

Stock Code:6506

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023

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Independent Auditors' Review Report

To the Board of Directors of Shuang-Bang Industrial Corporation:

Introduction

We have reviewed the consolidated financial statements of Shuang-Bang Industrial Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of March 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and notes to the consolidated financial statements, including the summary of accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except for the matters described in the Basis for Qualified Opinion, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Opinion

As described in note 4(3) to the consolidated financial statements, the financial statements of the non-significant subsidiaries included in the aforementioned consolidated financial statements for the same period were not reviewed. As of March 31, 2024, and March 31, 2023, the total assets of these non-significant subsidiaries amounted to NT\$220,110 thousand and NT\$199,386 thousand, respectively, constituting 8.37% and 7.86% of the consolidated total assets. The total liabilities amounted to NT\$96,307 thousand and NT\$75,890 thousand, respectively, constituting 7.01% and 6.07% of the consolidated total liabilities. The total comprehensive income for the three-month periods ended March 31, 2024, and 2023, was NT\$7,004 thousand and NT\$(4,778) thousand, respectively, constituting 21.49% and (55.20) % of the consolidated total comprehensive income. Additionally, the information related to these subsidiaries disclosed in note 12 to the consolidated financial statements was also not reviewed.

Qualified Conclusion

Based on our reviews, except for the possible impact on the consolidated financial statements if the financial statements of the non-significant subsidiaries, as described in the Basis for Qualified Opinion, had been reviewed. Nothing has come to our attention that causes us to believe that the

accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2024 and 2023, and its consolidated financial performance and cash flows for the three-month periods ended March 31, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

The engagement partners on the audits resulting in this independent auditors’ report are Jim Chen Ko and Lin Hui Fen.

Weyong International CPAs&Co.
Taichung, Taiwan
Republic of China
May 10, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Balance Sheets
March 31, 2024, December 31, 2023 and March 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Codes	Assets	Notes	March 31, 2024		December 31, 2023		March 31, 2023	
			Amount	%	Amount	%	Amount	%
Current Assets								
1100	Cash and cash equivalents	6(1)	\$ 137,117	5.21	\$ 120,866	4.83	\$ 136,699	5.39
1137	Financial assets at amortized cost -current	6(2)	24,900	0.95	43,500	1.74	12,401	0.49
1150	Notes receivables, net	6(3)	94,326	3.59	68,623	2.74	95,323	3.76
1152	Other notes receivables	6(3)	443	0.02	-	-	-	-
1170	Accounts receivables, net	6(3)	395,124	15.03	306,277	12.24	370,408	14.61
1180	Accounts receivables from related parties, net	6(3), 7	16,809	0.64	22,508	0.90	9,659	0.38
1200	Other receivables		711	0.03	1,354	0.05	1,205	0.05
1210	Other receivables from related parties	7	7	-	-	-	91	-
1220	Current tax assets		31	-	31	-	-	-
130X	Inventories	6(4)	275,093	10.46	262,453	10.48	332,474	13.11
1470	Other current assets		13,168	0.50	16,181	0.65	24,941	0.98
11XX	Total current assets		957,729	36.43	841,793	33.63	983,201	38.77
Noncurrent Assets								
1510	Financial assets at fair value through profit or loss -non-current	6(5)	38,452	1.46	38,452	1.54	39,169	1.54
1600	Property, plant and equipment	6(6)	1,408,619	53.58	1,413,721	56.47	1,318,887	52.00
1755	Right-of-use assets	6(7)	23,597	0.90	26,709	1.07	24,973	0.99
1780	Intangible assets	6(8)	3,058	0.12	3,520	0.14	5,545	0.22
1840	Deferred income tax assets		46,747	1.78	51,201	2.04	34,281	1.35
1900	Other noncurrent assets	6(9), 7	150,688	5.73	127,906	5.11	130,097	5.13
15XX	Total noncurrent assets		1,671,161	63.57	1,661,509	66.37	1,552,952	61.23
1XXX	Total assets		2,628,890	100.00	2,503,302	100.00	2,536,153	100.00

(Continued)

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Balance Sheets
March 31, 2024, December 31, 2023 and March 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Codes	Liabilities and Equity	Notes	March 31, 2024		December 31, 2023		March 31, 2023	
			Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	6(10)	\$ 114,530	4.36	\$ 64,535	2.58	\$ 146,882	5.79
2151	Notes payables	6(11)	5,283	0.20	4,052	0.16	4,932	0.19
2152	Other notes payables	6(11)	20,871	0.79	15,562	0.62	19,244	0.76
2170	Accounts payables	6(11)	203,434	7.74	172,492	6.89	187,557	7.40
2180	Accounts payables from related parties	6(11),7	220	0.01	1,403	0.06	-	-
2200	Other accounts payables	6(12)	132,525	5.04	69,476	2.78	234,444	9.24
2220	Other accounts payables from related parties	6(12),7	80	-	-	-	-	-
2230	Income tax payables		11,772	0.45	5,694	0.23	33,519	1.32
2250	Provision for warranty obligations-current	6(13)	9,812	0.37	8,817	0.35	13,946	0.55
2281	Lease liabilities from third parties	6(7)	11,112	0.42	11,152	0.45	9,409	0.37
2282	Lease liabilities from related parties	6(7), 7	1,085	0.04	1,081	0.04	1,071	0.04
2300	Other current liabilities	6(14)	4,173	0.16	4,800	0.19	10,633	0.42
2322	Current portion of long-term loans payable	6(15)	100,618	3.83	99,493	3.97	71,476	2.82
21XX	Total current liabilities		<u>615,515</u>	<u>23.41</u>	<u>458,557</u>	<u>18.32</u>	<u>733,113</u>	<u>28.90</u>
	Noncurrent liabilities							
2540	Long-term loans	6(15)	720,010	27.39	745,816	29.79	477,884	18.84
2570	Deferred income tax payable		1,971	0.07	3,959	0.16	2,009	0.08
2581	Lease liabilities from third parties-non current	6(7)	10,828	0.41	13,625	0.55	12,880	0.51
2582	Lease liabilities from related parties-non current	6(7),7	823	0.03	1,095	0.04	1,907	0.07
2630	Long-term deferred revenue		1,023	0.04	1,193	0.05	1,705	0.07
2640	Net defined benefit liability -non current	6(17)	21,716	0.83	21,731	0.87	19,421	0.77
2645	Guarantee deposits		1,021	0.04	1,021	0.04	1,021	0.04
25XX	Total noncurrent liabilities		<u>757,392</u>	<u>28.81</u>	<u>788,440</u>	<u>31.50</u>	<u>516,827</u>	<u>20.38</u>
2XXX	Total liabilities		<u>1,372,907</u>	<u>52.22</u>	<u>1,246,997</u>	<u>49.82</u>	<u>1,249,940</u>	<u>49.28</u>
	Equity attributable to the parent company							
3100	Capital Stock	6(18)1						
3110	Common stock		823,608	31.33	823,608	32.90	823,608	32.47
3200	Capital surplus	6(18)2	10,586	0.40	10,557	0.42	10,557	0.42
3300	Retained earnings							
3310	Appropriated as legal capital reserve		169,093	6.43	169,093	6.75	169,093	6.67
3350	Unappropriated earnings	6(18)3	219,492	8.35	219,708	8.78	236,353	9.32
31XX	Equity attributable to the parent company		<u>1,222,779</u>	<u>46.51</u>	<u>1,222,966</u>	<u>48.85</u>	<u>1,239,611</u>	<u>48.88</u>
36XX	Non-Controlling Interests		<u>33,204</u>	<u>1.27</u>	<u>33,339</u>	<u>1.33</u>	<u>46,602</u>	<u>1.84</u>
3XXX	Total equity		<u>1,255,983</u>	<u>47.78</u>	<u>1,256,305</u>	<u>50.18</u>	<u>1,286,213</u>	<u>50.72</u>
	Total liabilities and equity		<u>2,628,890</u>	<u>100.00</u>	<u>2,503,302</u>	<u>100.00</u>	<u>2,536,153</u>	<u>100.00</u>

