners of the company	(\$ 85,907)	(4)	\$ 60,357	2
8620	Non-controlling interests	857	-	(136)	-
8600		(\$ 85,050)	(4)	\$ 60,221	2
	Comprehensive income attributable to:				
8710	Owners of the company	(\$ 131,059)	(6)	\$ 90,173	3
8720	Non-controlling interests	939	-	30	-
8700		(\$ 130,120)	(6)	\$ 90,203	3
	Earnings per share (Note 24)				
9750	Basic	(\$ 1.00)		\$ 0.71	
9850	Diluted	(\$ 1.00)		\$ 0.71	

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, 2023 and 2022

(In Thousands of New Taiwan Dollars)

		Equity attributable to owners of the Company												
		Ordinary Shares (Note 20)		Retained Earnings (Note 20)					Other Equity					
		Number of Shares (thousand)	Amount	Capital Surplus (Note 20)	Legal Reserve	Special Reserve	Unappropri- d Earnings	Minor Sum	Exchange Differences on Translating Foreign Operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income)	Minor Sum	Total	Noncontrollin g Interest	Total Equity
A1	Balance as of January 1, 2022	80,700	\$ 807,001	\$ 356,515	\$ 221,206	\$ 91,698	\$ 911,272	\$1,224,176	(\$ 167,726)	\$ 62,201	(\$ 105,525)	\$2,282,167	\$ 3,957	\$2,286,124
	Appropriation of 2021 earnings													
B1	Legal reserve	-	-	-	10,618	-	(10,618)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	13,828	(13,828)	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(32,280)	(32,280)	-	-	-	(32,280)	-	(32,280)
B9	Stock dividends	4,842	48,420	-	-	-	(48,420)	(48,420)	-	-	-	-	-	-
		4,842	48,420	-	10,618	13,828	(105,146)	(80,700)	-	-	-	(32,280)	-	(32,280)
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	60,357	60,357	-	-	-	60,357	(136)	60,221
D3	Other comprehensive income (loss) after tax for the year ended December 31, 2022	-	-	-	-	-	2,174	2,174	23,465	4,177	27,642	29,816	166	29,982
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	62,531	62,531	23,465	4,177	27,642	90,173	30	90,203
Z1	Balance as of December 31, 2022	85,542	\$ 855,421	\$ 356,515	\$ 231,824	\$ 105,526	\$ 868,657	\$1,206,007	(\$ 144,261)	\$ 66,378	(\$ 77,883)	\$2,340,060	\$ 3,987	\$2,344,047
	Appropriation of 2022 earnings													
B1	Legal reserve	-	-	-	6,253	-	(6,253)	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(42,771)	(42,771)	-	-	-	(42,771)	-	(42,771)
B17	reversal of special reserve	-	-	-	-	(27,643)	27,643	-	-	-	-	-	-	-
		-	-	-	6,253	(27,643)	(21,381)	(42,771)	-	-	-	(42,771)	-	(42,771)
C17	Other changes in capital surplus	-	-	75	-	-	-	-	-	-	-	75	-	75
D1	Net profit for the year ended December 31, 2023	-	-	-	-	-	(85,907)	(85,907)	-	-	-	(85,907)	857	(85,050)
D3	Other comprehensive income (loss) after tax for the year ended December 31, 2023	-	-	-	-	-	(36)	(36)	(28,038)	(17,078)	(45,116)	(45,152)	82	(45,070)
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(85,943)	(85,943)	(28,038)	(17,078)	(45,116)	(131,059)	939	(130,120)
Z1	Balance as of December 31, 2023	85,542	\$ 855,421	\$ 356,590	\$ 238,077	\$ 77,883	\$ 761,333	\$1,077,293	(\$ 172,299)	\$ 49,300	(\$ 122,999)	\$2,166,305	\$ 4,926	\$2,171,231

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, 2023 and 2022

		(In Thousands of New Taiwan Dollars)	
		For the Year Ended	For the Year Ended
		December 31,	December 31,
Code		2023	2022
	Cash Flows from Operating Activities		
A00010	Profit (Loss) before income tax	(\$ 88,998)	\$ 84,006
A20010	Adjustments for:		
A20100	Depreciation expense	127,713	54,832
A20200	Amortization expense	4,732	2,523
A20300	(Gain on reversal of) Expected credit loss	249	(488)
A20400	Net gain of financial assets and liabilities at fair value through profit and loss	-	(7)
A20900	Financial cost	28,636	6,871
A21200	Interest income	(17,447)	(12,782)
A21300	Dividend revenue	(9,152)	(11,088)
A22500	Gain on disposal of property, plant and equipment	(875)	(1,139)
A23800	Loss for market price decline and obsolete and slow-moving inventories	26,072	7,988
A24100	Unrealized loss (gain) on foreign exchange	854	(6,204)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	2,142	31,037
A31150	Accounts receivable	136,617	11,364
A31160	Accounts receivable from related parties	2,720	9,607
A31180	Other receivable	6,054	(2,041)
A31200	Inventories	32,848	72,973
A31240	Other current assets	(18,796)	100,258
A32125	Contract liabilities	6,207	(10,268)
A32130	Notes payable	14,916	(75,654)
A32140	Notes payable to related parties	4,396	(869)
A32150	Accounts payable	(43,294)	1,164
A32160	Accounts payable to related parties	(10,154)	(29,371)
A32180	Other accounts payable	(12,768)	(24,410)
A32230	Other current liabilities	521	-
A32240	Net defined benefit liabilities	(827)	(823)
A33000	Cash generated from operating activities	192,366	207,479
A33100	Interest received	17,487	12,735
A33200	Stock dividend received	9,152	11,088
A33300	Interest paid	(37,553)	(27,992)
A33500	Income taxes paid	(40,415)	(51,542)
AAAA	Net cash generated from operating activities	<u>141,037</u>	<u>151,768</u>

(Carried forward)

(Brought forward)

Code		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
	Cash Flows from Investing Activities		
B00040	Decrease in financial assets at amortized cost	\$ -	\$ 18,835
B00200	Sale of Financial assets at fair value through profit or loss	-	9
B02700	Purchase of property, plant and equipment	(53,332)	(108,058)
B02800	Disposal of property, plant and equipment	1,189	1,713
B04500	Purchase of intangible assets	(841)	(1,530)
B07100	Increase in Prepayments for Business Facilities	(2,770)	(31,672)
B06700	Increase in other noncurrent assets	(1,009)	(46)
BBBB	Net cash used in investing activities	(56,763)	(120,749)
	Cash Flows from Financing Activities		
C00100	Increase in short-term borrowings	275,000	211,226
C01600	Decrease in long-term borrowings	(295,281)	(155,996)
C04020	Repayments of lease liabilities	(7,023)	(7,525)
C04500	Payment of dividends	(42,771)	(32,280)
C09900	Other changes in capital surplus	75	-
CCCC	Net cash generated (used) from financing activities	(70,000)	15,425
DDDD	Impact of changes in exchange rate on cash and cash equivalents	(20,391)	35,594
EEEE	Net increase (decrease) in cash and cash equivalents of the year	(6,117)	82,038
E00100	Cash and cash equivalents at the beginning of the year	1,202,110	1,120,072
E00200	Cash and cash equivalents at the end of the year	\$1,195,993	\$1,202,110

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, 2023 and 2022
(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 14, 2024.

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 Accounting Standards”) 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 did not have material impact on the accounting policies of the Company and entities controlled by the Company (collectively as the “Group”).

(II) The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

Effective Date	
<u>New, Amended and Revised Standards and Interpretations</u>	<u>Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

(III) The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17—Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's 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 11 and Annex 4 and 5 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.

Except for freehold land which is not depreciated, the 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 amortized cost and investments in equity instruments at fair value through comprehensive income.

A. 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. 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 at amortized cost, accounts receivable, accounts receivable from related parties, other receivables and refundable deposits) are 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. 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:

- a. Significant financial difficulty of the issuer or the borrower;
- b. Breach of contract, such as a default;
- c. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- d. 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. 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

All financial liabilities are measured at amortized cost using the effective interest method.

(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.

(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 goods mainly comes from the sale of various chemical raw materials, coating monomers/oligomers, industrial additives and specialty 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 when the goods are delivered to the customer's designated location or the goods are shipped, 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.

(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 by 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 Group 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

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, 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 is 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 possible impact of inflation, interest rate fluctuations and volatility in foreign currency markets when making its critical accounting estimates on cash flows, growth rates, discount rates, profitabilities, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

VI. Cash and cash equivalent

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 573	\$ 983
Checking accounts and demand deposits	1,195,420	1,176,559
Cash equivalents		
Time deposits (investments with original maturities less than 3 months)	-	24,568
	<u>\$ 1,195,993</u>	<u>\$ 1,202,110</u>

The market rate intervals of cash in bank and time deposits (with original maturities less than 3 months) at the end of the reporting period were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash in bank	0.51%-1.10%	0.455%-2.90%
Time deposits (with original maturities less than 3 months)	-	4.21%

VII. Financial Assets At Fair Value Through Other Comprehensive Income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Noncurrent</u>		
Domestic investment		
Unlisted stock		
Sin Hun Chemical Co., Ltd. - common stock	<u>\$ 89,650</u>	<u>\$ 106,728</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.

VIII. Financial assets measured at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Domestic investment		
Time deposits with original maturities more than 3 months	<u>\$ 3,000</u>	<u>\$ 3,000</u>

For information on the pledge of financial assets measured at amortized cost, please refer to Note 28.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Incurred from business operation	<u>\$ 46,626</u>	<u>\$ 49,441</u>
<u>Accounts receivable</u>		
Total carrying value measured at amortized cost	\$400,493	\$542,128
Less: loss allowance	(<u>9,287</u>)	(<u>9,296</u>)
	<u>\$391,206</u>	<u>\$532,832</u>
<u>Accounts receivable from related party</u>		
Total carrying value measured at amortized cost	\$ 4,865	\$ 7,619
Less: loss allowance	(<u>6</u>)	(<u>1</u>)
	<u>\$ 4,859</u>	<u>\$ 7,618</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, 2023

	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	0.12%	0.79%	1.90%	4.72%	10.84%	30.69%	74.16%	100%	
Total carrying value	\$ 353,815	\$ 61,642	\$ 17,421	\$ 5,660	\$ 5,473	\$ 378	\$ 1,958	\$ 5,637	\$ 451,984
Loss allowance (expected credit loss during the lifetime)	(<u>413</u>)	(<u>484</u>)	(<u>331</u>)	(<u>267</u>)	(<u>593</u>)	(<u>116</u>)	(<u>1,452</u>)	(<u>5,637</u>)	(<u>9,293</u>)
Amortized cost	<u>\$ 353,402</u>	<u>\$ 61,158</u>	<u>\$ 17,090</u>	<u>\$ 5,393</u>	<u>\$ 4,880</u>	<u>\$ 262</u>	<u>\$ 506</u>	<u>\$ -</u>	<u>\$ 442,691</u>

December 31, 2022

	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	0.13%	0.68%	1.64%	5.38%	17.76%	34.27%	53.46%	100%	
Total carrying value	\$ 465,787	\$ 78,379	\$ 32,528	\$ 12,868	\$ 1,250	\$ 1,961	\$ 767	\$ 5,648	\$ 599,188
Loss allowance (expected credit loss during the lifetime)	(<u>587</u>)	(<u>532</u>)	(<u>534</u>)	(<u>692</u>)	(<u>222</u>)	(<u>672</u>)	(<u>410</u>)	(<u>5,648</u>)	(<u>9,297</u>)
Amortized cost	<u>\$ 465,200</u>	<u>\$ 77,847</u>	<u>\$ 31,994</u>	<u>\$ 12,176</u>	<u>\$ 1,028</u>	<u>\$ 1,289</u>	<u>\$ 357</u>	<u>\$ -</u>	<u>\$ 589,891</u>

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

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Beginning of year balance	\$ 9,297	\$ 12,697
Less: reversal of impairment loss this year	249	(488)
Less: actual write-off this year	(132)	(3,037)
Exchange difference	(<u>121</u>)	<u>125</u>
End of year balance	<u>\$ 9,293</u>	<u>\$ 9,297</u>

X. Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$103,615	\$133,480
Finished products	<u>278,772</u>	<u>311,203</u>
	<u>\$382,387</u>	<u>\$444,683</u>

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

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Cost of inventories sold	\$ 1,883,817	\$ 2,316,137
Inventory write-downs	26,072	7,988
Unallocated production overhead	<u>61,008</u>	<u>68,211</u>
	<u>\$ 1,970,897</u>	<u>\$ 2,392,336</u>

DAFENG XIN YUAN DA CHEMICAL CO., LTD. has halted production to carry out an in-plant safety inspection since March 25, 2019, and has resumed production one after another as of February 21, 2023, for relevant information is available at the Market Observation Post System website of the Taiwan Stock Exchange. The loss on work stoppage of NT\$61,008 thousand and NT\$68,211 thousand is included in the cost of goods sold in 2023 and 2022, respectively, and the related information please refer to note 29.

XI. 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, 2023	December 31, 2022
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, 2023, and December 31, 2022. 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.

The Group handled capital increase by cash for DBC USA by NT\$7,612 thousand (US\$250 thousand) and 7,687 thousand (US\$250 thousand) on March 30, 2023 and April 27, 2023, respectively, and subscribed 100% with a shareholding ratio of 100%.

DBC Group held a board meeting on June 26, 2023 and July 21, 2022 to decide the distribution of cash dividends of NT\$42,840 thousand (RMB10,000 thousand) and NT\$66,180 thousand (RMB15,000 thousand), respectively.

DBC Global held a board meeting on June 26, 2023 and July 21, 2022 to decide the distribution of cash dividends of NT\$42,840 thousand (RMB10,000 thousand) and NT\$66,180 thousand (RMB15,000 thousand), respectively.

DBC Europe Holding convened a shareholder meeting on March 1, 2022 to decide the distribution of cash dividends of NT\$6,119 thousand (Swiss francs 200 thousand).