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three-month periods ended March 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars, Except for Earnings per Share)

Codes	Items	Notes	For the three-month periods ended March 31,			
			2024		2023	
			Amount	%	Amount	%
4000	Operating revenues	6(19), 7	\$ 487,878	100.00	\$ 473,852	100.00
5000	Cost of revenues	7	(402,547)	(82.51)	(415,064)	(87.59)
5900	Gross profit		85,331	17.49	58,788	12.41
	Operating expenses					
6100	Sales and marketing		(17,866)	(3.66)	(17,783)	(3.75)
6200	General and administrative		(22,496)	(4.61)	(25,177)	(5.32)
6300	Research and development		(7,134)	(1.46)	(7,012)	(1.48)
6450	Expected credit (loss) gain		(600)	(0.13)	(617)	(0.13)
6000	Total operating expenses		(48,096)	(9.86)	(50,589)	(10.68)
6900	Operating income (loss)		37,235	7.63	8,199	1.73
	Non-operating income and expenses					
7010	Other income	6(20)1	2,589	0.53	2,678	0.57
7020	Other gains and loss	6(20)2	4,935	1.01	5,938	1.25
7050	Finance costs	6(20)4, 7	(3,773)	(0.77)	(1,837)	(0.39)
7100	Interest income		151	0.03	77	0.02
7000	Total non-operating income and expenses		3,902	0.80	6,856	1.45
7900	Profit before tax		41,137	8.43	15,055	3.18
7950	Less: Income tax expense	6(21)	(8,543)	(1.75)	(6,399)	(1.35)
8200	Net (Loss) Income	6(20)	32,594	6.68	8,656	1.83
8300	Other comprehensive income, net		-	-	-	-
8500	Total comprehensive income		\$ 32,594	6.68	\$ 8,656	1.83
8600	Net income attribute to:					
8610	Shareholders of the parent		\$ 33,218	6.81	\$ 15,379	3.25
8620	Non-controlling interests		\$ (624)	(0.13)	\$ (6,723)	(1.42)
8700	Total comprehensive income attribute to:					
8710	Shareholders of the parent		\$ 33,218	6.81	\$ 15,379	3.25
8720	Non-controlling interests		\$ (624)	(0.13)	\$ (6,723)	(1.42)
	Earnings per share	6(25)				
9750	Basic earnings per share		\$ 0.40		\$ 0.19	
9850	Diluted earnings per share		\$ 0.40		\$ 0.19	

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the three-month periods ended March 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Codes	Equity attribute to the parent company						Subtotal of equity attributable to the shareholders of the parent 31XX	Non-Controlling interests 36XX	Total equity 3XXX
		Retained earnings								
		Common Stock 3110	Capital Surplus 3200	Legal Reserve 3310	Special Reserve 3320	Unappropriated Earnings 3350	Total 3300			
Balance on January 1, 2023	A1	\$ 823,608	\$ 10,552	\$ 141,662	\$ 4,369	\$ 345,726	\$ 491,757	\$ 1,325,917	\$ 45,918	\$ 1,371,836
Appropriations of earnings of legal reserve	B1	-	-	27,431	-	(27,431)	-	-	-	-
Cash dividends	B5	-	-	-	-	(98,833)	(98,833)	(98,833)	-	(98,833)
Special surplus reserve reversed	B17	-	-	-	(4,369)	4,369	-	-	-	-
Changes in capital surplus	C17	-	5	-	-	-	-	5	-	5
Net income for the year	D1	-	-	-	-	15,379	15,379	15,379	(6,723)	8,656
Other comprehensive income(loss) for the period	D3	-	-	-	-	-	-	-	-	-
Total comprehensive income(loss) for the period	D5	-	-	-	-	15,379	15,379	15,379	(6,723)	8,656
Changes in ownership equity of subsidiaries	M7	-	-	-	-	(2,857)	(2,857)	(2,857)	2,857	-
Non-Controlling Interests	O1	-	-	-	-	-	-	-	4,550	4,550
Balance on March 31, 2023	Z1	<u>\$ 823,608</u>	<u>\$ 10,557</u>	<u>\$ 169,093</u>	<u>\$ -</u>	<u>\$ 236,353</u>	<u>\$ 405,446</u>	<u>\$ 1,239,611</u>	<u>\$ 46,602</u>	<u>\$ 1,286,213</u>
Balance on January 1, 2024	A1	\$ 823,608	\$ 10,557	\$ 169,093	\$ -	\$ 219,708	\$ 388,801	\$ 1,222,966	\$ 33,339	\$ 1,256,305
Cash dividends	B5	-	-	-	-	(32,945)	(32,945)	(32,945)	-	(32,945)
Changes in capital surplus	C17	-	29	-	-	-	-	29	-	29
Net income for the year	D1	-	-	-	-	33,218	33,218	33,218	(624)	32,594
Other comprehensive income(loss) for the period	D3	-	-	-	-	-	-	-	-	-
Total comprehensive income(loss) for the period	D5	-	-	-	-	33,218	33,218	33,218	(624)	32,594
Changes in ownership equity of subsidiaries	M7	-	-	-	-	(489)	(489)	(489)	489	-
Balance on March 31, 2024	Z1	<u>\$ 823,608</u>	<u>\$ 10,586</u>	<u>\$ 169,093</u>	<u>\$ -</u>	<u>\$ 219,492</u>	<u>\$ 388,585</u>	<u>\$ 1,222,779</u>	<u>\$ 33,204</u>	<u>\$ 1,255,983</u>