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

XII. Property, plant and equipment

	Land	Buildings and Structure	Machinery and Equipment	Transportatio n Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2022	\$ 486,190	\$ 204,718	\$ 322,595	\$ 25,894	\$ 57,583	\$ 23,493	\$ 925,136	\$2,045,609
Additions	-	1,651	6,287	6,182	4,608	1,171	88,159	108,058
Disposals	-	-	(3,525)	(1,407)	(7,074)	(131)	-	(12,137)
Reclassification	-	40,700	4,013	873	-	1,336	(37,598)	9,324
Interest capitalization	-	-	-	-	-	-	21,871	21,871
Net exchange difference	-	1,410	2,493	290	823	41	890	5,947
Balance at December 31, 2022	<u>\$ 486,190</u>	<u>\$ 248,479</u>	<u>\$ 331,863</u>	<u>\$ 31,832</u>	<u>\$ 55,940</u>	<u>\$ 25,910</u>	<u>\$ 998,458</u>	<u>\$2,178,672</u>
Accumulated depreciation and impairment								
Balance at January 1, 2022	\$ -	\$ 67,914	\$ 187,309	\$ 15,494	\$ 45,999	\$ 13,814	\$ -	\$ 330,530
Disposals	-	-	(3,016)	(1,379)	(7,039)	(129)	-	(11,563)
Depreciation expense	-	9,401	28,723	3,161	4,336	1,413	-	47,034
Net exchange difference	-	559	1,718	175	677	37	-	3,166
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 77,874</u>	<u>\$ 214,734</u>	<u>\$ 17,451</u>	<u>\$ 43,973</u>	<u>\$ 15,135</u>	<u>\$ -</u>	<u>\$ 369,167</u>
Carrying amount at December 31, 2022	<u>\$ 486,190</u>	<u>\$ 170,605</u>	<u>\$ 117,129</u>	<u>\$ 14,381</u>	<u>\$ 11,967</u>	<u>\$ 10,775</u>	<u>\$ 998,458</u>	<u>\$1,809,505</u>
Cost								
Balance at January 1, 2023	\$ 486,190	\$ 248,479	\$ 331,863	\$ 31,832	\$ 55,940	\$ 25,910	\$ 998,458	\$2,178,672
Additions	-	-	4,848	4,689	5,147	11,479	27,169	53,332
Disposals	-	-	(2,609)	(2,603)	(2,890)	(28)	-	(8,130)
Reclassification	-	435,577	301,248	236	942	607,330	(1,018,443)	326,890
Interest capitalization	-	-	-	-	-	-	8,973	8,973
Net exchange difference	-	(2,727)	(3,330)	(97)	(941)	(50)	(319)	(7,464)
Balance at December 31, 2023	<u>\$ 486,190</u>	<u>\$ 681,329</u>	<u>\$ 632,020</u>	<u>\$ 34,057</u>	<u>\$ 58,198</u>	<u>\$ 644,641</u>	<u>\$ 15,838</u>	<u>\$2,552,273</u>
Accumulated depreciation and impairment								
Balance at January 1, 2023	\$ -	\$ 77,874	\$ 214,734	\$ 17,451	\$ 43,973	\$ 15,135	\$ -	\$ 369,167
Disposals	-	-	(2,398)	(2,603)	(2,787)	(28)	-	(7,816)
Depreciation expense	-	18,176	48,788	3,268	3,604	46,936	-	120,772
Net exchange difference	-	(998)	(2,581)	(71)	(734)	(49)	-	(4,433)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 95,052</u>	<u>\$ 258,543</u>	<u>\$ 18,045</u>	<u>\$ 44,056</u>	<u>\$ 61,994</u>	<u>\$ -</u>	<u>\$ 477,690</u>
Carrying amount at December 31, 2023	<u>\$ 486,190</u>	<u>\$ 586,277</u>	<u>\$ 373,477</u>	<u>\$ 16,012</u>	<u>\$ 14,142</u>	<u>\$ 582,647</u>	<u>\$ 15,838</u>	<u>\$2,074,583</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	4 to 15 years
Office Equipment	3 to 12 years
Other Equipment	3 to 20 years

Please refer to Note 28 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure borrowings.

XIII. Lease Arrangements

(I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Carrying amounts</u>		
Land	\$ 17,822	\$ 18,367
Buildings	349	6,039
Transportation equipment	<u>570</u>	<u>593</u>
	<u>\$ 18,741</u>	<u>\$ 24,999</u>
	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Additions to right-of-use assets	<u>\$ 1,049</u>	<u>\$ 12,459</u>
 <u>Depreciation charge for right-of-use assets</u>		
Land	\$ 211	\$ 212
Buildings	6,306	6,570
Transportation equipment	<u>424</u>	<u>1,016</u>
	<u>\$ 6,941</u>	<u>\$ 7,798</u>

(II) Lease liabilities

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
<u>Carrying amounts</u>		
Current	<u>\$ 620</u>	<u>\$ 6,393</u>
Non-current	<u>\$ 140</u>	<u>\$ 373</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	5.22%	5.22%
Buildings	1.3%~11.5%	1.2%~11.5%
Transportation equipment	3.5%~3.91%	1.2%~3.5%

(III) Material lease-in activities and terms

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

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

(IV) Other lease information

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Expenses relating to short-term leases	<u>\$ 2,679</u>	<u>\$ 3,693</u>
Total cash outflow for leases	<u>(\$ 9,865)</u>	<u>(\$ 11,655)</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.

XIV. Goodwill

	December 31, 2023	December 31, 2022
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.

XV. Other Intangible Assets

	Trademark	Patent	Computer Software Cost	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ 3,732	\$ 2,807	\$ 2,584	\$ 9,123
Separate Acquisition	-	-	1,530	1,530
Net exchange difference	-	-	14	14
Balance at December 31, 2022	<u>\$ 3,732</u>	<u>\$ 2,807</u>	<u>\$ 4,128</u>	<u>\$ 10,667</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2022	\$ 3,115	\$ 2,148	\$ 2,578	\$ 7,841
Amortization expense	125	69	300	494
Net exchange difference	-	-	16	16
Balance at December 31, 2022	<u>\$ 3,240</u>	<u>\$ 2,217</u>	<u>\$ 2,894</u>	<u>\$ 8,351</u>
Balance at December 31, 2022	<u>\$ 492</u>	<u>\$ 590</u>	<u>\$ 1,234</u>	<u>\$ 2,316</u>
<u>Cost</u>				
Balance at January 1, 2023	\$ 3,732	\$ 2,807	\$ 4,128	\$ 10,667
Separate Acquisition	732	104	5	841
Reclassification	-	-	3,034	3,034
Net exchange difference	-	-	(18)	(18)
Balance at December 31, 2023	<u>\$ 4,464</u>	<u>\$ 2,911</u>	<u>\$ 7,149</u>	<u>\$ 14,524</u>

	Trademark	Patent	Computer Software Cost	Total
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2023	\$ 3,240	\$ 2,217	\$ 2,894	\$ 8,351
Amortization expense	403	530	467	1,400
Net exchange difference	-	-	(14)	(14)
Balance at December 31, 2023	<u>\$ 3,643</u>	<u>\$ 2,747</u>	<u>\$ 3,347</u>	<u>\$ 9,737</u>
Balance at December 31, 2023	<u>\$ 821</u>	<u>\$ 164</u>	<u>\$ 3,802</u>	<u>\$ 4,787</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	3 to 10 years

XVI. Other assets

	December 31, 2023	December 31, 2022
<u>Current</u>		
Other assets		
Refundable deposit (Note 28)	\$ 64,905	\$ 57,789
Other financial asset (Note 28)	18,606	-
Prepaid account	21,780	19,313
Prepaid expense	8,867	34,199
Others	<u>688</u>	<u>5,289</u>
	<u>\$114,846</u>	<u>\$116,590</u>
<u>Noncurrent</u>		
Other assets		
Refundable deposit	\$ 1,461	\$ 2,381
Other deferred expenses	<u>26,324</u>	<u>7,268</u>
	<u>\$ 27,785</u>	<u>\$ 9,649</u>

XVII. Borrowings

(I) Short-term borrowings

	December 31, 2023	December 31, 2022
<u>Secured loan</u> (Note 28)		
Bank loan	\$340,000	\$150,000
<u>Unsecured loan</u>		
Bank loan	<u>515,000</u>	<u>430,000</u>
	<u>\$855,000</u>	<u>\$580,000</u>

The annual interest rates of bank transition loans were 1.72%~1.90% and 1.50%~2.03% on December 31, 2023, and 2022, respectively.

(II) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured loan</u> (Note 28)		
Bank loan	\$ 1,016,472	\$ 1,232,606
<u>Unsecured loan</u>		
Bank loan	41,196	120,357
Less: listed as part of long-term loans due within one year	(<u>351,395</u>)	(<u>288,847</u>)
	<u>\$ 706,273</u>	<u>\$ 1,064,116</u>

The Group borrows from the bank with its own land and building mortgage guarantee (see Note 28). The maturity dates of the Group's long-term borrowings in the form of secured loan are from August 26, 2024, to February 17, 2040. As of December 31, 2023, and 2022, the annual interest rates of the Group's long-term borrowings in the form of secured loan are 1.95%~2.88% and 1.64%~2.05%, respectively.

The maturity dates of the Group's long-term borrowing in the form of unsecured loan are from January 27, 2024, to August 7, 2025. As of December 31, 2023, and 2022, the annual interest rates of the Group's long-term borrowings in the form of unsecured loan are 2.05%~2.14% and 1.89%~1.92%, respectively.

XVIII. Other Liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other payable		
Salaries and bonuses payable	\$ 33,239	\$ 43,904
Director remuneration payable	-	3,500
Employee remuneration payable	-	2,500
Other fee payable	<u>48,173</u>	<u>46,024</u>
	<u>\$ 81,412</u>	<u>\$ 95,928</u>
Other liabilities		
Deferred credit	\$ 47	\$ 26
Others	<u>994</u>	<u>484</u>
	<u>\$ 1,041</u>	<u>\$ 510</u>

XIX. 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, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 19,313	\$ 18,762
Fair value of plan assets	(<u>14,155</u>)	(<u>12,813</u>)
Net defined benefit liability	<u>\$ 5,158</u>	<u>\$ 5,949</u>

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

	<u>Present Value of the Defined Benefit Obligation</u>	<u>Fair Value of the Plan Assets</u>	<u>Net Defined Benefit Liability (Asset)</u>
Balance at January 1, 2022	<u>\$ 19,880</u>	(<u>\$ 10,934</u>)	<u>\$ 8,946</u>
Service cost			
Current service cost	308	-	308
Net interest expense (income)	<u>149</u>	(<u>86</u>)	<u>63</u>
Recognized in profit or loss	<u>457</u>	(<u>86</u>)	<u>371</u>

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Remeasurement			
Return on plan assets	-	(599)	(599)
Actuarial loss			
- changes in financial assumptions	(1,870)	-	(1,870)
- experience adjustments	<u>295</u>	<u>-</u>	<u>295</u>
Recognized in other comprehensive income	(<u>1,575</u>)	(<u>599</u>)	(<u>2,174</u>)
Contribution from the employer	<u>-</u>	(<u>1,194</u>)	(<u>1,194</u>)
Balance at December 31, 2022	<u>18,762</u>	(<u>12,813</u>)	<u>5,949</u>
Service cost			
Current service cost	285	-	285
Net interest expense (income)	<u>282</u>	(<u>200</u>)	<u>82</u>
Recognized in profit or loss	<u>567</u>	(<u>200</u>)	<u>367</u>
Remeasurement			
Return on plan assets	-	52	52
Actuarial loss			
- changes in financial assumptions	283	-	283
- experience adjustments	(<u>299</u>)	<u>-</u>	(<u>299</u>)
Recognized in other comprehensive income	(<u>16</u>)	<u>52</u>	<u>36</u>
Contribution from the employer	<u>-</u>	(<u>1,194</u>)	(<u>1,194</u>)
Balance at December 31, 2023	<u>\$ 19,313</u>	(<u>\$ 14,155</u>)	<u>\$ 5,158</u>

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

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Marketing expenses	\$ 85	\$ 119
Management expenses	134	119
R&D expenses	<u>148</u>	<u>133</u>
	<u>\$ 367</u>	<u>\$ 371</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, 2023</u>	<u>December 31, 2022</u>
Discount rate(s)	1.375%	1.50%
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, 2023</u>	<u>December 31, 2022</u>
Discount rate(s)		
0.25% increase	(\$ <u>561</u>)	(\$ <u>575</u>)
0.25% decrease	<u>\$ 583</u>	<u>\$ 599</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 559</u>	<u>\$ 575</u>
0.25% decrease	(<u>\$ 541</u>)	(<u>\$ 555</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, 2023</u>	<u>December 31, 2022</u>
The expected contributions to the plan for the next year	<u>\$ 1,080</u>	<u>\$ 1,080</u>
The average duration of the defined benefit obligation	11.9 years	12.7 years

XX. Equity

(I) Share Capital

Ordinary Shares

	<u>December 31, 2023</u>	<u>December 31, 2022</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>85,542</u>	<u>85,542</u>
Shares issued	<u>\$ 855,421</u>	<u>\$ 855,421</u>

On June 22, 2022, the Company's shareholders meeting resolved to use the stock dividend of NT\$48,420 thousand to make up the share capital and allocate 4,842 thousand shares of common stock. The case was approved by the Securities and Futures Bureau, and the board of directors sets July 26, 2022 as the base date of capital increase.

(II) Capital Surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Share premium	\$338,998	\$338,998
Stock option	17,493	17,493
Other — disgorgements	<u>99</u>	<u>24</u>
	<u>\$356,590</u>	<u>\$356,515</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.

According to the requirement under Section 157 Short swing Trading of the Securities and Exchange Act, the capital surplus arising from the gain of claim for disgorgements is only used to offset a deficit.

(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 22 (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 2022 and 2021 earnings had been approved by the Company's shareholders in its meetings held on June 28, 2023 and June 22, 2022, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Legal capital reserve	<u>\$ 6,253</u>	<u>\$ 10,618</u>
(Reversal of) Special capital reserve	(<u>\$ 27,643</u>)	<u>\$ 13,828</u>
Cash dividends	<u>\$ 42,771</u>	<u>\$ 32,280</u>
Stock dividends	<u>\$ -</u>	<u>\$ 48,420</u>
Cash dividends per share (NT\$)	\$ 0.5	\$ 0.4
Share dividends per share (NT\$)	\$ -	\$ 0.6

The Company's loss off-setting proposal for 2023 had been approved in the meeting of the Board of Directors held on March 14, 2024. The loss off-setting proposal was as follows:

	For the Year Ended December 31, 2023
Loss off-setting	(<u>\$ 85,943</u>)
Special capital reserves	<u>\$ 45,116</u>

The aforementioned loss off-setting proposal is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 28, 2024.

XXI. Revenue

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Revenue from contracts with customers		
Sales revenue	<u>\$ 2,227,080</u>	<u>\$ 2,806,070</u>

(I) Contract Balance

	December 31, 2023	December 31, 2022	January 1, 2022
Net Notes Receivable (Note 9)	\$ 46,626	\$ 49,441	\$ 79,412
Net Accounts Receivable (Note 9)	391,206	532,832	551,027
Net Accounts Receivable from Related Party (Note 9)	<u>4,859</u>	<u>7,618</u>	<u>15,437</u>
	<u>\$ 442,691</u>	<u>\$ 589,891</u>	<u>\$ 645,876</u>
Contract liabilities			
Sale of Goods	<u>\$ 16,662</u>	<u>\$ 10,700</u>	<u>\$ 20,708</u>

(II) Classification of revenue from contracts with customers

For classification of revenue from contracts with customers, please refer to Note 32 of the operating income statement.

XXII. Net Profit from Continuing Operation

Net profit from continuing operation includes the follows:

(I) Interest income

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Interest income	<u>\$ 17,447</u>	<u>\$ 12,782</u>

(II) Other income

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Dividend income	\$ 9,152	\$ 11,088
Others	<u>14,417</u>	<u>15,131</u>
	<u>\$ 23,569</u>	<u>\$ 26,219</u>

(III) Other gains and losses

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Net gains on financial assets and liabilities		
Mandatorily measured at FVTPL	\$ -	\$ 7
Gain on disposal of property, plant and equipment	875	1,139
Exchange gain, net	12,225	21,265
Others	(504)	(840)
	<u>\$ 12,596</u>	<u>\$ 21,571</u>

(IV) Financial costs

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Interest on bank loan	\$ 37,446	\$ 28,305
Interest on lease liabilities	<u>163</u>	<u>437</u>
	37,609	28,742
Less: amounts included in the cost of qualifying assets	(8,973)	(21,871)
	<u>\$ 28,636</u>	<u>\$ 6,871</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Capitalized interest amount	\$ 8,973	\$ 21,871
Capitalization rate	1.94%	1.77%

(V) Impairment losses recognized (reversed)

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Notes receivable and accounts receivable	<u>\$ 249</u>	(<u>\$ 488</u>)
Inventories (included in operating costs)	<u>\$ 26,072</u>	<u>\$ 7,988</u>

(VI) Depreciation and amortization

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Property, plant and equipment	\$ 120,772	\$ 47,034
Right-of-use assets	6,941	7,798
Intangible assets and deferred expense	<u>4,732</u>	<u>2,523</u>
	<u>\$ 132,445</u>	<u>\$ 57,355</u>
An analysis of depreciation by function		
Operating costs	\$ 105,265	\$ 33,103
Operating expenses	<u>22,448</u>	<u>21,729</u>
	<u>\$ 127,713</u>	<u>\$ 54,832</u>

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
An analysis of amortization by function		
Operating costs	\$ 3,122	\$ 1,343
Operating expenses	<u>1,610</u>	<u>1,180</u>
	<u>\$ 4,732</u>	<u>\$ 2,523</u>

(VII) Personnel Expenses

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Personnel expenses						
Salaries	\$ 66,674	\$ 157,699	\$ 224,373	\$ 64,051	\$ 158,911	\$ 222,962
Labor insurance and health insurance	5,240	12,880	18,120	2,899	14,320	17,219
Pension cost						
Defined contribution plan	3,349	10,957	14,306	1,533	9,933	11,466
Defined benefit plan (Note 19)	-	367	367	-	371	371
Director's remuneration	-	2,605	2,605	-	6,110	6,110
Others	<u>7,770</u>	<u>14,239</u>	<u>22,009</u>	<u>7,294</u>	<u>14,069</u>	<u>21,363</u>
	<u>\$ 83,033</u>	<u>\$ 198,747</u>	<u>\$ 281,780</u>	<u>\$ 75,777</u>	<u>\$ 203,714</u>	<u>\$ 279,491</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. Since there was a loss as of the year ended December 31, 2023, the Company decided not to recognize the amounts of the employees' compensation and remuneration to directors. For the year ended December 31, 2022, employee's compensation and remuneration to directors were resolved by the board of directors on March 24, 2023:

Estimated ratio

	For the Year Ended December 31, 2022
Employee's compensation	3.57%
Remuneration to director	4.99%

Amount

	For the Year Ended December 31, 2022
	Cash
Employee's compensation	\$ 2,500
Remuneration to directors	3,500

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, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

XXIII. Income Taxes Relating To Continuing Operations

(I) Income tax recognized in profit or loss

The major components of tax expense (revenue) were as follows:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Current tax		
In respect of the current period	\$ 40,063	\$ 44,277
Surtax on undistributed earnings	-	52
In respect of prior periods	<u>223</u>	<u>74</u>
	<u>40,286</u>	<u>44,403</u>
Deferred tax		
In respect of the current period	(43,252)	(18,531)
In respect of prior periods	(<u>982</u>)	(<u>2,087</u>)
	(<u>44,234</u>)	(<u>20,618</u>)
Income tax expense (revenue) recognized in profit or loss	(<u>\$ 3,948</u>)	<u>\$ 23,785</u>

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

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Income (Loss) from continuing operation before tax	(<u>\$ 88,998</u>)	<u>\$ 84,006</u>
Income tax expense calculated at statutory rate	(\$ 1,941)	\$ 35,750
Fees that cannot be deducted from taxes	1,811	1,809
Surtax on undistributed earnings	-	52
Adjustments to prior year's income tax expense	(759)	(2,013)
Tax exempt income	(1,830)	(2,218)
Temporary difference that has not yet been recognized	(3,027)	(4,342)
Tax-exempt lease	(4,498)	(3,978)
Others	<u>6,296</u>	(<u>1,275</u>)
Income tax expense (revenue) recognized in profit or loss	(<u>\$ 3,948</u>)	<u>\$ 23,785</u>

(II) Current tax liabilities

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Current tax assets		
Income tax receivable	<u>\$ 212</u>	<u>\$ 71</u>
Current tax liabilities		
Income tax payable	<u>\$ 8,287</u>	<u>\$ 8,445</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, 2023

	Opening Balance	Recognized in Profit and Loss	Exchange Difference	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for doubtful accounts	\$ 1,520	\$ 200	(\$ 28)	\$ 1,692
Allowance for price decline in inventory	13,977	5,261	(137)	19,101
Unrealized loss on foreign exchange	-	225	-	225
Unrealized gain from inter-affiliate accounts	1,134	(1,134)	-	-
Others	<u>1,297</u>	<u>2,465</u>	<u>-</u>	<u>3,762</u>
	17,928	7,017	(165)	24,780
Loss carryforwards	<u>62,070</u>	<u>37,095</u>	<u>(1,413)</u>	<u>97,752</u>
	<u>\$ 79,998</u>	<u>\$ 44,112</u>	<u>(\$ 1,578)</u>	<u>\$ 122,532</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain on foreign exchange	\$ 593	(\$ 593)	\$ -	\$ -
Investment income recognized under equity methods	10,679	(212)	-	10,467
Unrealized loss from inter-affiliate accounts	-	775	-	775
Others	<u>1,797</u>	<u>(92)</u>	<u>(25)</u>	<u>1,680</u>
	<u>\$ 13,069</u>	<u>(\$ 122)</u>	<u>(\$ 25)</u>	<u>\$ 12,922</u>

For the Year Ended December 31, 2022

	Opening Balance	Recognized in Profit and Loss	Exchange Difference	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for doubtful accounts	\$ 1,884	(\$ 393)	\$ 29	\$ 1,520
Allowance for price decline in inventory	11,994	1,895	88	13,977
Unrealized loss on foreign exchange	418	(418)	-	-
Unrealized gain from inter-affiliate accounts	1,429	(295)	-	1,134
Others	<u>1,793</u>	<u>(496)</u>	<u>-</u>	<u>1,297</u>
	17,518	293	117	17,928
Loss carryforwards	<u>44,882</u>	<u>16,579</u>	<u>609</u>	<u>62,070</u>
	<u>\$ 62,400</u>	<u>\$ 16,872</u>	<u>\$ 726</u>	<u>\$ 79,998</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain on foreign exchange	\$ -	\$ 593	\$ -	\$ 593
Investment income recognized under equity methods	15,096	(4,417)	-	10,679
Others	<u>1,707</u>	<u>78</u>	<u>12</u>	<u>1,797</u>
	<u>\$ 16,803</u>	<u>(\$ 3,746)</u>	<u>\$ 12</u>	<u>\$ 13,069</u>

(IV) Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
\$ 87,506	2029
103,439	2030
64,953	2031
66,106	2032
<u>167,022</u>	2033
<u>\$ 489,026</u>	

(V) Income tax assessments

The Company's tax returns through 2021 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, 2022, 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.

XXIV. Earnings (Loss) Per Share

	For the Year Ended December 31, 2023	Unit: NT\$ per share For the Year Ended December 31, 2022
Basic earnings (loss) per share of continuing operation units	(\$ <u>1.00</u>)	\$ <u>0.71</u>
Diluted earnings (loss) per share of continuing operation units	(\$ <u>1.00</u>)	\$ <u>0.71</u>

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

Net Profit (Loss) for the Period

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Net profit (loss)	(\$ <u>85,907</u>)	\$ <u>60,357</u>

Ordinary Shares Outstanding

	For the Year Ended December 31, 2023	Unit: thousand shares For the Year Ended December 31, 2022
Weighted average number of ordinary shares in computation of basic earnings per share	85,542	85,542
Effects of dilutive potential ordinary shares on earnings:		
Employee compensations	<u>-</u>	<u>61</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>85,542</u>	<u>85,603</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 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.

Since the potential ordinary shares related to employee compensation were anti-dilutive during the years ended December 31, 2023, they were excluded from the computation of diluted loss per share.

XXV. 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.

XXVI. Financial Instrument

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

The management considers that the carrying amounts of financial assets recognized in the financial statements approximate their fair values.

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

1. Fair Value Hierarchy

December 31, 2023

	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	\$ _____	\$ _____	\$ 89,650	\$ 89,650

December 31, 2022

	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	\$ _____	\$ _____	\$ 106,728	\$ 106,728

For the year ended December 31, 2023 and 2022, there was no transfer of fair value measurement between the first level and the second level.

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

The fair values of unlisted equity securities were evaluated using the market approach and the income approach. The market approach refers to the estimation of the fair value of the investment target by referring to the transaction prices and related information of comparable targets in the market. In income approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

(III) Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 1,761,357	\$ 1,896,707
Financial assets at fair value through other comprehensive income		
Investment in equity instrument	89,650	106,728
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	2,326,879	2,402,218

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, refundable deposits, and other financial assets measured at amortized cost.

Note 2: The balances included short-term borrowings, notes payable, notes payable to related parties, accounts payable, accounts payable to related parties, other accounts payable, long-term borrowings 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) and other price risk (see (3) 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 30.

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 (loss) 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 (loss) and balances below would be negative.

	USD Impact		RMB Impact		EUR Impact	
	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Profit or loss	\$ 1,500	\$ 2,899	\$ 5	(\$ 375)	\$ 1,011	\$ 815

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, 2023	December 31, 2022
Fair value interest rate		
— Financial assets	\$ 3,000	\$ 27,568
— Financial liabilities	455,000	250,000
Cash flow with interest rate risk		
— Financial assets	1,195,420	1,176,559
— Financial liabilities	1,457,668	1,682,963

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 loss before tax for 2023 will increase/decrease by NT\$2,622 thousand, and the Group's net profit before tax for 2022 will increase/decrease by NT\$5,064 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.

(3) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. The Group has appointed a special staff to monitor the price risk and evaluate the possible solutions.

Sensitivity Analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2023 and 2022 would have increased/decreased by \$897 thousand and \$1,067 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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, 2023 and 2022, the Group had available unutilized bank loan facilities set out in (3) 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, 2023

	On Demand or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 227,387	\$ 120,825	\$ 55,112	\$ 10,887	\$ -
Lease liabilities	118	153	365	142	-
Fixed rate instrument	388	455,772	-	-	-
Floating rate instrument	<u>16,369</u>	<u>441,346</u>	<u>313,021</u>	<u>350,662</u>	<u>438,344</u>
	<u>\$ 244,262</u>	<u>\$1,018,096</u>	<u>\$ 368,498</u>	<u>\$ 361,691</u>	<u>\$ 438,344</u>

December 31, 2022

	On Demand or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 253,037	\$ 125,833	\$ 73,432	\$ 16,953	\$ -
Lease liabilities	190	1,118	5,383	378	-
Fixed rate instrument	508	250,047	-	-	-
Floating rate instrument	<u>163,208</u>	<u>90,200</u>	<u>389,092</u>	<u>680,126</u>	<u>472,016</u>
	<u>\$ 416,943</u>	<u>\$ 467,198</u>	<u>\$ 467,907</u>	<u>\$ 697,457</u>	<u>\$ 472,016</u>

(2) Financing Facilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank facilities		
— Amount used	\$ 2,494,800	\$ 2,239,800
— Amount unused	<u>388,700</u>	<u>874,700</u>
	<u>\$ 2,883,500</u>	<u>\$ 3,114,500</u>

(V) Financial risk management objectives and policies

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, 2023 and 2022, 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, 2023 and 2022, the face amounts of these unsettled bills receivable were NT\$280,400 thousand and NT\$306,727 thousand, respectively. The unsettled bills receivable will be due in 1 to 12 months and 1 to 9 months respectively 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, 2023 and 2022, 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.

XXVII. 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
DOUBLEBOND CHEMICAL (TAIXING) CO., LTD.	Substantive Related Party
DOUBLE BOND CHEMICAL (DBC) INDUSTRY. CO., LTD.	Substantive Related Party
Innonyx International 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, 2023	For the Year Ended December 31, 2022
Substantive related parties	\$ 37,812	\$ 34,328
Other related parties	348	-
	<u>\$ 38,160</u>	<u>\$ 34,328</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, 2023	For the Year Ended December 31, 2022
Substantive related parties	\$ 127,188	\$ 152,032
Other related parties	59,512	85,113
	<u>\$ 186,700</u>	<u>\$ 237,145</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, 2023	December 31, 2022
Accounts receivable from related parties	Substantive related parties		
	Yi Ying Chemical Industry Co., Ltd.	\$ 2,590	\$ 7,619
	DOUBLE BOND CHEMICAL (TAIXING) CO., LTD.	2,216	-
	Other	59	-
		(6)	(1)
Less: loss allowance		<u>\$ 4,859</u>	<u>\$ 7,618</u>

There are no guarantees for outstanding receivable from related parties.

(V) Accounts payable to related parties

Account	Related Parties / Name	December 31, 2023	December 31, 2022
Notes payable to related parties	Substantive related parties		
	DOUBLEBOND CHEMICAL (TAIXING) CO., LTD.	\$ 4,327	\$ -
Accounts payable to related parties	Other related parties		
	SIN HUN CHEMICAL CO., LTD.	\$ 15,888	\$ 23,819
	Substantive related parties		
	DOUBLEBOND CHEMICAL (TAIXING) CO., LTD.	17,013	12,201
	FDC, Lees Co., Ltd.	4,260	11,515
	Others	75	259
		<u>\$ 37,236</u>	<u>\$ 47,794</u>

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

(VI) Prepaid account (recognized in other current assets)

Related Parties / Name	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Substantive related parties	<u>\$ 545</u>	<u>\$ -</u>

(VII) Lease arrangements

Related Parties / Name	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
<u>Acquisition of right-of-use assets</u>		
Substantive related parties		
DOUBLE BOND CHEMICAL (DBC) INDUSTRY. CO., LTD.	<u>\$ -</u>	<u>\$ 10,900</u>

Account	Related Parties / Name	December 31, 2023	December 31, 2022
Lease liabilities	Substantive related parties		
	DOUBLE BOND CHEMICAL (DBC) INDUSTRY. CO., LTD.	\$ -	\$ 5,661

Related Parties / Name	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
<u>Interest expense</u>		
Substantive related parties		
DOUBLE BOND CHEMICAL (DBC) INDUSTRY. CO., LTD.	<u>\$ 132</u>	<u>\$ 390</u>

The terms of the lease agreements between the Group and related parties are

determined by mutual agreement.

(VIII) Compensation of key management personnel

	December 31, 2023	December 31, 2022
Short-term benefits	\$ 37,029	\$ 42,693
Post-employment benefits	560	543
	<u>\$ 37,589</u>	<u>\$ 43,236</u>

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

XXVIII. Assets pledged as collateral or for security

The following assets were provided as collateral for bank borrowings guarantee and pending litigation restrictions:

	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ 893,871	\$ 550,931
Refundable deposits (recognized in other current assets)	64,905	57,789
Cash in bank (recognized in other current assets)	18,606	-
Financial assets at amortized cost - current	3,000	3,000
	<u>\$ 980,382</u>	<u>\$ 611,720</u>

XXIX. 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. DAFENG XIN YUAN DA CHEMICAL CO., LTD. stopped working in response to the requirements of the park. As of February 21, 2023, DAFENG XIN YUAN DA CHEMICAL CO., LTD. has resumed production one after another, for relevant information is available at the Market Observation Post System website of the Taiwan Stock Exchange.

XXX. 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, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD	\$ 6,423	30.705 (USD : NTD)	\$ 197,218
RMB	8,338	4.327 (RMB: NTD)	36,079
EUR	3,010	33.98 (EUR : NTD)	102,280
<u>Financial Liabilities</u>			
<u>Monetary Items</u>			
USD	1,537	30.705 (USD : NTD)	47,194
RMB	8,232	4.327 (RMB: NTD)	35,620
EUR	36	33.98 (EUR : NTD)	1,223

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD	\$ 11,742	30.71 (USD : NTD)	\$ 360,597
RMB	1,860	4.408 (RMB: NTD)	8,199
EUR	2,552	32.72 (EUR : NTD)	83,501
<u>Financial Liabilities</u>			
<u>Monetary Items</u>			
USD	2,301	30.71 (USD : NTD)	70,664
RMB	10,361	4.408 (RMB: NTD)	45,671
EUR	61	32.72 (EUR : NTD)	1,996

The company's realized and unrealized foreign exchange gains and losses for the year ended December 31, 2023 and 2022 are detailed in the consolidated income statement. Due to the variety of foreign currency transactions and the company's functional currencies, it is not possible to disclose exchange gains and losses separately for each major currency.

XXXI. Separately disclosed items

(I) Related information about significant transactions:

1. Financing provided to others (Annex 1).
2. Endorsements/guarantees provided (None).
3. Marketable securities held at the end of the year (Annex 2).
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 3).
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 (None).
10. Other: intercompany relationships and significant intercompany transactions (Annex 6).