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars)

Codes	Items	For the three-month periods ended March 31	
		2024	2023
AAAA	Cash flows from operating activities		
A10000	Profit before income tax	\$ 41,137	\$ 15,055
A20000	Adjustments for:		
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	27,801	23,152
A20200	Amortization expenses	512	895
A20300	Expected credit loss	600	617
A20900	Interest expense	3,705	1,778
A21200	Interest income	(151)	(77)
A22500	Loss (Gain) on disposal or retirement of property, plant and equipment	143	(4,499)
A23700	Reversal of impairment loss recognized in profit or loss, non-financial assets	-	(2,601)
A24100	Unrealized (gain) loss on foreign exchange	(3,370)	168
A29900	Others (government grants)	(170)	(170)
A29900	Others	905	-
A20010	Total adjustments to reconcile profit(loss)	29,975	19,263
A30000	Changes in operating assets and liabilities:		
A31000	Changes in operating assets		
A31130	Increase in notes receivable	(25,703)	(2,845)
A31150	Increase in accounts receivable	(80,503)	(15,294)
A31180	Decrease (Increase) in other receivables	240	(534)
A31200	(Increase) Decrease in inventories	(12,640)	617
A31240	Decrease in other current assets	3,013	1,480
A31990	Decrease in other operating assets	88	123
A31000	Total changes in operating assets	(115,505)	(16,453)
A32000	Changes in operating liabilities		
A32130	Decrease in notes payable	1,231	641
A32150	Decrease in accounts payable	29,486	7,404
A32180	Increase (Decrease) in other payables	29,977	(9,676)
A32200	Increase in provisions	995	1,520
A32230	Decrease in other current liabilities	(627)	(1,212)
A32240	Decrease in net defined benefit liability	(15)	(38)
A32000	Total changes in operating liabilities	61,047	(1,361)
A30000	Total changes in operating assets and liabilities	(54,458)	(17,814)
A20000	Total adjustments	(24,483)	1,449
A33000	Cash flow generated from operations	16,654	16,504
A33100	Interest received	151	77
A33300	Interest paid	(4,280)	(3,204)
A33500	Income tax paid	-	(7)
AAAA	Net cash flows generated by operating activities	12,525	13,370

(Continued)

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars)

Codes	Items	For the three-month periods ended March 31	
		2024	2023
BBBB	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized costs	-	(11,201)
B00050	Proceeds from disposal of financial assets at amortized costs	18,600	-
B02700	Acquisition of property, plant and equipment	(1,606)	(47,968)
B02800	Proceeds from disposal of property, plant and equipment	32	7,100
B03700	Increase in refundable deposits	-	(46)
B03800	Decrease in refundable deposits	-	1,200
B04500	Acquisition of intangible assets	(50)	(50)
B06700	Increase in other noncurrent assets	-	(1,805)
B06800	Decrease in other noncurrent assets	138	-
B07100	Increase in prepayments for business facilities	(36,023)	(40,118)
BBBB	Net cash used in investing activities	(18,909)	(92,888)
CCCC	Cash flows from financing activities		
C00100	Increase in short-term loans	149,065	209,184
C00200	Decrease in short-term loans	(99,065)	(180,878)
C01600	Proceeds from long-term bank loans	-	70,000
C01700	Repayment of long-term bank loans	(24,681)	(17,869)
C03000	Increase in guaranteed deposits received	-	178
C03100	Decrease in guaranteed deposits received	-	(10)
C04020	Repayment of the principal portion of lease liabilities	(3,105)	(3,160)
C05800	Changes from non-controlling Interest	-	4,550
C09900	Others	29	5
CCCC	Net cash generated by financing activities	22,243	82,000
DDDD	Effect of exchange rate changes on cash and cash equivalents	392	(19)
EEEE	Net decrease (increase) in cash and cash equivalents	16,251	2,463
E00100	Cash and cash equivalents, beginning of the year	120,866	134,236
E00200	Cash and cash equivalents, end of the year	\$ 137,117	\$ 136,699
E00210	Cash and cash equivalents on consolidated balance sheets	\$ 137,117	\$ 136,699

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

Shuang Bang Industrial Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History

Shuang Bang Industrial Corporation (the Company) was incorporated on November 17, 1989. The Company is mainly engaged in manufacturing of PU resin for shoes, coating and lamination, hardener, and Thermoplastic Polyurethane (TPU) as well as the sales of photoinitiators. The Company's stock has been listed on the Taipei Exchange (TPEX) since May 3, 2011. The registered address main operational base of the Company are located at No. 3, Yongxing Road, Nantou City, Nantou County. The principal operating activities of the Group and its subsidiaries (herein after referring to as the "Group") are described in note 13.

The consolidated financial statements are presented in the functional currency of the Group, which is New Taiwan Dollars.

2. Approval Date and Procedures of the Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on May 10, 2024.

3. New Standards, Amendments and Interpretations Adopted

- (1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant impact on the accounting policies of Shuang Bang Industrial Corporation and its subsidiaries (collectively as the "Group").

- (2) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced 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 IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
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 accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Group completes its evaluation.

4. Summary of Significant Accounting Policies

(1) 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 IAS 34, “Interim Financial Reporting,” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRS Accounting Standards endorsed and issued into effect by the FSC (collectively, the “Taiwan-IFRS Accounting Standards”).

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

- A. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- B. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- C. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The same principles of consolidation have been applied in the Company’s consolidated financial statements as those applied in the Company’s consolidated financial statements for the year ended December 31, 2023.

B. List of subsidiaries in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		
			March 31, 2024	December 31, 2024	March 31, 2023
Shuang Bang Corporation	Miracle textile industry Co., Ltd.	Manufacturing of coatings	44.50	44.50	44.50
Shuang Bang Corporation	Shoetex Corporation	Manufacturing of finished shoes	80.20	68.87	68.87

Shoetex Corporation increased its authorized share capital by approval of board of directors on March 13, 2023. The effective date was March 21, 2024 and had registered in Ministry of Economic Affairs on April 7, 2023. Due to non-proportional investment in an investee’s capital increase, the percentage of the ownership decreased from 62.47% to 68.87%.

Shoetex Corporation decreased and increased its authorized share capital and by approval of board of directors, resolved to reduce capital to offset losses and to implement a cash capital increase on March 19, 2024. The effective date was March 25 and March 26, 2024, respectively, and had registered in Ministry of Economic Affairs on April 12, 2024. Due to non-proportional investment in an investee's capital increase, the percentage of the ownership decreased from 68.87% to 80.20%.