(II) Related information on investees (Annex 4)

(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 5).
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 3, 5, 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).

XXXII. 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, 2023	For the Year Ended December 31, 2022	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Chemical products segment	<u>\$ 2,227,080</u>	<u>\$ 2,806,070</u>	\$ 9,539	\$ 154,827
Headquarter management cost			(123,264)	(125,010)
(Gain on reversal of) Expected credit Impairment loss			(249)	488
Interest income			17,447	12,782
Other income			23,569	26,219
Other gains and losses			12,596	21,571
Financial costs			(<u>28,636</u>)	(<u>6,871</u>)
Net earnings (loss) before tax			(<u>\$ 88,998</u>)	<u>\$ 84,006</u>

Segment revenues reported above are generated by transactions with external customers. There is no inter-departmental sales in 2023 and 2022.

Segment revenue refers to the profit earned by each department. It does not include the headquarters management costs, gain 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, 2023	For the Year Ended December 31, 2022
Chemical products segment	<u>\$ 132,445</u>	<u>\$ 57,355</u>

(IV) Revenue from major products and services

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Plastics additives	\$ 1,349,856	\$ 1,740,611
Light-cured materials	658,124	787,747
Others	<u>219,100</u>	<u>277,712</u>
Chemical products segment	<u>\$ 2,227,080</u>	<u>\$ 2,806,070</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, 2023	For the Year Ended December 31, 2022
Taiwan	\$ 652,401	\$ 951,543
China	1,296,143	1,533,382
Others	<u>278,536</u>	<u>321,145</u>
	<u>\$ 2,227,080</u>	<u>\$ 2,806,070</u>

(VI) Information about major customers

No single customer contributed 10% or more to the Group's total revenue for both 2023 and 2022.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries
Financing Provided to Others
For the Year Ended December 31, 2023

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	\$ 24,564 (USD800,000)	\$ 12,282 (USD400,000)	\$ 12,282 (USD400,000)	5~8.5%	Short-term Financing	\$ -	Operating Capital	\$ -	-	-	\$ 324,945	\$ 866,522

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, 2023.

Note 4: The NT\$343 thousand interest receivable of the NT\$12,282 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
Marketable Securities Held
For the Year Ended December 31, 2023

Annex 2 (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, 2022				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	\$ 89,650	9.78	\$ 89,650	-

Note: For information on the investments in subsidiaries and associates, please refer to Annex 4 and Annex 5.

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, 2023

Annex 3 (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	\$ 185,834	16%	-	-	-	(\$ 76,861)	(23%)	Note 1
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Double Bond Chemical (Shanghai) Co., Ltd.	Associate	Sale	(185,834)	(71%)	-	-	-	76,861	75%	Note 1
Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical (Shanghai) Co., Ltd.	Parent Company	Purchase	117,159	17%	-	-	-	(23,094)	(22%)	Note 1
Double Bond Chemical (Shanghai) Co., Ltd.	Double Bond Chemical Ind. Co., Ltd.	Subsidiary	Sale	(117,159)	(8%)	-	-	-	23,094	8%	Note 1
Double Bond Chemical Ind. Co., Ltd.	DBC Switzerland AG	Parent Company	Sale	(112,742)	(12%)	-	-	-	16,349	9%	Note 1
DBC Switzerland AG	Double Bond Chemical Ind. Co., Ltd.	sub-subsidiary	Purchase	112,742	100%	-	-	-	(16,349)	(100%)	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.

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, 2023

Annex 4

(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, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
Double Bond Chemical Ind. Co., Ltd.	DBC Group Co., Ltd.	Samoan Islands	Investment industry	\$ 317,065	\$ 317,065	10,430	100	\$ 1,505,048	\$ 68,231	\$ 71,445	Note 1 & 2
	DBC Europe Holding AG	Switzerland	Investment industry	2,982	2,982	0.1	100	6,153	24	24	Note 2
	DBC Europe GmbH	Germany	Chemical industry	3,599	3,599	-	100	2,028	82	82	Note 2
	DBC Korea Co., Ltd.	Korea	Chemical industry	4,457	4,457	59.477	99.98	2,302	684	684	Note 2
	Double Bond Chemical Ind. USA, Inc.	America	Chemical industry	40,678	25,379	2	100	416	(18,226)	(18,226)	Note 2
	PT. Double Bond Chemindo	Indonesia	Chemical industry	10,028	10,028	1.675	67	5,026	3,111	2,084	Note 2
	Double Bond Chemical (Thailand) Co., Ltd.	Thailand	Chemical industry	907	907	9.8	49	791	(519)	(254)	Note 2
	Double Bond Chemical Vietnam Co., Ltd.	Vietnam	Chemical industry	22,118	22,118	-	100	9,662	1,076	1,076	Note 2
DBC GROUP CO., LTD.	Double Bond Chemical Global Co., Ltd.	Samoan Islands	Investment industry	79,338	79,338	2,530	100	1,011,463	105,927	105,927	Note 2
DBC Europe Holding AG	Total Triumph Limited	Samoan Islands	Investment industry	237,595	237,595	7,900	100	495,201	(37,696)	(37,696)	Note 2
	DBC Switzerland AG	Switzerland	Chemical industry	2,679	2,679	0.08	80	5,015	476	381	Note 2

Note 1: According to the shareholding ratio, the net profit of investee company is NT\$68,231 thousand plus the balance of unrealized and realized gain adjustments of NT\$3,214 thousand for downstream and upstream transaction.

Note 2: As calculated in accordance with the financial statements of investee company audited by the accountant in 2023.

Note 3: 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, 2023

Annex 5

(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Double Bond Chemical (Shanghai) Co., Ltd.	Chemical	\$ 77,684 (USD 2,530)	Note 1	\$ 77,684 (USD 2,530)	\$ -	\$ -	\$ 77,684 (USD 2,530)	\$ 106,118 (RMB24,140)	100	\$ 106,118	\$ 1,011,435	\$ 566,655	-
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Chemical	272,519 (RMB62,981)	Note 1	199,782 (RMB46,171)	-	-	199,782 (RMB46,171)	(37,680) (RMB -8,571)	100	(37,680)	494,343	-	Note 4

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 277,466 (RMB 46,171) (USD 2,530)	\$ 352,150 (RMB 63,431) (USD 2,530)	No upper limit on the amount of investment

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, 2023.

Note 3: As calculated in accordance with the financial statement of investee company audited by the accountant in 2023.

Note 4: Regarding DAFENG XIN YUAN DA CHEMICAL CO., LTD., the difference between the accumulated outward remittance for investment from Taiwan of 199,782 (RMB 46,171) and the paid-up capital of 272,519(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.

Note 6: According to the regulations of Investment Commission, MOEA, the Company is not subject to an upper limit due to obtaining supporting document within the validity period for operation headquarters of the company issued by Industrial Development Bureau, MOEA.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries
Intercompany Relationships and Significant Transactions
For the Year Ended December 31, 2023

Annex 6

(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	\$ 32,896	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	1%
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical (Shanghai) Co., Ltd.	2	Purchase	117,159	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	5%
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical (Shanghai) Co., Ltd.	2	Payable	23,094	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	26,055	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)	12,625	Base on the parties' agreement	-
0	Double Bond Chemical Ind. Co., Ltd.	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	2	Revenue	80,415	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.	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	2	Purchase	46,156	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.	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	2	Receivable	10,772	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	-
0	Double Bond Chemical Ind. Co., Ltd.	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	2	Payable	11,749	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.	DBC Switzerland AG	2	Revenue	112,742	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	5%
0	Double Bond Chemical Ind. Co., Ltd.	DBC Switzerland AG	2	Receivable	16,349	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	-
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical Ind. USA, Inc.	1	Revenue	44,880	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	Receivable	19,598	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	-
0	Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical Vietnam Co., Ltd.	1	Revenue	12,180	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	185,834	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	8%
1	Double Bond Chemical (Shanghai) Co., Ltd.	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	3	Payable	76,861	No significant difference about the transaction price and terms of payment or collection compared to general suppliers or customers.	2%

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\$343 thousand interest receivable and the NT\$12,282 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, 2023

Annex 7

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Jatdix Investments International Limited	10,126,770	11.83%
Shinning Spark Limited, Seychelles	7,692,396	8.99%
Lin, Su-Fang	6,829,917	7.98%
JATDITA Investments Co., Ltd.	6,509,307	7.60%
Jumbo Harvest Limited, Seychelles	5,917,371	6.91%
Right Point Limited, Seychelles	5,065,471	5.92%
Lee, Kun-Chang	4,552,320	5.32%

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 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, 2023 and 2022 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, 2023 and 2022 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, 2023 and 2022, 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 in the Republic of China. 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, 2023. 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, 2023 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 specialty chemicals. Among them, the sales revenue of plastic additives in industrial additives accounts for 49% of the total

revenue in 2023. 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 matter in 2023 for audit. For the accounting policies related to the recognition of operating revenue, please refer to Note 4 and 20 of the individual financial statements.

Regarding our audit procedures in respect of the key audit matter, we performed the compliance tests to assess the Company's process for the recognition of revenue from the sale of plastic additives 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 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 in the Republic of China, we exercise professional judgment and 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, 2023 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 HUANG, YAO-LIN.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 14, 2024

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, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 4 & 6)	\$ 185,254	4	\$ 244,671	5
1136	Financial assets at amortized cost - current (Note 4, 8, 27)	3,000	-	3,000	-
1150	Notes receivable, net (Note 4, 9, 20)	11,192	-	9,955	-
1170	Accounts receivable, net (Note 4, 9, 20)	107,321	3	156,469	4
1180	Accounts receivable from related parties, net (Note 4, 9, 20)	73,616	2	86,540	2
1200	Other receivables	30,599	1	37,265	1
1210	Other receivables from related parties, net (Note 26)	12,625	-	12,419	-
1220	Current tax assets (Note 4 & 22)	212	-	71	-
130X	Inventories, net (Note 4 & 10)	202,441	5	277,267	6
1479	Other current assets (Note 4 & 15)	<u>20,614</u>	<u>-</u>	<u>43,033</u>	<u>1</u>
11XX	Total current assets	<u>646,874</u>	<u>15</u>	<u>870,690</u>	<u>19</u>
	Noncurrent Assets				
1517	Financial assets at fair value through other comprehensive income - noncurrent (Note 4 & 7)	89,650	2	106,728	2
1550	Investments accounted for using equity method (Note 4 & 11)	1,531,426	36	1,520,542	34
1600	Property, plant and equipment (Note 4, 12, 27)	1,911,942	45	1,627,699	37
1755	Right-of-use assets(Note 4 & 13)	-	-	99	-
1821	Other intangible assets (Note 4 & 14)	4,779	-	2,310	-
1840	Deferred tax assets (Note 4 & 22)	35,798	1	8,457	-
1915	Prepayments for Business Facilities (Note 26)	1,086	-	332,499	8
1990	Other noncurrent assets (Note 15 & 26)	<u>18,537</u>	<u>1</u>	<u>920</u>	<u>-</u>
15XX	Total noncurrent assets	<u>3,593,218</u>	<u>85</u>	<u>3,599,254</u>	<u>81</u>
1XXX	Total assets	<u>\$ 4,240,092</u>	<u>100</u>	<u>\$ 4,469,944</u>	<u>100</u>
	Liabilities and Equity				
	Current Liabilities				
2100	Short-term borrowings (Note 16 & 27)	\$ 855,000	20	\$ 580,000	13
2130	Contract liabilities (Note 4 & 20)	2,759	-	2,111	-
2150	Notes payable	14	-	-	-
2170	Accounts payable	54,326	1	58,102	1
2180	Accounts payable to related parties (Note 26)	50,170	1	70,840	2
2219	Other accounts payable (Note 17 & 26)	37,419	1	48,292	1
2280	Lease liabilities - current(Note 4 & 13)	-	-	100	-
2322	Current portion of long-term borrowings (Note 16 & 27)	351,395	9	288,847	7
2399	Other current liabilities (Note 17)	<u>18</u>	<u>-</u>	<u>12</u>	<u>-</u>
21XX	Total current liabilities	<u>1,351,101</u>	<u>32</u>	<u>1,048,304</u>	<u>24</u>
	Noncurrent liabilities				
2540	Long-term borrowings (Note 16 & 27)	705,877	17	1,064,116	24
2570	Deferred tax liabilities (Note 4 & 22)	11,651	-	11,515	-
2640	Net defined benefit liabilities - noncurrent (Note 4 & 18)	<u>5,158</u>	<u>-</u>	<u>5,949</u>	<u>-</u>
25XX	Total noncurrent liabilities	<u>722,686</u>	<u>17</u>	<u>1,081,580</u>	<u>24</u>
2XXX	Total Liabilities	<u>2,073,787</u>	<u>49</u>	<u>2,129,884</u>	<u>48</u>
	Owner's equity of this Company (Note 19)				
3110	Capital stock	<u>855,421</u>	<u>20</u>	<u>855,421</u>	<u>19</u>
3200	Capital surplus	<u>356,590</u>	<u>9</u>	<u>356,515</u>	<u>8</u>
	Retained earnings				
3310	Legal reserve	238,077	5	231,824	5
3320	Special reserve	77,883	2	105,526	2
3350	Unappropriated earnings	<u>761,333</u>	<u>18</u>	<u>868,657</u>	<u>20</u>
3300	Total retained earnings	<u>1,077,293</u>	<u>25</u>	<u>1,206,007</u>	<u>27</u>
3490	Other equity	(<u>122,999</u>)	(<u>3</u>)	(<u>77,883</u>)	(<u>2</u>)
3XXX	Total equity	<u>2,166,305</u>	<u>51</u>	<u>2,340,060</u>	<u>52</u>
	Total liabilities and equity	<u>\$ 4,240,092</u>	<u>100</u>	<u>\$ 4,469,944</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, 2023 and 2022

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

Code		For the Year Ended December 31, 2023		For the Year Ended December 31, 2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 4, 20, 26)	\$ 971,110	100	\$ 1,247,907	100
5000	Operating costs (Note 10, 21, 26)	<u>955,504</u>	<u>98</u>	<u>1,072,832</u>	<u>86</u>
	Gross profit	15,606	2	175,075	14
5910	Realized (unrealized) gain from sale (Note 4)	<u>9,548</u>	<u>1</u>	<u>1,475</u>	<u>-</u>
5950	Gross profit and realized gain	<u>25,154</u>	<u>3</u>	<u>176,550</u>	<u>14</u>
	Operating expenses (Note 4, 9, 13, 18, 21, 26)				
6100	Sales and marketing expense	85,123	9	97,594	8
6200	General and administration expense	54,769	6	59,613	5
6300	Research and development expense	49,192	5	52,218	4
6450	Gain on reversal of expected credit loss	(<u>314</u>)	<u>-</u>	(<u>1,090</u>)	<u>-</u>
6000	Total operating expenses	<u>188,770</u>	<u>20</u>	<u>208,335</u>	<u>17</u>
6900	Net operating profit(loss)	(<u>163,616</u>)	(<u>17</u>)	(<u>31,785</u>)	(<u>3</u>)
	Nonoperating income and expenses				
7100	Interest income (Note 21 & 26)	2,795	-	1,132	-
7010	Other income (Note 21)	10,475	1	12,353	1
7020	Other gains and losses (Note 21)	13,233	2	23,006	2
7050	Financial costs (Note 21)	(28,448)	(3)	(6,390)	-
7070	Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method (Note 4 and 11)	<u>56,915</u>	<u>6</u>	<u>65,803</u>	<u>5</u>

(Carried forward)
(Brought forward)

Code		For the Year Ended December 31, 2023		For the Year Ended December 31, 2022	
		Amount	%	Amount	%
7000	Total nonoperating income and expenses	<u>\$ 54,970</u>	<u>6</u>	<u>\$ 95,904</u>	<u>8</u>
7900	Profit before income tax	(108,646)	(11)	64,119	5
7950	Income tax expense (Note 4 & 22)	(<u>22,739</u>)	(<u>2</u>)	<u>3,762</u>	<u>-</u>
8200	Net profit for the year	(<u>85,907</u>)	(<u>9</u>)	<u>60,357</u>	<u>5</u>
	Other Comprehensive Income (Loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans (Note 18)	(36)	-	2,174	-
8316	Unrealized gain or loss on investments in equity instrument at fair value through other comprehensive income	(17,078)	(2)	4,177	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	(<u>28,038</u>)	(<u>3</u>)	<u>23,465</u>	<u>2</u>
8300	Other comprehensive income (loss) of the year	(<u>45,152</u>)	(<u>5</u>)	<u>29,816</u>	<u>2</u>
8500	Total comprehensive income of the year	(<u>\$ 131,059</u>)	(<u>14</u>)	<u>\$ 90,173</u>	<u>7</u>
	Earnings per share (Note 25)				
9750	Basic	(<u>\$ 1.00</u>)		<u>\$ 0.71</u>	
9850	Diluted	(<u>\$ 1.00</u>)		<u>\$ 0.71</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, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Equity attributable to owners of the Company												
		Ordinary Shares (Note 19)		Retained Earnings (Note 19)					Other Equity			
		Number of Shares (thousand)	Amount	Capital Surplus (Note 4 & 19)	Legal Reserve	Special Reserve	Unappropriated Earnings	Minor Sum	Exchange Differences on Translating Foreign Operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income (Note 4)	Minor Sum	Total Equity
A1	Balance as of January 1, 2022	<u>80,700</u>	<u>\$ 807,001</u>	<u>\$ 356,515</u>	<u>\$ 221,206</u>	<u>\$ 91,698</u>	<u>\$ 911,272</u>	<u>\$ 1,224,176</u>	<u>(\$ 167,726)</u>	<u>\$ 62,201</u>	<u>(\$ 105,525)</u>	<u>\$ 2,282,167</u>
	Appropriation of 2021 earnings											
B1	Legal reserve	-	-	-	10,618	-	(10,618)	-	-	-	-	-
B3	Special reserve	-	-	-	-	13,828	(13,828)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(32,280)	(32,280)	-	-	-	(32,280)
B9	Stock dividends	<u>4,842</u>	<u>48,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,420)</u>	<u>(48,420)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>4,842</u>	<u>48,420</u>	<u>-</u>	<u>10,618</u>	<u>13,828</u>	<u>(105,146)</u>	<u>(80,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,280)</u>
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	60,357	60,357	-	-	-	60,357
D3	Other comprehensive income (loss) after tax for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,174</u>	<u>2,174</u>	<u>23,465</u>	<u>4,177</u>	<u>27,642</u>	<u>29,816</u>
D5	Total comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,531</u>	<u>62,531</u>	<u>23,465</u>	<u>4,177</u>	<u>27,642</u>	<u>90,173</u>
Z1	Balance as of December 31, 2022	<u>85,542</u>	<u>\$ 855,421</u>	<u>\$ 356,515</u>	<u>\$ 231,824</u>	<u>\$ 105,526</u>	<u>\$ 868,657</u>	<u>\$ 1,206,007</u>	<u>(\$ 144,261)</u>	<u>\$ 66,378</u>	<u>(\$ 77,883)</u>	<u>\$ 2,340,060</u>
	Appropriation of 2022 earnings											
B1	Legal reserve	-	-	-	6,253	-	(6,253)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(42,771)	(42,771)	-	-	-	(42,771)
B17	reversal of special reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,643)</u>	<u>27,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>	<u>-</u>	<u>6,253</u>	<u>(27,643)</u>	<u>(21,381)</u>	<u>(42,771)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,771)</u>
C17	Other changes in capital surplus	<u>-</u>	<u>-</u>	<u>75</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75</u>
D1	Net profit for the year ended December 31, 2023	-	-	-	-	-	(85,907)	(85,907)	-	-	-	(85,907)
D3	Other comprehensive income (loss) after tax for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36)</u>	<u>(36)</u>	<u>(28,038)</u>	<u>(17,078)</u>	<u>(45,116)</u>	<u>(45,152)</u>
D5	Total comprehensive income (loss) for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85,943)</u>	<u>(85,943)</u>	<u>(28,038)</u>	<u>(17,078)</u>	<u>(45,116)</u>	<u>(131,059)</u>
Z1	Balance as of December 31, 2023	<u>85,542</u>	<u>\$ 855,421</u>	<u>\$ 356,590</u>	<u>\$ 238,077</u>	<u>\$ 77,883</u>	<u>\$ 761,333</u>	<u>\$ 1,077,293</u>	<u>(\$ 172,299)</u>	<u>\$ 49,300</u>	<u>(\$ 122,999)</u>	<u>\$ 2,166,305</u>

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, 2023 and 2022

		(In Thousands of New Taiwan Dollars)	
		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Code			
	Cash Flows from Operating Activities		
A00010	Profit before income tax	(\$ 108,646)	\$ 64,119
A20010	Adjustments for:		
A20100	Depreciation expense	96,430	22,252
A20210	Amortization expense	3,034	884
A20300	Gain on reversal of expected credit loss	(314)	(1,090)
A20400	Net income of financial assets and liabilities at fair value through profit and loss	-	(7)
A20900	Financial cost	28,448	6,390
A21200	Interest income	(2,795)	(1,132)
A21300	Dividend revenue	(9,152)	(11,088)
A22300	Share of profits or losses of subsidiaries and associates accounted for using the equity method	(56,915)	(65,803)
A22500	Gain (Loss) on disposal of property, plant and equipment	(175)	199
A23800	Loss for market price decline and obsolete and slow-moving inventories	29,811	1,307
A23900	Unrealized (realized) gain on transactions with subsidiaries	(9,548)	(1,475)
A24100	Unrealized loss (gain) on foreign exchange	1,128	(5,048)
A30000	Net changes in operating assets and liabilities		
A31110	Financial assets and liabilities at fair value through profit or loss	-	9
A31130	Notes receivable	(1,237)	3,116
A31150	Accounts receivable	47,201	12,973
A31160	Accounts receivable from related parties	12,925	12,274
A31180	Other receivable	6,625	(1,524)
A31200	Inventories	45,015	15,421
A31240	Other current assets	3,677	9,508
A32125	Contract liabilities	648	(4,716)
A32130	Notes payable	14	-
A32150	Accounts payable	(2,370)	(36,515)
A32160	Accounts payable to related parties	(20,670)	(28,846)
A32180	Other accounts payable	(9,753)	(13,342)
A32230	Other current liabilities	6	-
A32240	Net defined benefit liabilities	(827)	(823)
A33000	Cash generated from operating activities	52,560	(22,957)
A33100	Interest received	2,835	1,085
A33200	Stock dividend received	9,152	11,088
A33300	Interest paid	(37,364)	(27,511)
A33500	Income taxes paid	(4,608)	(7,354)
(Carried forward)			

(Brought forward)

		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Code			
AAAA	Net cash used in operating activities	<u>\$ 22,575</u>	<u>(\$ 45,649)</u>
	Cash Flows from Investing Activities		
B00040	Decrease in financial assets at amortized cost	-	18.835
B01800	Acquisition of investments accounted for using the equity method	(15,299)	-
B02700	Purchase of property, plant and equipment	(44,711)	(92,026)
B02800	Disposal of property, plant and equipment	175	159
B03700	Decrease (increase) in refundable deposits	700	(216)
B04500	Purchase of intangible assets	(836)	(1,530)
B05900	Decrease (increase) in other receivables from related parties	(479)	1,848
B06700	Decrease in other noncurrent assets	-	259
B07100	Increase in Prepayments for Business Facilities	(895)	(31,346)
B07600	Collection of subsidiary stock dividends	<u>42,840</u>	<u>72,299</u>
BBBB	Net cash used in investing activities	<u>(18,505)</u>	<u>(31,718)</u>
	Cash Flows from Financing Activities		
C00100	Increase in short-term borrowings bborrowings	275,000	211,226
C01600	Decrease in long-term borrowings	(295,691)	(155,996)
C04020	Repayments of lease liabilities	(100)	(698)
C04500	Payment of dividends	(42,771)	(32,280)
C09900	Changes in noncontrolling interest	<u>75</u>	<u>-</u>
CCCC	Net cash generated from financing activities	<u>(63,487)</u>	<u>22,252</u>
EEEE	Net decrease in cash and cash equivalents of the year	(59,417)	(55,115)
E00100	Cash and cash equivalents at the beginning of the year	<u>244,671</u>	<u>299,786</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 185,254</u>	<u>\$ 244,671</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, 2023 and 2022
(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 14, 2024.

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 IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the accompanying consolidated financial statements were issued, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

(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>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17—Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

Non-monetary items that are measured 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.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values, and depreciation method are reviewed at the end of each reporting period, with the effect 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) 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. 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. 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 at amortized cost, accounts receivable, accounts receivable from related parties, other receivables, other receivables from related parties 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:

- a. Significant financial difficulty of the issuer or the borrower;
- b. Breach of contract, such as a default;
- c. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- d. 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 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 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

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid (including any transferred non-cash assets or liabilities assumed) is recognized in 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, coating monomers/oligomers, industrial additives and specialty 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 when the goods are delivered to the customer's designated location or the goods are shipped, 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 rereasurement) 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. Rereasurement (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. Reremeasurement 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 in the ROC, 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 possible impact of inflation, interest rate fluctuations and volatility in foreign currency markets when making its critical accounting estimates on cash flows, growth rates, discount rates, profitabilities, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

VI. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 404	\$ 534
Checking accounts and demand deposits	184,850	219,569
Cash equivalents		
Time deposits (with original maturities less than 3 months)	-	24,568
	<u>\$185,254</u>	<u>\$244,671</u>

The market rate intervals of cash in bank and time deposits (with original maturities less than 3 months) at the end of the reporting period were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash in bank	0.51%-1.10%	0.455%-2.90%
Time deposits (with original maturities less than 3 months)	-	4.21%

VII. Financial assets measured at fair value through other comprehensive income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Noncurrent</u>		
Domestic investment		
Unlisted stock		
Sin Hun Chemical Co., Ltd. - common stock	<u>\$ 89,650</u>	<u>\$106,728</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.

VIII. Financial assets measured at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Domestic investment		
Time deposits with original maturities more than 3 months	<u>\$ 3,000</u>	<u>\$ 3,000</u>

For information on the pledge of financial assets measured at amortized cost, please refer to Note 27.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Incurred from business operation	<u>\$ 11,192</u>	<u>\$ 9,955</u>
<u>Accounts receivable</u>		
Total carrying value measured at amortized cost	\$ 110,086	\$ 159,547
Less: loss allowance	(<u>2,765</u>)	(<u>3,078</u>)
	<u>\$ 107,321</u>	<u>\$ 156,469</u>
<u>Accounts receivable from related party</u>		
Total carrying value measured at amortized cost	\$ 73,616	\$ 86,541
Less: loss allowance	-	(<u>1</u>)
	<u>\$ 73,616</u>	<u>\$ 86,540</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, 2023

	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	-	-	-	-	-	-	-	100%	1.21%
Total carrying value	\$190,033	\$ 2,075	\$ 8	\$ -	\$ 13	\$ -	\$ -	\$ 2,765	\$194,894
Loss allowance (expected credit loss during the lifetime)	-	-	-	-	-	-	-	(2,765)	(2,765)
Amortized cost	<u>\$190,033</u>	<u>\$ 2,075</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$192,129</u>

December 31, 2022

	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	0.01%	0.19%	1.13%	-	-	-	-	100%	1.42%
Total carrying value	\$234,904	\$ 8,638	\$ 9,563	\$ -	\$ -	\$ -	\$ -	\$ 2,938	\$256,043
Loss allowance (expected credit loss during the lifetime)	(17)	(16)	(108)	-	-	-	-	(2,938)	(3,079)
Amortized cost	<u>\$234,887</u>	<u>\$ 8,622</u>	<u>\$ 9,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$252,964</u>

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

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Beginning of year balance	\$ 3,079	\$ 4,621
Add: reversal of impairment loss this year	(314)	(1,090)
Less: actual write-off this year	-	(452)
End of year balance	<u>\$ 2,765</u>	<u>\$ 3,079</u>

X. Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Raw materials	\$ 61,967	\$103,788
Finished products	<u>140,474</u>	<u>173,479</u>
	<u>\$202,441</u>	<u>\$277,267</u>

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

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Cost of inventories sold	\$ 925,693	\$ 1,071,525
Inventory write-downs	<u>29,811</u>	<u>1,307</u>
	<u>\$ 955,504</u>	<u>\$ 1,072,832</u>

XI. Investment accounted for using equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investment in subsidiaries	<u>\$ 1,531,426</u>	<u>\$ 1,520,542</u>
DBC Group Co., Ltd.	\$ 1,505,048	\$ 1,496,363
PT. Double Bond Chemindo	5,026	2,248
DBC Europe Holding AG	6,153	5,577
Double Bond Chemical Ind. USA, Inc.	416	3,027
Double Bond Chemical Vietnam Co., Ltd.	9,662	8,749
DBC Korea Co., Ltd.	2,302	1,667
DBC Europe GmbH	2,028	1,874
Double Bond Chemical (Thailand) Co., Ltd.	<u>791</u>	<u>1,037</u>
	<u>\$ 1,531,426</u>	<u>\$ 1,520,542</u>

At the end of the reporting period, the percentages of ownership and voting rights in subsidiaries held by the Company were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
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, 2023 and December 31, 2022. 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.

The Company handled capital increase by cash for DBC USA by NT\$7,612 thousand (US\$250 thousand) and 7,687 thousand (US\$250 thousand) on March 30, 2023 and April 27, 2023, respectively, and subscribed 100% with a shareholding ratio of 100%.

DBC Group held a board meeting on June 26, 2023 and July 21, 2022 to decide the distribution of cash dividends of NT\$42,840 thousand (RMB10,000 thousand) and NT\$66,180 thousand (RMB15,000 thousand), respectively.

DBC Global held a board meeting on June 26, 2023 and July 21, 2022 to decide the distribution of cash dividends of NT\$42,840 thousand (RMB10,000 thousand) and NT\$66,180 thousand (RMB15,000 thousand), respectively.

DBC Europe Holding convened a shareholder meeting on March 1, 2022 to decide the distribution of cash dividends of NT\$6,119 thousand (Swiss francs 200 thousand).

By using the equity method, the profit and loss of the subsidiaries and other comprehensive income in the years ended December 31, 2023 and 2022 were recognized based on the financial reports audited by the accountants of each subsidiary in the same period.