The aforementioned subsidiary included in the consolidated financial statements is not considered a significant subsidiary. Furthermore, the company's management believes that the investment has a minimal impact on the financial statements. Therefore, its financial statements as of March 31, 2024, and March 31, 2023, were not reviewed.

As of March 31, 2024, December 31, 2023, and March 31, 2023, there were no subsidiaries excluded from the consolidated financial statements. Additionally, there were no significant restrictions on the ability of the consolidated company to access or use the group's assets and settle the group's liabilities.

C. Subsidiaries with non-controlling interests that are material to the consolidated company were as follows:

Name of subsidiary	Ownership (%)	Non-controlling interest		
		March 31, 2024	December 31, 2023	March 31, 2023
Miracle textile industry Co. Ltd.	55.50	\$ 17,777	\$ 17,010	\$ 23,443
Shoetex Corporation	19.80	15,427	16,329	23,159
		<u>\$ 33,204</u>	<u>\$ 33,339</u>	<u>\$ 46,602</u>

Name of subsidiary	Ownership (%)	Profit (Loss) Allocated to Non-controlling Interests	
		For the three-month ended March 31, 2024	For the three-month ended March 31, 2023
Miracle textile industry Co. Ltd.	55.50	\$ 767	\$ (3,213)
Shoetex Corporation	19.80	(1,391)	(3,510)
		<u>\$ (624)</u>	<u>\$ (6,723)</u>

(A) For the main business and products, location, and registration information of the above subsidiaries, refer to Table 3 in note 12.

(B) The financial information was summarized as follows:

a. Balance sheets

	Miracle textile industry Co. Ltd.		
	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 61,951	\$ 53,776	\$ 51,097
Non-current assets	26,270	29,020	33,471
Current liabilities	(33,367)	(27,858)	(33,599)
Non-current liabilities	(22,823)	(24,290)	(8,730)
Equity	<u>\$ 32,031</u>	<u>\$ 30,648</u>	<u>\$ 42,239</u>
Equity attributable to shareholders of the parent	<u>\$ 14,254</u>	<u>\$ 13,638</u>	<u>\$ 18,796</u>
Equity attributable to non-controlling interests	<u>\$ 17,777</u>	<u>\$ 17,010</u>	<u>\$ 23,443</u>

	Shoetex Corporation		
	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 105,363	\$ 77,482	\$ 98,326
Non-current assets	36,223	37,521	26,345
Current liabilities	(25,546)	(21,906)	(42,277)
Non-current liabilities	(38,127)	(40,640)	(7,998)
Equity	\$ 77,913	\$ 52,457	\$ 74,396
Equity attributable to shareholders of the parent	\$ 62,486	\$ 36,128	\$ 51,237
Equity attributable to non-controlling interests	\$ 15,427	\$ 16,329	\$ 23,159

b. Comprehensive income statements

	Miracle textile industry Co. Ltd.	
	For the three- month ended March 31, 2024	For the three- month ended March 31, 2023
Operating revenue	\$ 29,649	\$ 20,437
Net income (loss)	\$ 1,383	\$ (5,789)
Other comprehensive income (loss), after tax	-	-
Total comprehensive income (loss)	\$ 1,383	\$ (5,789)
Net income (loss) attributable to shareholders of the parent	\$ 616	\$ (2,576)
Net income (loss) attributable to non-controlling interests	\$ 767	\$ (3,213)
Total comprehensive income (loss) attributable to owners of parent	\$ 616	\$ (2,576)
Total comprehensive income (loss) attributable to non-controlling interests	\$ 767	\$ (3,213)
Dividends paid to non-controlling interests	\$ -	\$ -

	Shoetex Corporation	
	For the three- month ended March 31, 2024	For the three- month ended March 31, 2023
Operating revenue	\$ 16,387	\$ 7,630
Net income (loss)	\$ (4,544)	\$ (9,529)
Other comprehensive income (loss), after tax	-	-
Total comprehensive income (loss)	\$ (4,544)	\$ (9,529)
Net income (loss) attributable to owners of parent	\$ (3,153)	\$ (6,019)
Net income (loss) attributable to non-controlling interests	\$ (1,391)	\$ (3,510)
Total comprehensive income (loss) attributable to owners of parent	\$ (3,153)	\$ (6,019)
Total comprehensive income (loss) attributable to non-controlling interests	\$ (1,391)	\$ (3,510)
Dividends paid to non-controlling interests	\$ -	\$ -

C. Cash flows statements

	Miracle textile industry Co. Ltd.	
	For the three- month ended March 31, 2024	For the three- month ended March 31, 2023
Cash flows from (used in) operating activities	\$ 7,142	\$ (5,762)
Cash flows used in investing activities	(69)	(126)
Cash flows used in financing activities	(1,425)	(1,417)
Net Increase (Decrease) in cash and cash equivalents	5,648	(7,305)
Cash and cash equivalents, beginning of the year	7,544	26,014
Cash and cash equivalents, end of the year	\$ 13,192	\$ 18,709

	Shoetex Corporation	
	For the three- month ended	For the three- month ended
	March 31, 2024	March 31, 2023
Cash flows from (used in) operating activities	\$ 7,766	\$ (18,527)
Cash flows used in investing activities	(170)	(258)
Cash flows from financing activities	28,584	30,714
Net decrease in cash and cash equivalents	36,180	11,929
Cash and cash equivalents, beginning of the year	11,661	32,284
Cash and cash equivalents, end of the year	<u>\$ 47,841</u>	<u>\$ 44,213</u>

(4) Other material accounting policy information

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2023.

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail.

A. Retirement Benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year. And for the significant market fluctuations during the period, as well as for significant revisions, settlements, or other major one-time items, adjustments have been made.

B. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. Significant accounting Judgments, Assumptions, and the major sources of Estimation Uncertainty

The same material accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2023.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash	\$ 314	\$ 312	\$ 306
Checking accounts and demand deposits	136,803	120,554	136,393
	<u>\$ 137,117</u>	<u>\$ 120,866</u>	<u>\$ 136,699</u>

The details of the interest rate for bank deposits were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Demand deposits (%)	0.001~1.450	0.001~1.450	0.001~1.250

(2) Financial assets at amortized costs – current

	March 31, 2024	December 31, 2023	March 31, 2023
Pledged time deposits	\$ 900	\$ 3,900	\$ 1,201
Time deposits	24,000	39,600	11,200
	<u>\$ 24,900</u>	<u>\$ 43,500</u>	<u>\$ 12,401</u>
Interests rate (%)	0.455~1.690	0.530~1.565	0.455~1.565

The details of loss allowance of financial assets at amortized costs – current were as follows:

	For the three-month ended March 31,	
	2024	2023
Total of carrying amount	\$ 24,900	\$ 12,401
Loss allowance	-	-
Financial assets at amortized costs	<u>\$ 24,900</u>	<u>\$ 12,401</u>

The Group's financial assets at amortized costs – current comprised custom duty deposits, bank loans with a specific purpose and bank deposits with originally due over three months and within one year which cannot be transferred to other category.