XII. Property, plant and equipment

	Land	Buildings and Structure	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 486,190	\$ 98,218	\$ 152,660	\$ 15,165	\$ 4,365	\$ 20,188	\$ 871,378	\$ 1,648,164
Additions	-	150	4,039	3,781	207	1,097	82,752	92,026
Disposals	-	-	(1,279)	(683)	-	-	-	(1,962)
Interest capitalization	-	-	-	-	-	-	21,871	21,871
Reclassification	-	-	1,469	873	-	1,336	(1,336)	2,342
Balance at December 31, 2022	<u>\$ 486,190</u>	<u>\$ 98,368</u>	<u>\$ 156,889</u>	<u>\$ 19,136</u>	<u>\$ 4,572</u>	<u>\$ 22,621</u>	<u>\$ 974,665</u>	<u>\$1,762,441</u>
<u>Accumulated Depreciation</u>								
Balance at January 1, 2022	\$ -	\$ 27,477	\$ 68,135	\$ 6,405	\$ 1,972	\$ 10,798	\$ -	\$ 114,787
Disposals	-	-	(949)	(655)	-	-	-	(1,604)
Depreciation Expense	-	2,170	15,579	2,200	351	1,259	-	21,559
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 29,647</u>	<u>\$ 82,765</u>	<u>\$ 7,950</u>	<u>\$ 2,323</u>	<u>\$ 12,057</u>	<u>\$ -</u>	<u>\$ 134,742</u>
Carrying amount at December 31, 2022	<u>\$ 486,190</u>	<u>\$ 68,721</u>	<u>\$ 74,124</u>	<u>\$ 11,186</u>	<u>\$ 2,249</u>	<u>\$ 10,564</u>	<u>\$ 974,665</u>	<u>\$1,627,699</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 486,190	\$ 98,368	\$ 156,889	\$ 19,136	\$ 4,572	\$ 22,621	\$ 974,665	\$1,762,441
Additions	-	-	3,016	3,604	-	11,479	26,612	44,711
Disposals	-	-	(226)	(983)	(4)	(11)	-	(1,224)
Interest capitalization	-	-	-	-	-	-	8,973	8,973
Reclassification	-	435,577	293,227	236	770	607,330	(1,010,250)	326,890
Balance at December 31, 2023	<u>\$ 486,190</u>	<u>\$ 533,945</u>	<u>\$ 452,906</u>	<u>\$ 21,993</u>	<u>\$ 5,338</u>	<u>\$ 641,419</u>	<u>\$ -</u>	<u>\$2,141,791</u>
<u>Accumulated Depreciation</u>								
Balance at January 1, 2023	\$ -	\$ 29,647	\$ 82,765	\$ 7,950	\$ 2,323	\$ 12,057	\$ -	\$ 134,742
Disposals	-	-	(226)	(983)	(4)	(11)	-	(1,224)
Depreciation Expense	-	10,087	36,594	2,379	408	46,863	-	96,331
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 39,734</u>	<u>\$ 119,133</u>	<u>\$ 9,346</u>	<u>\$ 2,727</u>	<u>\$ 58,909</u>	<u>\$ -</u>	<u>\$ 229,849</u>
Carrying amount at December 31, 2023	<u>\$ 486,190</u>	<u>\$ 494,211</u>	<u>\$ 333,773</u>	<u>\$ 12,647</u>	<u>\$ 2,611</u>	<u>\$ 582,510</u>	<u>\$ -</u>	<u>\$1,911,942</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	5 to 15 years
Office Equipment	3 to 12 years
Other Equipment	3 to 20 years

Please refer to Note 27 for the carrying amount of property, plant and equipment that had been pledged by the Company to secure long-term borrowings.

XIII. Lease Arrangements

(I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Carrying amounts</u>		
Transportation equipment	<u>\$ -</u>	<u>\$ 99</u>

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Depreciation charge for right-of-use assets		
Transportation equipment	<u>\$ 99</u>	<u>\$ 693</u>

(II) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Carrying amounts</u>		
Current	<u>\$ -</u>	<u>\$ 100</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Transportation equipment	-	1.34%

(III) Material lease-in activities and terms

The Company leases transportation equipment for employees to carry out business, with the lease terms of 1-2 years.

(IV) Other lease information

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Expenses relating to short-term leases	<u>\$ 2,062</u>	<u>\$ 2,211</u>
Total cash outflow for leases	<u>(\$ 2,162)</u>	<u>(\$ 2,914)</u>

The Company leases certain transportation equipment 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.

XIV. Other Intangible Asset

	Trademark	Patent	Computer Software Cost	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ 3,732	\$ 2,807	\$ 1,584	\$ 8,123
Separate Acquisition	-	-	1,530	1,530
Balance at December 31, 2022	<u>\$ 3,732</u>	<u>\$ 2,807</u>	<u>\$ 3,114</u>	<u>\$ 9,653</u>
<u>Accumulated Amortization</u>				
Balance at January 1, 2022	\$ 3,115	\$ 2,148	\$ 1,584	\$ 6,847
Amortization Expense	125	69	301	496
Balance at December 31, 2022	<u>\$ 3,240</u>	<u>\$ 2,217</u>	<u>\$ 1,885</u>	<u>\$ 7,343</u>
Carrying amount at December 31, 2022	<u>\$ 492</u>	<u>\$ 589</u>	<u>\$ 1,229</u>	<u>\$ 2,310</u>
<u>Cost</u>				
Balance at January 1, 2023	\$ 3,732	\$ 2,807	\$ 3,114	\$ 9,653
Separate Acquisition	732	104	-	836
Reclassification	-	-	3,034	3,034
Balance at December 31, 2023	<u>\$ 4,464</u>	<u>\$ 2,911</u>	<u>\$ 6,148</u>	<u>\$ 13,523</u>
<u>Accumulated Amortization</u>				
Balance at January 1, 2023	\$ 3,240	\$ 2,218	\$ 1,885	\$ 7,343
Amortization Expense	403	529	469	1,401
Balance at December 31, 2023	<u>\$ 3,643</u>	<u>\$ 2,747</u>	<u>\$ 2,354</u>	<u>\$ 8,744</u>
Carrying amount at December 31, 2023	<u>\$ 821</u>	<u>\$ 164</u>	<u>\$ 3,794</u>	<u>\$ 4,779</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

XV. Other Assets

	December 31, 2023	December 31, 2022
<u>Current</u>		
Prepaid account	\$ 15,965	\$ 11,612
Prepaid expense	4,160	26,705
Others	489	4,716
	<u>\$ 20,614</u>	<u>\$ 43,033</u>
<u>Noncurrent</u>		
Refundable deposits	\$ 220	\$ 920
Other deferred expenses	18,317	-
	<u>\$ 18,537</u>	<u>\$ 920</u>

XVI. Borrowings

(I) Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured loan</u> (Note 27)		
Bank loan	\$340,000	\$150,000
<u>Unsecured loan</u>		
Bank loan	<u>515,000</u>	<u>430,000</u>
	<u>\$855,000</u>	<u>\$580,000</u>

The annual interest rates of bank transition loans were 1.72%~1.90% and 1.50%~2.03% on December 31, 2023, and 2022, respectively.

(II) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2023</u>
<u>Secured loan</u> (Note 27)		
Bank loan	\$ 1,016,076	\$ 1,232,606
<u>Unsecured loan</u>		
Bank loan	41,196	120,357
Less: listed as part of long-term loans due within one year	(<u>351,395</u>)	(<u>288,847</u>)
	<u>\$ 705,877</u>	<u>\$ 1,064,116</u>

The Company borrows from the bank with its own land and building mortgage guarantee (see Note 27). The maturity dates of the Company's long-term borrowings in the form of secured loan are from August 26, 2024, to February 17, 2040. As of December 31, 2023, and 2022, the annual interest rates of the Group's long-term borrowings in the form of secured loan are 1.95%~2.24% and 1.64%~2.05%, respectively.

The maturity dates of the Company's long-term borrowing in the form of unsecured loan are from January 27, 2024, to August 7, 2025. As of December 31, 2023, and 2022, the annual interest rate of the Company's long-term borrowings in the form of unsecured loan are 2.05%~2.14% and 1.89%~1.92%, respectively.

XVII. Other Liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other payables		
Salaries and bonuses payable	\$ 7,938	\$ 13,324
Director remuneration payable	-	3,500
Employee remuneration payable	-	2,500
Other payables from related parties	2,099	1,287
Other fees payable	<u>27,382</u>	<u>27,681</u>
	<u>\$ 37,419</u>	<u>\$ 48,292</u>

Other liabilities		
deposits received	\$ 7	\$ -
Receipts under custody	<u>11</u>	<u>12</u>
	<u>\$ 18</u>	<u>\$ 12</u>

XVIII. 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 19,313	\$ 18,762
Fair value of plan assets	(<u>14,155</u>)	(<u>12,813</u>)
Net defined benefit liability	<u>\$ 5,158</u>	<u>\$ 5,949</u>

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

	<u>Present Value of the Defined Benefit Obligation</u>	<u>Fair Value of the Plan Assets</u>	<u>Net Defined Benefit Liability (Asset)</u>
Balance at January 1, 2022	<u>\$ 19,880</u>	(<u>\$ 10,934</u>)	<u>\$ 8,946</u>
Service cost			

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Current service cost	308	-	308
Net interest expense (income)	<u>149</u>	(<u>86</u>)	<u>63</u>
Recognized in profit or loss	<u>457</u>	(<u>86</u>)	<u>371</u>
Remeasurement			
Return on plan assets	-	(599)	(599)
Actuarial loss			
- changes in financial assumptions	(1,870)	-	(1,870)
- experience adjustments	<u>295</u>	<u>-</u>	<u>295</u>
Recognized in other comprehensive income	(<u>1,575</u>)	(<u>599</u>)	(<u>2,174</u>)
Contribution from the employer	<u>-</u>	(<u>1,194</u>)	(<u>1,194</u>)
Balance at December 31, 2022	<u>18,762</u>	(<u>12,813</u>)	<u>5,949</u>
Service cost			
Current service cost	285	-	285
Net interest expense (income)	<u>282</u>	(<u>200</u>)	<u>82</u>
Recognized in profit or loss	<u>567</u>	(<u>200</u>)	<u>367</u>
Remeasurement			
Return on plan assets	-	52	52
Actuarial loss			
- changes in financial assumptions	283	-	283
- experience adjustments	(<u>299</u>)	<u>-</u>	(<u>299</u>)
Recognized in other comprehensive income	(<u>16</u>)	<u>52</u>	<u>36</u>
Contribution from the employer	<u>-</u>	(<u>1,194</u>)	(<u>1,194</u>)
Balance at December 31, 2023	<u>\$ 19,313</u>	(<u>\$ 14,155</u>)	<u>\$ 5,158</u>

are recognized in profit or loss as summarized by function:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Marketing expenses	\$ 85	\$ 119
Management expenses	134	119
R&D expenses	<u>148</u>	<u>133</u>
	<u>\$ 367</u>	<u>\$ 371</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, 2023</u>	<u>December 31, 2022</u>
Discount rate(s)	1.375%	1.50%
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, 2023</u>	<u>December 31, 2022</u>
Discount rate(s)		
0.25% increase	(\$ 561)	(\$ 575)
0.25% decrease	<u>\$ 583</u>	<u>\$ 599</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 559</u>	<u>\$ 575</u>
0.25% decrease	(<u>\$ 541</u>)	(<u>\$ 555</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, 2023</u>	<u>December 31, 2022</u>
The expected contributions to the plan for the next year	<u>\$ 1,080</u>	<u>\$ 1,080</u>
The average duration of the defined benefit obligation	11.9 years	12.7 years

XIX. Equity

(I) Share Capital

Ordinary Share

<u>December 31, 2023</u>	<u>December 31, 2022</u>
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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>85,542</u>	<u>85,542</u>
Shares issued	<u>\$ 855,421</u>	<u>\$ 855,421</u>

On June 22, 2022, the Company's shareholders meeting resolved to use the stock dividend of NT\$48,420 thousand to make up the share capital and allocate 4,842 thousand shares of common stock. The case was approved by the Securities and Futures Bureau, and the board of directors sets July 26, 2022 as the base date of capital increase.

(II) Capital Surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Share premium	\$338,998	\$338,998
Stock option	17,493	17,493
Other — disgorgements	<u>99</u>	<u>24</u>
	<u>\$356,590</u>	<u>\$356,515</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.

According to the requirement under Section 157 Short swing Trading of the Securities and Exchange Act, the capital surplus arising from the gain of claim for disgorgements is only used to offset a deficit.

(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 21 (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 2022 and 2021 earnings had been approved by the Company's shareholders in its meetings held on June 28, 2023 and June 22, 2022, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Legal capital reserve	<u>\$ 6,253</u>	<u>\$ 10,618</u>
(Reversal of) Special capital reserve	(<u>\$ 27,643</u>)	<u>\$ 13,828</u>
Cash dividends	<u>\$ 42,771</u>	<u>\$ 32,280</u>
Stock dividends	<u>\$ -</u>	<u>\$ 48,420</u>
Cash dividends per share (NT\$)	\$ 0.5	\$ 0.4
Share dividends per share (NT\$)	\$ -	\$ 0.6

The Company's loss off-setting proposal for 2023 had been approved in the meeting of the Board of Directors held on March 14, 2024. The loss off-setting proposal was as follows:

	For the Year Ended December 31, 2023
Loss off-setting	(<u>\$ 85,943</u>)
Special capital reserves	<u>\$ 45,116</u>

The aforementioned loss off-setting proposal is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 28, 2024.

XX. Revenue

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Revenue from contracts with customers		
Sales revenue	<u>\$ 971,110</u>	<u>\$ 1,247,907</u>

(I) Contract Balance

	December 31, 2023	December 31, 2022	January 1, 2022
Net Notes Receivable (Note 9)	\$ 11,192	\$ 9,955	\$ 13,071
Net Accounts Receivable (Note 9)	107,321	156,469	163,429
Net Accounts Receivable from Related Party (Note 9)	<u>73,616</u>	<u>86,540</u>	<u>98,810</u>
	<u>\$ 192,129</u>	<u>\$ 252,964</u>	<u>\$ 275,310</u>
Contract liabilities			
Sale of Goods	<u>\$ 2,759</u>	<u>\$ 2,111</u>	<u>\$ 6,821</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.

XXI. Net Profit From Continuing Operation

Net profit from continuing operation includes the follows:

(I) Interest income

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Interest income	<u>\$ 2,795</u>	<u>\$ 1,132</u>

(II) Other income

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Dividend income	\$ 9,152	\$ 11,088
Others	<u>1,323</u>	<u>1,265</u>
	<u>\$ 10,475</u>	<u>\$ 12,353</u>

(III) Other gains and losses

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Net gains on financial assets and liabilities		
Mandatorily measured at FVTPL	\$ -	\$ 7
Gain (loss) on disposal of property, plant and equipment	175	(199)
Exchange gain, net	13,109	23,531
Others	<u>(51)</u>	<u>(333)</u>
	<u>\$ 13,233</u>	<u>\$ 23,006</u>

(IV) Financial costs

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Interest on bank loan	\$ 37,421	\$ 28,256
Interest on lease liabilities	<u>-</u>	<u>5</u>
	37,421	28,261
Less: amounts included in the cost of qualifying assets	(<u>8,973</u>)	(<u>21,871</u>)
	<u>\$ 28,448</u>	<u>\$ 6,390</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Capitalized interest amount	\$ 8,973	\$ 21,871
Capitalization rate	1.94%	1.77%

(V) Impairment losses recognized (reversed)

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Notes receivable and accounts receivable	(<u>\$ 314</u>)	(<u>\$ 1,090</u>)
Inventories (included in operating costs)	<u>\$ 29,811</u>	<u>\$ 1,307</u>

(VI) Depreciation and amortization

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Property, plant and equipment	\$ 96,331	\$ 21,559
Right-of-use assets	99	693
Intangible assets and deferred expenses	<u>3,034</u>	<u>884</u>
	<u>\$ 99,464</u>	<u>\$ 23,136</u>
An analysis of depreciation by function		
Operating costs	\$ 84,441	\$ 10,793
Operating expenses	<u>11,989</u>	<u>11,459</u>
	<u>\$ 96,430</u>	<u>\$ 22,252</u>
An analysis of amortization by function		
Operating costs	\$ 1,633	\$ -
Operating expenses	<u>1,401</u>	<u>884</u>
	<u>\$ 3,034</u>	<u>\$ 884</u>

(VII) Personnel Expenses

	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Personnel expenses						
Salaries	\$ 40,406	\$ 68,890	\$ 109,296	\$ 42,381	\$ 75,141	\$ 117,522
Labor insurance and health insurance	4,257	7,555	11,812	2,864	7,644	10,508
Pension cost						
Defined contribution plan	1,755	3,669	5,424	1,344	3,643	4,987
Defined benefit plan (Note 18)	-	367	367	-	371	371
Director's remuneration	-	2,605	2,605	-	6,110	6,110
Others	<u>2,938</u>	<u>4,427</u>	<u>7,365</u>	<u>2,519</u>	<u>5,123</u>	<u>7,642</u>
	<u>\$ 49,356</u>	<u>\$ 87,513</u>	<u>\$ 136,869</u>	<u>\$ 49,108</u>	<u>\$ 98,032</u>	<u>\$ 147,140</u>

The average number of employees in this year and the previous year were 162 and 138 respectively, of which the number of directors who were not part-time employees was 6 and 4, respectively. This year's average employee welfare cost is NT\$ 861 thousands; The average employee welfare cost in the previous year was NT\$ 1,052 thousands.

This year's average employee salary cost is NT\$ 701 thousands; The average employee salary cost in the previous year was NT\$ 877 thousands. The change of adjustments to average employee salary and expenses (20%).

The Company did not have supervisors for 2023 and 2022, 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. Since there was a loss as of the year ended December 31, 2023, the Company decided not to recognize the amounts of the employees' compensation and remuneration to directors. For the year ended December 31, 2022, employee's compensation and remuneration to directors were resolved by the board of directors on March 24, 2023:

Estimated ratio

	<u>For the Year Ended December 31, 2022</u>
Employee's compensation	3.57%
Remuneration to directors	4.99%

Amount

	<u>For the Year Ended December 31, 2022</u>
	<u>Cash</u>
Employee's compensation	\$ 2,500
Remuneration to directors	3,500

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, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

XXII. Income Taxes Relating To Continuing Operations

(I) Income tax recognized in profit or loss

The major components of tax expense (revenue) were as follows:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Current tax		
In respect of the current period	\$ 4,466	\$ 7,242
Surtax on undistributed earnings	-	52
In respect of prior periods	<u>-</u>	<u>(47)</u>
	<u>4,466</u>	<u>7,247</u>
Deferred Tax		
In respect of the current period	(26,223)	(1,398)
In respect of prior periods	<u>(982)</u>	<u>(2,087)</u>
	<u>(27,205)</u>	<u>(3,485)</u>
Income tax expense (revenue) recognized in profit or loss	<u>(\$22,739)</u>	<u>\$ 3,762</u>

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

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Income from continuing operation before income tax	(<u>\$108,646</u>)	<u>\$ 64,119</u>
Income tax expense calculated at statutory rate	(\$ 21,729)	\$ 12,824
Fees that cannot be deducted from taxes	48	20
Surtax on undistributed earnings	-	52
Adjustments to prior year's income tax expense (profit)	(982)	(2,134)
Tax exempt income	(1,830)	(2,218)
Temporary difference that has not yet been recognized	(3,027)	(4,342)
Others	<u>4,781</u>	<u>(440)</u>
Income tax expense recognized in profit or loss	<u>(\$ 22,739)</u>	<u>\$ 3,762</u>

(II) Current tax liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Income tax receivable	<u>\$ 212</u>	<u>\$ 71</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, 2023

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Allowance for inventory write down	\$ 5,956	\$ 5,962	\$ 11,918
Unrealized loss on foreign exchange	-	225	225

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Unrealized gain from inter-affiliate accounts	1,134	(1,134)	-
Others	<u>1,367</u>	<u>2,556</u>	<u>3,923</u>
	8,457	7,609	16,066
Loss deduct	<u>-</u>	<u>19,732</u>	<u>19,732</u>
	<u>\$ 8,457</u>	<u>\$ 27,341</u>	<u>\$ 35,798</u>

Deferred tax liabilities			
Temporary differences			
Investment income recognized under equity method	\$ 10,679	(\$ 212)	\$ 10,467
Unrealized loss from inter-affiliate accounts	-	775	775
Others	<u>836</u>	<u>(427)</u>	<u>409</u>
	<u>\$ 11,515</u>	<u>\$ 136</u>	<u>\$ 11,651</u>

For the year ended December 31, 2022

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Allowance for inventory write down	\$ 5,695	\$ 261	\$ 5,956
Unrealized loss on foreign exchange	418	(418)	-
Unrealized gain from inter-affiliate accounts	1,429	(295)	1,134
Others	<u>1,792</u>	<u>(425)</u>	<u>1,367</u>
	<u>\$ 9,334</u>	<u>(\$ 877)</u>	<u>\$ 8,457</u>

Deferred tax liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Investment income recognized under equity method	\$ 15,096	(\$ 4,417)	\$ 10,679
Others	<u>781</u>	<u>55</u>	<u>836</u>
	<u>\$ 15,877</u>	<u>(\$ 4,362)</u>	<u>\$ 11,515</u>

(IV) Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
<u>\$ 98,659</u>	2033

(V) Income tax assessments

The tax authorities have examined income tax returns of the Company through 2021. All investment tax credit adjustments assessed by the tax authorities have been recognized accordingly.

XXIII. Earnings (Loss) per share

	Unit: NT\$/Share	
	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Basic earnings (loss) per share of continuing operation units	(\$ <u>1.00</u>)	\$ <u>0.71</u>
Diluted earnings (loss) per share of continuing operation units	(\$ <u>1.00</u>)	\$ <u>0.71</u>

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

Net Profit (Loss) for the Period

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Net profit (loss)	(\$ <u>85,907</u>)	\$ <u>60,357</u>

Ordinary Shares Outstanding

	Unit: thousand shares	
	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Weighted average number of ordinary shares in computation of basic earnings (loss) per share	85,542	85,542
Effects of dilutive potential ordinary shares on earnings:		
Employee compensations	<u>-</u>	<u>61</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>85,542</u>	<u>85,603</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.

Since the potential ordinary shares related to employee compensation were anti-dilutive during the years ended December 31, 2023, they were excluded from the computation of diluted loss per share.

XXIV. 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.

XXV. Financial Instrument

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

The management considers that the carrying amounts of financial assets recognized in the financial statements approximate their fair values.

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

1. Fair Value Hierarchy

December 31, 2023

	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	\$ -	\$ -	\$ 89,650	\$ 89,650

December 31, 2022

Level 1	Level 2	Level 3	Total
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Financial assets measured at fair value through other comprehensive income

Investment in equity instruments

Domestic unlisted common stocks

\$ -	\$ -	\$ 106,728	\$ 106,728
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For the year ended December 31, 2023 and 2022, there was no transfer of fair value measurement between the first level and the second level.

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

The fair values of unlisted equity securities were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

(III) Categories of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 423,827	\$ 551,239
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	89,650	106,728
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	2,054,201	2,110,197

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, long-term borrowings 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 (including foreign currency risk, interest rate risk and other price 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), interest rates (see (2) below) and other price risk (see (3) 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 29.

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 (loss) 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 (loss) and balances below would be negative.

	USD Impact		RMB Impact		EUR Impact	
	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Profit or loss	\$ 1,686	\$ 3,249	\$ 5	(\$ 781)	\$ 746	\$ 740

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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
— Financial assets	\$ 3,000	\$ 27,568
— Financial liabilities	455,000	250,000
Cash flow with interest rate risk		
— Financial assets	184,850	219,569
— Financial liabilities	1,457,272	1,682,963

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 (loss) before tax for 2023 will decrease/increase by NT\$12,724 thousand, and the Company's net profit before tax for 2022 will increase/decrease by NT\$14,634 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.

(3) Other price risk

The company was exposed to equity price risk through its investments in equity securities. The Company has appointed a special staff to monitor the price risk and evaluate the possible solutions.

Sensitivity Analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2023 and 2022 would have increased/decreased by \$897 thousand and \$1,067 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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, 2023 and 2022, the Company had available unutilized bank loan facilities set out in (3) 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, 2023

	On Demand or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 37,823	\$ 90,956	\$ 13,150	\$ -	\$ -
Fixed rate instrument	388	455,772	-	-	-
Floating rate instrument	<u>16,369</u>	<u>441,346</u>	<u>313,021</u>	<u>350,662</u>	<u>438,344</u>
	<u>\$ 61,678</u>	<u>\$ 944,035</u>	<u>\$ 326,171</u>	<u>\$ 350,662</u>	<u>\$ 438,344</u>

December 31, 2022

	On Demand or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 124,599	\$ 30,700	\$ 21,935	\$ -	\$ -
Lease liabilities	50	50	-	-	-
Fixed rate instrument	508	250,047	-	-	-
Floating rate instrument	<u>163,208</u>	<u>90,200</u>	<u>389,092</u>	<u>680,126</u>	<u>472,016</u>
	<u>\$ 288,365</u>	<u>\$ 370,977</u>	<u>\$ 411,027</u>	<u>\$ 680,126</u>	<u>\$ 472,016</u>

(2) Financing Facilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank facilities		
— Amount used	\$ 2,494,800	\$ 2,239,800
— Amount unused	<u>388,700</u>	<u>874,700</u>
	<u>\$ 2,883,500</u>	<u>\$ 3,114,500</u>

XXVI. 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
DOUBLEBOND CHEMICAL (TAIXING) CO., LTD.	Substantive Related Party
Innonyx International 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, 2023	For the Year Ended December 31, 2022
Subsidiaries		
DBC Switzerland AG	\$112,742	\$ 97,888
Others	205,968	198,475
Substantive related parties	22,374	34,328
Other related parties	<u>348</u>	<u>-</u>
	<u><u>\$341,432</u></u>	<u><u>\$330,691</u></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, 2023	For the Year Ended December 31, 2022
Subsidiaries		
Double Bond Chemical (Shanghai) Co., Ltd.	\$117,159	\$ 143,626
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	46,156	23,988
Substantive related parties	56,239	66,821
Other related parties	<u>30,161</u>	<u>65,948</u>
	<u><u>\$249,715</u></u>	<u><u>\$ 300,383</u></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, 2023	December 31, 2022
Accounts receivable from related parties	Subsidiaries		
	DBC Switzerland AG	\$ 16,349	\$ 29,380
	Double Bond Chemical Ind. USA, Inc.	19,598	28,244
	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	10,772	-
	PT. Double Bond Chemindo	8,333	8,745
	Others	15,915	12,553
	Substantive related parties		
	Yi Ying Chemical Industry Co., Ltd.	2,590	7,619
	Others	59	-
	Less: loss allowance	-	(1)
		<u>\$ 73,616</u>	<u>\$ 86,540</u>

There are no guarantees for outstanding receivable from related parties.

(V) Accounts payable to related parties

Account	Related Parties/Name	December 31, 2023	December 31, 2022
Accounts payable to related parties	Subsidiaries		
	Double Bond Chemical (Shanghai) Co., Ltd.	\$ 23,094	\$ 36,997
	DAFENG XIN YUAN DA CHEMICAL CO., LTD.	11,749	6,216
	Other Related Party		
	SIN HUN CHEMICAL CO., LTD.	10,992	16,644
	Substantive related party		
	FDC, Lees Co., Ltd.	4,260	9,998
	Others	75	985
		<u>\$ 50,170</u>	<u>\$ 70,840</u>

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

(VI) Prepayments for Business Facilities

Related Parties/Name	December 31, 2023	December 31, 2022
Subsidiaries	<u>\$ -</u>	<u>\$ 2,916</u>

(VII) Loans to related parties

Related Parties/Name	December 31, 2023	December 31, 2022
<u>Other receivable from related parties</u>		
Subsidiaries		
PT. Double Bond Chemindo	<u>\$ 12,625</u>	<u>\$ 12,419</u>

Interest income

<u>Related Parties/Name</u>	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Subsidiaries		
PT. Double Bond Chemindo	<u>\$ 815</u>	<u>\$ 275</u>

(VIII) 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, 2023</u>	<u>December 31, 2022</u>
<u>Other accounts payable</u>		
Subsidiaries	<u>\$ 2,099</u>	<u>\$ 1,287</u>

Other transactions

<u>Related Parties/Name</u>	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
<u>Commission expense</u>		
Subsidiaries		
DBC Korea Co., Ltd.	\$ 5,960	\$ 2,786
DBC Europe GmbH	<u>6,431</u>	<u>5,498</u>
	<u>\$ 12,391</u>	<u>\$ 8,284</u>

The terms of the commission expense between the Company and related parties is determined by mutual agreement.

(IX) Compensation of key management personnel

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Short-term benefits	\$ 18,306	\$ 24,490
Post-employment benefits	<u>560</u>	<u>543</u>
	<u>\$ 18,866</u>	<u>\$ 25,033</u>

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

XXVII. Assets Pledged as Collateral or for Security

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

<u>December 31, 2023</u>	<u>December 31, 2022</u>
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Property, plant and equipment	\$893,871	\$550,931
Financial assets measured at amortized cost-current	<u>3,000</u>	<u>3,000</u>
	<u>\$896,871</u>	<u>\$553,931</u>

XXVIII. 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.

DAFENG XIN YUAN DA CHEMICAL CO., LTD. stopped working in response to the requirements of the park. As of February 21, 2023, DAFENG XIN YUAN DA CHEMICAL CO., LTD. has resumed production one after another, for relevant information is available at the Market Observation Post System website of the Taiwan Stock Exchange.

XXIX. 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, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD	\$ 5,945	30.705 (USD : NTD)	\$ 182,541
RMB	8,338	4.327 (RMB: NTD)	36,079
EUR	2,195	33.98 (EUR : NTD)	74,586
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	453	30.705 (USD : NTD)	13,909
RMB	8,232	4.327 (RMB: NTD)	35,620
EUR	1	33.98 (EUR : NTD)	34

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial Assets</u>			

<u>Monetary items</u>			
USD	\$ 11,754	30.71 (USD : NTD)	\$ 360,965
RMB	2,305	4.408 (RMB: NTD)	10,160
EUR	2,314	32.72 (EUR : NTD)	75,714

Financial Liabilities

<u>Monetary items</u>			
USD	1,173	30.71 (USD : NTD)	36,023
RMB	20,017	4.408 (RMB: NTD)	88,235
EUR	52	32.72 (EUR : NTD)	1,701

The group's realized and unrealized foreign exchange gains and losses for the year ended December 31, 2023 and 2022 are detailed in the consolidated income statement. Due to the variety of foreign currency transactions and the group's functional currencies, it is not possible to disclose exchange gains and losses separately for each major currency.

XXX. Separately disclosed items

(I) Related information about significant transactions:

1. Financing provided to others (Annex 1).
2. Endorsements/guarantees provided (None).
3. Marketable securities held at the end of the year (Annex 2).
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 3).
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 (None).

(II) Information on investees (Annex 4):

(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 5).
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 3 and 5).
- (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 6).

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries
Financing Provided to Others
For the Year Ended December 31, 2023

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	\$ 24,564 (USD800,000)	\$ 12,282 (USD400,000)	\$ 12,282 (USD400,000)	5~8.5%	Short-term Financing	\$ -	Operating Capital	\$ -	-	-	\$ 324,945	\$ 866,522

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, 2023.

Note 4: The NT\$343 thousand interest receivable of the NT\$12,282 thousand loan to PT. Double Bond Chemindo are listed as other receivables from related parties.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries
Marketable Securities Held
For the Year Ended December 31, 2023

Annex 2 (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, 2022				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	\$ 89,650	9.78	\$ 89,650	-

Note: For information on the investments in subsidiaries and associates, please refer to Annex 4 and Annex 5.