The Group's financial assets at amortized costs were pledged as collateral; please refer to note 8.

(3) Accounts and notes receivables, net

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivables			
From operating activities	\$ 94,326	\$ 68,623	\$ 95,323
Not from operating activities	443	-	-
	<u>\$ 94,769</u>	<u>\$ 68,623</u>	<u>\$ 95,323</u>
Accounts receivables	\$ 402,210	\$ 312,763	\$ 371,726
Less: loss allowance	(7,086)	(6,486)	(1,318)
	<u>\$ 395,124</u>	<u>\$ 306,277</u>	<u>\$ 370,408</u>
Accounts receivables from related parties	\$ 16,809	\$ 22,508	\$ 9,659

The credit term on sales to the customers is 30 to 120 days.

The Group applies the simplified approach to provide for its loss allowance used for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all notes and accounts receivable. The expected credit losses on accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience shows that there is no significant difference in the loss patterns of different customer groups, it does not further differentiate the customer groups for the provision matrix and only sets the expected credit loss based on the number of days past due for notes and accounts receivable.

The abovementioned notes receivables which were not from operating were compensation payments by installments for the equipment was recognized as notes receivables and long-term accounts receivables of other noncurrent liabilities, respectively.

Details of allowance of accounts receivables were as follows:

March 31, 2024

	Current	Overdue 1-60 days	Overdue more than 61 days	Total
Total carrying amount	\$ 504,364	\$ 2,691	\$ 6,290	\$ 513,345
Provision for loss allowance	(537)	(293)	(6,256)	(7,086)
Cost after amortization	\$ 503,827	\$ 2,398	\$ 34	\$ 506,259

The Group's abovementioned rates of expected credit loss were as follows, current rates were 0% to 0.142% , rates of due over 1 to 60 days were 0% to 58.477% and rates of due over 61 days were 82.435% to 100%.

December 31, 2023

	Current	Overdue 1-60 days	Overdue more than 61 days	Total
Total carrying amount	\$ 395,458	\$ 2,339	\$ 6,097	\$ 403,894
Provision for loss allowance	(360)	(29)	(6,097)	(6,486)
Cost after amortization	\$ 395,098	\$ 2,310	\$ -	\$ 397,408

The Group's abovementioned rates of expected credit loss were as follows, current rates were 0.120%, rates of due over 1 to 60 days were 0% to 41.501% and rates of due over 61 days were 65.892% to 100%.

March 31, 2023

	Current	Overdue 1-60 days	Overdue more than 61 days	Total
Total carrying amount	\$ 470,698	\$ 4,969	\$ 1,041	\$ 476,708
Provision for loss allowance	(33)	(256)	(1,029)	(1,318)
Cost after amortization	\$ 470,665	\$ 4,713	\$ 12	\$ 475,390

The Group's abovementioned rates of expected credit loss were as follows, current rates were 0.007% to 0.009%, rates of due over 1 to 60 days were 0.106% to 9.214% and rates of due over 61 days were 25% to 100%.

Information of changes in impairments of notes and accounts receivables were as follows:

	For the three-month periods ended March 31,	
	2024	2023
Balance on January 1	\$ 6,486	\$ 701
Add: Impairment loss for the current period, net	600	617
Balance on March 31	\$ 7,086	\$ 1,318

(4) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Merchandises	\$ 5,968	\$ 3,820	\$ 8,925
Finished goods	108,321	113,834	144,601
Semi-finished goods	17,529	13,492	19,714
Work in process	20,758	11,831	14,504

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	101,223	102,277	116,078
Manufacturing materials	21,294	17,199	28,652
	<u>\$ 275,093</u>	<u>\$ 262,453</u>	<u>\$ 332,474</u>

The operating costs relating to inventories amounted to \$402,547 thousand and \$415,064 thousand for the three-month periods ended March 31, 2024 and 2023, respectively.

The information of write-down of inventories to net realizable value and reversal of write-down of inventories resulting from the increase in net realizable value which were included in the cost of revenue:

	For the three-month periods ended March 31,	
	2024	2023
Reversal of inventory obsolescence for the period (gains)	\$ 2,563	\$ (3,124)

(5) Financial assets at fair value through profit or loss, non-current

	March 31, 2024		December 31, 2023		March 31, 2023	
	Ownership		Ownership		Ownership	
	Amount	%	Amount	%	Amount	%
Financial assets at fair value through profit or loss, non-current						
Stock:						
Nanyang Cooperatives for common labors	\$ 20	0.42	\$ 20	0.42	\$ 20	0.42
Loyal Splendor Int'l Ltd. (Seychelles)	10,678	18.00	10,678	18.00	14,306	18.00
Grand and Great Corp. (Samoa)	27,754	3.33	27,754	3.33	24,843	3.33
Total	<u>\$ 38,452</u>		<u>\$ 38,452</u>		<u>\$ 39,169</u>	

The Group's financial assets at fair value through profit or loss were not pledged as collateral.

For the purpose of expanding overseas market of TPU, the Group set up a joint venture (Loyal Splendor Int'l Ltd. (Seychelles)) with others. This decision was approved in 2017, with the intention of setting up another new company. The Group subscribed according to its shareholding ratio. As of December 31, 2018, the Group had paid a total of USD 540,000 in investment funds.

For the purposes of vertical integration and expanding overseas market, the Group set up a joint venture (Grand and Great Corporation Limited (SAMOA)) with others. This decision was approved in 2015, with the intention of setting up another new company. The Group resolved to make a capital injection of USD 10.5 million on August 19, 2023, with the reference date for the capital injection being January 04, 2024. The Group did not subscribe according to its shareholding ratio. Resulting in a decrease in its shareholding percentage from 4.44% to 3.33%. As of March 31, 2024, the Group had paid a total of USD 1.4 million in investment funds.