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, 2023

Annex 3

(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	\$ 185,834	16%	-	-	-	(\$ 76,861)	(23%)	Note 1
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Double Bond Chemical (Shanghai) Co., Ltd.	Associate	Sale	(185,834)	(71%)	-	-	-	76,861	75%	Note 1
Double Bond Chemical Ind. Co., Ltd.	Double Bond Chemical (Shanghai) Co., Ltd.	Parent Company	Purchase	117,159	17%	-	-	-	(23,094)	(22%)	Note 1
Double Bond Chemical (Shanghai) Co., Ltd.	Double Bond Chemical Ind. Co., Ltd.	Subsidiary	Sale	(117,159)	(8%)	-	-	-	23,094	8%	Note 1
Double Bond Chemical Ind. Co., Ltd.	DBC Switzerland AG	Parent Company	Sale	(112,742)	(12%)	-	-	-	16,349	9%	Note 1
DBC Switzerland AG	Double Bond Chemical Ind. Co., Ltd.	sub-subsidiary	Purchase	112,742	100%	-	-	-	(16,349)	(100%)	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, 2023

Annex 4

(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, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note1)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
Double Bond Chemical Ind. Co., Ltd.	DBC Group Co., Ltd.	Samoan Islands	Investment industry	\$ 317,065	\$ 317,065	10,430	100	\$ 1,505,048	\$ 68,231	\$ 71,445	Note 1 & 2
	DBC Europe Holding AG	Switzerland	Investment industry	2,982	2,982	0.1	100	6,153	24	24	Note 2
	DBC Europe GmbH	Germany	Chemical industry	3,599	3,599	-	100	2,028	82	82	Note 2
	DBC Korea Co., Ltd.	Korea	Chemical industry	4,457	4,457	59.477	99.98	2,302	684	684	Note 2
	Double Bond Chemical Ind. USA, Inc.	America	Chemical industry	40,678	25,379	2	100	416	(18,226)	(18,226)	Note 2
	PT. Double Bond Chemindo	Indonesia	Chemical industry	10,028	10,028	1.675	67	5,026	3,111	2,084	Note 2
	Double Bond Chemical (Thailand) Co., Ltd.	Thailand	Chemical industry	907	907	9.8	49	791	(519)	(254)	Note 2
	Double Bond Chemical Vietnam Co., Ltd.	Vietnam	Chemical industry	22,118	22,118	-	100	9,662	1,076	1,076	Note 2
DBC GROUP CO., LTD.	Double Bond Chemical Global Co., Ltd.	Samoan Islands	Investment industry	79,338	79,338	2,530	100	1,011,463	105,927	105,927	Note 2
DBC Europe Holding AG	Total Triumph Limited	Samoan Islands	Investment industry	237,595	237,595	7,900	100	495,201	(37,696)	(37,696)	Note 2
	DBC Switzerland AG	Switzerland	Chemical industry	2,679	2,679	0.08	80	5,015	476	381	Note 2

Note 1: According to the shareholding ratio, the net profit of investee company is NT\$68,231 thousand plus the balance of unrealized and realized gain adjustments of NT\$3,214 thousand for downstream and upstream transaction.

Note 2: As calculated in accordance with the financial statements of investee company audited by the accountant in 2023.

Double Bond Chemical Ind. Co., Ltd. and Subsidiaries
Information on Investments in Mainland China
For the Year Ended December 31, 2023

Annex 5

(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Double Bond Chemical (Shanghai) Co., Ltd.	Chemical	\$ 77,684 (USD 2,530)	Note 1	\$ 77,684 (USD 2,530)	\$ -	\$ -	\$ 77,684 (USD 2,530)	\$ 106,118 (RMB 24,140)	100	\$ 106,118	\$ 1,011,435	\$ 566,655	-
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Chemical	272,519 (RMB62,981)	Note 1	199,782 (RMB46,171)	-	-	199,782 (RMB 46,171)	(37,680) (RMB -8,571)	100	(37,680)	494,343	-	Note 4

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 277,466 (RMB 46,171) (USD 2,530)	\$ 352,150 (RMB 63,431) (USD 2,530)	No upper limit on the amount of investment

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, 2023.

Note 3: As calculated in accordance with the financial statement of investee company audited by the accountant in 2023.

Note 4: Regarding DAFENG XIN YUAN DA CHEMICAL CO., LTD., the difference between the accumulated outward remittance for investment from Taiwan of 199,782 (RMB 46,171) and the paid-up capital of 272,519(RMB 62,981) at the end of the current period was due to the capital increase out of earnings.

Note 5: According to the regulations of Investment Commission, MOEA, the Company is not subject to an upper limit due to obtaining supporting document within the validity period for operation headquarters of the company issued by Industrial Development Bureau, MOEA.

Double Bond Chemical Ind. Co., Ltd.
Information of major shareholders
December 31, 2023

Annex 6

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Jatdix Investments International Limited	10,260,770	11.83%
Shinning Spark Limited, Seychelles	7,692,396	8.99%
Lin, Su-Fang	6,829,917	7.98%
JATDITA Investments Co., Ltd.	6,509,307	7.60%
Jumbo Harvest Limited, Seychelles	5,917,371	6.91%
Right Point Limited, Seychelles	5,065,471	5.92%
Lee, Kun-Chang	4,552,320	5.32%

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 15
Changes in investments by using equity method	Table 4
Changes in property, plant and equipment	Note 12
Changes in accumulated depreciation of property, plant and equipment	Note 12
Deferred income tax assets	Note 22
Changes in other intangible assets	Note 14
Other noncurrent assets	Note 15
Accounts payable	Table 5
Short-term borrowings	Table 6
Long-term borrowings	Table 7
Deferred income tax liabilities	Note 22
Profit and loss	
Operating revenue	Table 8
Operating cost	Table 9
Operating expense	Table 10
Depreciation, amortization and employee benefit expense this term	Note 21

Double Bond Chemical Ind. Co., Ltd.
Schedule List of Cash and Cash Equivalents
December 31, 2023

Table 1 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Account	Summary	Amount
Cash on hand and revolving funds	Note 1	\$ 404
Bank check and demand deposit	Note 2	<u>184,850</u>
		<u>\$ 185,254</u>

Note 1: Including USD 4 thousand, RMB 18 thousand, JPY 285 thousand and HKD 7 thousand, which were converted to NT\$ at exchange rates of 30.705, 4.327, 0.2172 and 3.929, respectively.

Note 2: Including USD 2,371 thousand, RMB 4,190 thousand, JPY 8,110 thousand and EUR 629 thousand, which were converted to NT\$ at exchange rates of 33.705, 4.327, 0.2172 and 33.98, respectively.

Double Bond Chemical Ind. Co., Ltd.
Schedule List of Accounts Receivable
December 31, 2023

Table 2 (In Thousands of New Taiwan Dollars)

Customer Name	Summary	Amount
Non-related parties		
A	Sales revenue	\$ 13,954
B	Sales revenue	9,515
Others (Note)	Sales revenue	86,617
Less: allowance for doubtful accounts		(<u>2,765</u>)
Minor Sum		<u>107,321</u>
Related parties		
Double Bond Chemical Ind. USA., Inc.	Sales revenue	19,598
DBC Switzerland AG	Sales revenue	16,349
DAFENG XIN YUAN DA CHEMICAL CO., LTD.		10,772
PT. Double Bond Chemindo	Sales revenue	8,333
Double Bond Chemical (Shanghai) Co., Ltd.		6,870
Double Bond Chemical (Vietnam) Co., Ltd.	Sales revenue	5,901
Others	Sales revenue	<u>5,793</u>
Minor Sum		<u>73,616</u>
		<u>\$ 180,937</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, 2023

Table 3

(In Thousands of New Taiwan Dollars)

Account	Cost	Market Price (Note)
Raw materials	\$ 86,171	\$ 76,797
Finished products	175,862	225,305
Less: allowance to reduce inventory to market	(<u>59,592</u>)	<u>-</u>
	<u>\$202,441</u>	<u>\$302,102</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, 2023

Table 4

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

Name	Opening Balance		Increment This Year		Decrement This Year		Adjustment Number for Cumulative Conversion	Profit and Loss on Investment	Realized (unrealized) gain from sale	Closing Balance			Market Price or Net Worth of Shareholder s' Equity (Note 1)	Pledge
	Number of share	Amount	Number of Share	Invested Amount	Number of Share	Amount				Closing Number of Share	Shareholding Percentage %	Closing Amount	Total	
Investment accounted for using equity method														
DBC Group Co., Ltd.	10,430	\$ 1,496,364	-	\$ -	-	(\$ 42,840)	(\$ 28,553)	\$ 71,445	\$ 8,632	10,430	100	\$ 1,505,048	\$ 1,505,048	None
DBC Europe Holding AG	0.1	5,577	-	-	-	-	552	24	-	0.1	100	6,153	6,153	None
DBC Europe GmbH	-	1,873	-	-	-	-	73	82	-	-	100	2,028	2,028	None
DBC Korea Co., Ltd.	59.477	1,667	-	-	-	-	(49)	684	-	59.477	100	2,302	2,302	None
Double Bond Chemical Ind. USA., Inc.	2	3,027	-	15,299	-	-	316	(18,226)	-	2	100	416	416	None
PT. Double Bond Chemindo	1.675	2,248	-	-	-	-	(71)	2,084	765	1.675	67	5,026	5,026	None
Double Bond Chemical (Thailand) Co., Ltd.	9.8	1,037	-	-	-	-	8	(254)	-	9.8	49	791	791	None
Double Bond Chemical Vietnam Co., Ltd.	-	<u>8,749</u>	-	<u>-</u>	-	<u>-</u>	(<u>314</u>)	<u>1,076</u>	<u>151</u>	-	100	<u>9,662</u>	<u>9,662</u>	None
		<u>\$ 1,520,542</u>		<u>\$ 15,299</u>		<u>(\$ 42,840)</u>	<u>(\$ 28,038)</u>	<u>\$ 56,915</u>	<u>\$ 9,548</u>			<u>\$ 1,531,426</u>	<u>\$ 1,531,426</u>	

Note 1: 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, 2023

Table 5

(In Thousands of New Taiwan Dollars)

Customer Name	Summary	Amount
Non-related parties		
C	Sales Revenue	\$ 8,852
D	Sales Revenue	7,706
Others (Note)	Sales Revenue	<u>37,768</u>
		<u>54,326</u>
Related parties		
Double Bond Chemical (Shanghai) Co., Ltd.	Sales Revenue	23,094
DAFENG XIN YUAN DA CHEMICAL CO., LTD.	Sales Revenue	11,749
Sin Hun Chemical Co., Ltd.	Sales Revenue	10,992
FDC, Lees Co., Ltd.	Sales Revenue	4,260
Others	Sales Revenue	<u>75</u>
		<u>50,170</u>
		<u>\$ 104,496</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, 2023

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	\$ 150,000	2023.11.20-2024.02.16	1.80%	\$ 194,000	Property, plant and equipment
Land Bank of Taiwan	100,000	2023.12.28.-2024.01.29	1.80%	150,000	Property, plant and equipment
Hua Nan Commercial Bank, Ltd.	90,000	2023.12.07.-2024.03.28	1.80%	127,000	Property, plant and equipment
Bank unsecured loan					
Yuanta Commercial Bank Co., Ltd.	200,000	2023.12.12-2024.03.05	1.72%	200,000	None
Taipei Fubon Bank	155,000	2023.07.06-2024.01.03	1.86%	200,000	None
Cathay United Commercial Bank	100,000	2023.07.27-2024.01.23	1.83%	100,000	None
Shanghai Commercial and Savings Bank	<u>60,000</u>	2023.08.07-2024.02.07	1.90%	<u>100,000</u>	None
Total short-term borrowings	<u>\$ 855,000</u>			<u>\$ 1,071,000</u>	

Note: As of the end of 2023, the company had NT\$ 216,000 thousand unused loan commitment to short-term bank borrowings.

Double Bond Chemical Ind. Co., Ltd.
Schedule List of Long-term Borrowings
December 31, 2023

Table 7

(In Thousands of New Taiwan Dollars)

Name	Borrowing Period	Annual Interest Rate (%)	Original Borrowing Amount	Loan Commitment (Note 2)	Carrying Amount			Pledge or Collateral	Note
					Due within One Year	Due after One Year	Total		
Bank secured loan									
Land Bank of Taiwan	2020.02.17-2040.02.17	1.95%	\$ 566,000	\$ 566,000	\$ 28,303	\$ 507,531	\$ 535,834	Property, plant and equipment	Note 1
E.SUN Commercial Bank	2021.09.26-2025.10.07	2.09%	300,000	300,000	72,000	84,000	156,000	Property, plant and equipment	Note 1
CTBC Bank Co., Ltd	2021.09.26-2024.08.26	2.23%	300,000	300,000	157,500	-	157,500	Property, plant and equipment	Note 1
Land Bank of Taiwan	2021.05.13-2026.04.22	2.00%	146,800	182,000	48,602	66,332	114,934	Property, plant and equipment	Note 1
Land Bank of Taiwan	2022.12.24-2030.03.24	2.05%	82,500	82,500	3,697	20,700	24,397	Property, plant and equipment	Note 1
Hua Nan Commercial Bank	2020.11.25-2025.11.25	2.24%	60,000	60,000	12,000	11,000	23,000	Property, plant and equipment	Note 1
Hua Nan Commercial Bank	2010.05.04-2028.11.22	2.08%	22,000	22,000	1,467	2,944	4,411	Property, plant and equipment	Note 1
Bank unsecured loan									
Shanghai Commercial and Savings Bank	2020.08.07-2025.08.07	2.05%	92,500	100,000	23,159	13,370	36,529	None	Note 1
Cathay United Commercial Bank	2022.05.12-2024.01.27	2.14%	<u>70,000</u>	<u>200,000</u>	<u>4,667</u>	<u>-</u>	<u>4,667</u>	None	Note 1
			<u>\$ 1,639,800</u>	<u>\$ 1,812,500</u>	<u>\$ 351,395</u>	<u>\$ 705,877</u>	<u>\$ 1,057,272</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 2023, the company had NT\$ 172,700 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, 2023

Table 8 (In Thousands of New Taiwan Dollars /Metric Ton)

Account	Quantity	Amount
Photo-curable materials	1,323	\$ 326,900
Plastic additives	1,797	476,618
Others (Note)		<u>167,592</u>
Total Sales Revenue		<u><u>\$ 971,110</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, 2023

Table 9

(In Thousands of New Taiwan Dollars)

Account	Amount
Raw materials at the beginning of the year	\$ 120,780
Add: incoming materials	5,585
Less: raw materials at the end of the year	(86,171)
Transfer-in of finished goods	93,127
Recognition of Prepayments for Business Facilities	(261)
Recognition of R&D fee	(<u>18,386</u>)
Direct material consumption	114,674
Direct labor	51,513
Manufacturing expenses	<u>60,636</u>
Manufacturing costs	<u>226,823</u>
Add: Finished products at the beginning of the year	186,268
Finished products purchased	683,487
Inventory losses	1,469
Transfer-in of raw materials	(93,127)
Recognition of R&D fee	(1,130)
Recognition of Sample fee	(665)
Less: finished products at the end of the year	(<u>175,862</u>)
Sales cost	<u>827,263</u>
Inventory losses due to falling price	29,811
Inventory losses	(1,469)
Other operating cost	<u>99,899</u>
Total operating cost	<u><u>\$ 955,504</u></u>

Double Bond Chemical Ind. Co., Ltd.
Schedule List of Operating Expense
For the Year Ended December 31, 2023

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	\$ 23,956	\$ 29,948	\$ 21,627	\$ -	\$ 75,531
Freight	16,102	27	-	-	16,129
Insurance	3,233	2,916	3,010	-	9,159
Research and development	-	-	4,799	-	4,799
Depreciation	2,016	4,401	5,572	-	11,989
Commission	20,913	-	-	-	20,913
Other Expenses (Note)	<u>18,903</u>	<u>17,477</u>	<u>14,184</u>	(<u>314</u>)	<u>50,250</u>
Total	<u>\$ 85,123</u>	<u>\$ 54,769</u>	<u>\$ 49,192</u>	(<u>\$ 314</u>)	<u>\$ 188,770</u>

Note: Individual amount has not reached 5 percent of the amount under this financial statement account.