(6) Property, plant and equipment

	March 31, 2024	December 31, 2023	March 31, 2023
Owner occupation	\$ 1,385,292	\$ 1,390,252	\$ 1,294,993
Operating leases	23,327	23,469	23,894
	<u>\$ 1,408,619</u>	<u>\$ 1,413,721</u>	<u>\$ 1,318,887</u>

A. Owner occupation

Carrying amount	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$ 645,954	\$ 645,954	\$ 645,954
Buildings, net	441,679	446,185	241,625
Machinery equipment, net	210,887	208,661	130,394
Testing equipment, net	5,965	5,862	5,278
Pollution control equipment, net	24,690	26,773	26,747
Transportation	5,925	6,167	749
Office equipment	81	105	202
Other equipment	50,111	49,640	42,140
Construction in progress and inspection equipment	-	905	201,904
	\$ 1,385,292	\$ 1,390,252	\$ 1,294,993

Cost	January 1, 2024	Additions	Disposals	Prepaid	Reclassification	March 31, 2024
Land	\$ 645,954	\$ -	\$ -	\$ -	\$ -	\$ 645,954
Buildings	558,001	106	(1,201)	-	-	556,906
Equipment	399,662	2,809	(2,038)	11,107	-	411,540
Testing equipment	14,637	581	(480)	-	-	14,738
Pollution control equipment	87,750	-	(2,997)	265	-	85,018
Transportation	17,963	-	-	-	-	17,963
Office equipment	548	-	-	-	-	548
Other	126,876	3,582	(4,205)	2,217	-	128,470
Construction in progress and inspection equipment	905	-	-	-	(905)	-
	\$ 1,852,296	\$ 7,078	\$ (10,921)	\$ 13,589	\$ (905)	\$ 1,861,137

Accumulated depreciation and impairment	January 1, 2024	Depreciation	Disposals	Prepaid	Reclassification	March 31, 2024
Buildings	\$ 111,816	\$ 4,612	\$ (1,201)	\$ -	\$ -	\$ 115,227
Machine equipment	191,001	11,516	(1,864)	-	-	200,653
Testing equipment	8,775	477	(479)	-	-	8,773
Pollution control equipment	60,977	2,348	(2,997)	-	-	60,328
Transportation	11,796	242	-	-	-	12,038
Office equipment	443	24	-	-	-	467
Other equipment	77,236	5,328	(4,205)	-	-	78,359
	\$ 462,044	\$ 24,547	\$ (10,746)	\$ -	\$ -	\$ 475,845

Cost	January 1,					March 31, 2023
	2023	Additions	Disposals	Prepaid	Reclassification	
Land	\$ 645,954	\$ -	\$ -	\$ -	\$ -	\$ 645,954
Buildings	336,906	883	(1,577)	18,349	(4,156)	350,355
Equipment	341,665	908	(42,070)	10,793	-	311,296
Testing equipment	13,627	210	-	-	-	13,837
Pollution control equipment	86,761	-	(1,325)	485	-	85,921
Transportation	11,938	-	-	-	-	11,938
Office equipment	1,207	-	-	-	-	1,207
Other	116,964	2,234	(1,408)	1,357	-	119,147
Construction in progress and inspection equipment	187,493	14,411	-	-	-	201,904
	<u>\$ 1,742,515</u>	<u>\$ 18,596</u>	<u>\$ (46,380)</u>	<u>\$ 30,984</u>	<u>\$ (4,156)</u>	<u>\$ 1,741,559</u>

Accumulated depreciation and impairment	January 1, 2023					December 31, 2023
	Depreciation	Disposals	Prepaid	Reclassification		
Buildings	\$ 107,941	\$ 2,537	\$ (1,577)	\$ -	\$ (171)	\$ 108,730
Machine equipment	213,702	9,270	(39,469)	(2,601)	-	180,902
Testing equipment	8,067	492	-	-	-	8,559
Pollution control equipment	58,181	2,318	(1,325)	-	-	59,174
Transportation	10,986	203	-	-	-	11,189
Office equipment	937	68	-	-	-	1,005
Other equipment	73,450	4,965	(1,408)	-	-	77,007
	<u>\$ 473,264</u>	<u>\$ 19,853</u>	<u>\$ (43,779)</u>	<u>\$ (2,601)</u>	<u>\$ (171)</u>	<u>\$ 446,566</u>

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Item	Useful lives	Item	Useful lives
Buildings	2 to 50 years	Transportation	3 to 13 years
Machine equipment	2 to 16 years	Office equipment	5 to 6 years
Testing equipment	5 to 10 years	Other equipment	1 to 25 years
Pollution control equipment	2 to 25 years		

B. Operating leases

Carrying amount	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	<u>\$ 23,327</u>	<u>\$ 23,469</u>	<u>\$ 23,894</u>

Cost	January 1, 2024			Prepaid	Reclassification	March 31, 2024
	Additions	Disposals				
Buildings	\$ 25,257	\$ -	\$ -	\$ -	\$ -	\$ 25,257

Accumulated depreciation and impairment	January 1, 2024			Prepaid	Reclassification	March 31, 2024
	Depreciation	Disposals				
Buildings	\$ 1,788	\$ 142	\$ -	\$ -	\$ -	\$ 1,930

Cost	January 1, 2023			Prepaid	Reclassification	March 31, 2023
	Additions	Disposals				
Buildings	\$ 21,101	\$ -	\$ -	\$ -	\$ 4,156	\$ 25,257

Accumulated depreciation and impairment	January 1, 2023			Prepaid	Reclassification	March 31, 2023
	Depreciation	Disposals				
Buildings	\$ 1,051	\$ 141	\$ -	\$ -	\$ 171	\$ 1,363

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Item	Useful lives
Buildings	10 to 48 years

The Group's property, plant and equipment were pledged as collateral for bank loans and secured borrowings, please refer to note 8.

(7) Leases

Lessee

A. Right-of-use assets

Carrying amount	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	\$ 16,538	\$ 18,914	\$ 16,621
Transportation	7,059	7,795	8,352
	<u>\$ 23,597</u>	<u>\$ 26,709</u>	<u>\$ 24,973</u>

	For the three-month periods ended March 31,	
	2024	2023
Additions of right-of-use assets	\$ -	\$ 3,244
Depreciation of right-of-use assets		
Buildings	\$ 2,376	\$ 2,294
Transportation	736	764
	<u>\$ 3,112</u>	<u>\$ 3,158</u>

B. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Current	\$ 12,197	\$ 12,233	\$ 10,480
Noncurrent	\$ 11,651	\$ 14,720	\$ 14,787

The discount rates of lease liabilities were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings (%)	1.272~1.926	1.250~1.926	1.250~1.720
Transportation (%)	0.967~1.823	0.967~4.248	0.967~4.248

C. Significant leasing activities and requirements

The underlying assets leased by the Group include land, houses and buildings, company cars and photocopiers. The periods of the lease contract vary from 3 to 5 years. The lease contract is negotiated individually and contains various terms and conditions.

D. Profit and loss items associated with lease contracts are as follows:

	For the three-month periods ended March 31,	
	2024	2023
Items that affect profit or loss		
Interest expense on lease liabilities	\$ 103	\$ 101
Rent expenses on short-term lease	458	2,103
	<u>\$ 561</u>	<u>\$ 2,204</u>

E. The Group's total lease cash outflows from January 1 to March 31, 2024, and 2023 were NT\$3,208 thousand and NT\$3,261 thousand, respectively.

Lessor

A. Rental agreements

Objective	Lease period	Monthly rental revenue and method	Guarantee Deposits
Buildings in Taoyuan	2020/09/01~2025/08/31	Monthly rental fees \$100 thousand.	\$100 thousand
Buildings (dormitory)	2021/06/01~2024/06/01	Monthly rental fees \$14 thousand.	-
Buildings (plant)	2021/07/01~2027/06/30	Monthly rental fees \$149 thousand.	\$448 thousand
Buildings (warehouse)	2022/02/26~2027/05/16	Actual amount of the rental fees, according to number of buckets and weight.	-
Buildings (plant)	2022/05/01~2025/04/30	First year, monthly rental fees \$140 thousand. Starting from the second year, monthly rental fees \$147 thousand.	\$294 thousand
Buildings (warehouse)	2022/07/01~ 2023/06/30	Actual amount of the rental fees, according to number of buckets and weight.	-
Buildings (plant)	2022/08/31~ 2025/04/30	Monthly rental fees \$6 thousand. Starting from July 2024, monthly rental fees \$8 thousand.	-
Buildings (plant)	2023/01/01~2027/06/30	Monthly rental fees \$55 thousand.	\$166 thousand
Buildings (plant)	2023/02/01~2024/03/31 2024/04/01~2025/03/31	Monthly rental fees \$13 thousand. Starting from the April 2024, the monthly rental fees \$14 thousand. Rental fees are collected monthly.	\$13 thousand

B. The information on gains from operating lease rental contracts for the three-month periods ended March 31, 2024 and 2023, respectively, is as follows:

	For the three-month periods ended March 31,	
	2024	2023
Rental revenue	\$ 1,464	\$ 1,458

C. Non-cancellable operating lease contracts

	March 31, 2024	December 31, 2023	March 31, 2023
Within one year	\$ 5,714	\$ 5,604	\$ 5,786
More than 1 year to 3 years	5,565	6,332	8,633
Over 3 years	614	1,227	3,068

(8) Intangible assets

Carrying amounts	March 31, 2024	December 31, 2023	March 31, 2023
Computer software	\$ 2,991	\$ 3,353	\$ 4,845
Professional technology	67	167	700
	\$ 3,058	\$ 3,520	\$ 5,545

Costs	January 1, 2024	Additions	Disposals	March 31, 2024
Computer software	\$ 8,887	\$ 50	\$ (195)	\$ 8,742
Professional technology	2,000	-	-	2,000
	\$ 10,887	\$ 50	\$ (195)	\$ 10,742

Accumulated amortization and impairment	January 1, 2024	Additions	Disposals	March 31, 2024
Computer software	\$ 5,534	\$ 412	\$ (195)	\$ 5,751
Professional technology	1,833	100	-	1,933
	<u>\$ 7,367</u>	<u>\$ 512</u>	<u>\$ (195)</u>	<u>\$ 7,684</u>

Costs	January 1, 2023	Additions	Disposals	March 31, 2023
Computer software	\$ 9,805	\$ 50	\$ -	\$ 9,855
Professional technology	6,803	-	-	6,803
	<u>\$ 16,608</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 16,658</u>

Accumulated amortization and impairment	January 1, 2023	Additions	Disposals	March 31, 2023
Computer software	\$ 4,456	\$ 554	\$ -	\$ 5,010
Professional technology	5,762	341	-	6,103
	<u>\$ 10,218</u>	<u>\$ 895</u>	<u>\$ -</u>	<u>\$ 11,113</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Item	Useful lives	Item	Useful lives
Computer software	2 to 6 years	Professional technology	5 years

(9) Other noncurrent assets

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayments for equipment	\$ 144,425	\$ 121,372	\$ 124,442
Refundable deposits	2,887	2,887	2,072
Long-term notes receivables	976	1,109	1,508
Other	2,400	2,538	2,075
	<u>\$ 150,688</u>	<u>\$ 127,906</u>	<u>\$ 130,097</u>

The abovementioned long-term notes receivables were for the compensation payment with installments for the machine equipment, please refer to note 6(3).

(10) Short-term loans

	March 31, 2024	December 31, 2023	March 31, 2023
Secured loans			
L/C loans	\$ 26,408	\$ 19,367	\$ 7,413
Unsecured loans			
Operating deposits	41,050	31,050	97,050
L/C loans	47,072	14,118	42,419
	<u>\$ 114,530</u>	<u>\$ 64,535</u>	<u>\$ 146,882</u>
Loan rate (%)	1.15~2.75	1.75~6.80	1.65~2.72
Due date	Before 2024/09/23	Before 2024/09/04	Before 2023/09/16

The abovementioned loans were all bank loans.

The Group's short-term loans were pledged as collateral, please refer to note 8.

(11) Notes and accounts payables

	March 31, 2024	December 31, 2023	March 31, 2023
Arising from operation:			
Notes payables	\$ 5,283	\$ 4,052	\$ 4,932
Accounts payables	203,654	173,895	187,557
Not arising from operation:			
Other notes payables	20,871	15,562	19,224

Other notes payables were mainly used for the purchase of equipment.

(12) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Third-party transaction			
Salary and bonus payables	\$ 31,394	\$ 30,742	\$ 40,482
Employee compensation payables	3,323	-	22,017
Insurance payables	5,117	4,663	5,232
Equipment payables	1,336	1,173	1,290
Directors' remuneration payables	1,424	-	9,365
Dividends payables	32,944	-	98,833
Other accounts payables	56,987	32,898	57,225
	<u>\$ 132,525</u>	<u>\$ 69,476</u>	<u>\$ 234,444</u>
Related parties	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ -</u>

(13) Provision

	March 31, 2024	December 31, 2023	March 31, 2023
Employees benefits	\$ 9,552	\$ 8,557	\$ 9,203
Returns and discounts	260	260	2,000
Sales rebates	-	-	2,743
	<u>\$ 9,812</u>	<u>\$ 8,817</u>	<u>\$ 13,946</u>

	Employees benefits	Returns and discounts	Sales rebates	Total
Balance on January 1, 2024	\$ 8,557	\$ 260	\$ -	\$ 8,817
Provision for the period	2,315	-	-	2,315
Payments for the period	(52)	-	-	(52)
Write-off for the period	(1,268)	-	-	(1,268)
Balance on March 31, 2024	<u>\$ 9,552</u>	<u>\$ 260</u>	<u>\$ -</u>	<u>\$ 9,812</u>

	Employees benefits	Returns and discounts	Sales rebates	Total
Balance on January 1, 2023	\$ 8,189	\$ 2,000	\$ 2,255	\$ 12,444
Provision for the period	2,307	-	488	2,795
Payments for the period	(33)	-	-	(33)
Write-off for the period	(1,260)	-	-	(1,260)
Balance on March 31, 2023	<u>\$ 9,203</u>	<u>\$ 2,000</u>	<u>\$ 2,743</u>	<u>\$ 13,946</u>

The Group's provision was for benefits of accumulated paid time off as of the balance sheet date, probable sales returns of the products and the sales rebates. Provision for warranty and after service cost was estimated based on the historical information, management judgements and other known factors.

(14) Other current liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Contract liabilities	\$ 2,022	\$ 2,727	\$ 8,672
Temporary receipts	226	251	167
Receipts under custody	1,243	1,140	1,112
Deferred revenue – current	682	682	682
	<u>\$ 4,173</u>	<u>\$ 4,800</u>	<u>\$ 10,633</u>

(15) Long-term loans

Category	Due year	March 31, 2024	December 31, 2023	March 31, 2023
Secured borrowings	2024	\$ -	\$ -	\$ 151,960
Secured borrowings	2025	-	-	42,000
Secured borrowings	2028	208,333	220,834	-
Secured borrowings	2034	266,680	273,237	292,910
Secured borrowings	2038	287,740	292,759	-
Unsecured borrowings	2025	-	229	58,115
Unsecured borrowings	2026	2,875	3,250	4,375
Unsecured borrowings	2028	55,000	55,000	-
		<u>\$ 820,628</u>	<u>\$ 845,309</u>	<u>\$ 549,360</u>
Current portion of long-term loans payable		\$ 100,618	\$ 99,493	\$ 71,476
Non-current		720,010	745,816	477,884
		<u>\$ 820,628</u>	<u>\$ 845,309</u>	<u>\$ 549,360</u>
Interest rate of loans (%)		0.50~2.19	1.80~2.595	1.80~2.479

Some of the abovementioned loans had been paid in advance.

The abovementioned loans are bank loans and used in floating rate borrowings, please refer to note 6(24).

The Group's pledged and mortgaged assets used as collateral for long term loans, please refer to note 8.

(16) Government grants

The Group purchased pollution control equipment in 2015 and had applied for exemption in the local government in accordance with the laws. The application had been reviewed and approved by the Department of Environmental Protection in Taoyuan and obtained \$5,000 thousand of the exemption. As of March 31, 2024, the remaining amounted to \$459 thousand.

The Group purchased pollution control equipment in 2018 and had applied for exemption in the local government in accordance with the laws. The application had been reviewed and approved by the Bureau of Energy, Ministry of Economic Affairs and obtained \$5,000 thousand of the exemption. As of Marh 31, 2024, the government grant was recognized under other liabilities, current and long-term deferred revenue and will be transferred to other revenue in accordance the useful lives of the equipment.

The Group had applied for Industrial Upgrading Innovation Platform Guidance Program by the Ministry of Economic Affairs and had been reviewed and approved. As of December 31, 2024, the Group obtained the government grants amounted to \$14,595 thousand and recognized under other revenue.

(17) Post-employment benefits plans

A. Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the “Act”) is deemed a defined contribution plan. Pursuant to the Act, the Group have made monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts. Accordingly, the Group recognized as expenses under consolidated comprehensive income statement amounts to \$2,776 thousand and \$2,682 thousand for the periods from January 1 to March 31, 2024, and 2023, respectively. As of March 31, 2024, December 31, 2024 and March 31, 2023, the unpaid amounts of define benefit plans amounted to \$2,851 thousand, 2,765 thousand and \$2,592 thousand, respectively.

B. Defined benefit plans

The Group has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee’s length of service and average monthly salary for the six-month period prior to retirement. According to the law, 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 Group contributes an amount equal to 5% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’s name in the Bank of Taiwan. Before the end of each year, the Group assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government’s designated authorities; as such, the Group does not have any right to intervene in the investments of the Funds.

(a) Expenses through profit or loss

The pension cost under the defined benefit retirement plan, determined by actuarial valuation as of December 31, 2024, and 2023, was recognized in the comprehensive income statement in the following periods.

	For the three-month periods ended March 31,	
	2024	2023
Operating costs	\$ 62	\$ 56
Selling expenses	6	5
General and administrative expenses	25	22
Research and development expenses	2	3
	<u>\$ 95</u>	<u>\$ 86</u>

(b) The Group plans to allocate \$1,321 thousand to the defined benefit plan in 2024.

(18) Equity

A. Common stocks

	March 31, 2024	December 31, 2023	March 31, 2023
Amount of shares authorized (\$10 per share)	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Amount of shares issued	<u>\$ 823,608</u>	<u>\$ 823,608</u>	<u>\$ 823,608</u>
Numbers of shares authorized (in thousand of shares)	120,000	120,000	120,000
Numbers of shares issued (in thousand of shares)	82,361	82,361	82,361

Each share has the same voting rights equal to the number of Directors to be elected and dividends receives.

B. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
Capital surplus	\$ 983	\$ 983	\$ 983
Employee share options	9,506	9,506	9,506
Expired dividends	97	68	68
	<u>\$ 10,586</u>	<u>\$ 10,557</u>	<u>\$ 10,557</u>

The capital surplus from shares issued in excess of par (including additional paid-in capital from the converted convertible bonds) may be used to offset deficits; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (but limited to a certain percentage of the Group's paid-in capital on a yearly basis).

The capital surplus arising from employee share options may not be used for any purpose. The capital surplus arising from expired dividends may not be used for any purpose, except for offsetting a deficit.

The Group's reconciliation of outstanding common stocks and capital surplus were as follows:

	Capital		Capital surplus		
	Shares (in thousand)	Amount	Share premiums	Employee share options	Expired dividends
Balance on January 1, 2024	82,361	\$ 823,608	\$ 983	\$ 9,506	\$ 68
Others	-	-	-	-	29
Balance on March 31, 2024	<u>82,361</u>	<u>\$ 823,608</u>	<u>\$ 983</u>	<u>\$ 9,506</u>	<u>\$ 97</u>
Balance on January 1, 2023	82,361	\$ 823,608	\$ 983	\$ 9,506	\$ 63
Others	-	-	-	-	5
Balance on March 31, 2023	<u>82,361</u>	<u>\$ 823,608</u>	<u>\$ 983</u>	<u>\$ 9,506</u>	<u>\$ 68</u>

C. Appropriation of earnings and dividend policy

According to the Group Act, A company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. The appropriation for legal capital reserve shall be made until the reserve equals the Group's paid-in capital. The reserve may be used to offset a deficit or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Group incurs no loss.

Pursuant to existing regulations, the Group is required to set aside additional special capital reserve equivalent to the net debit balance of stockholders' equity. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

When allocating the profits for each fiscal year, the following order shall be followed:

- (a) pay all taxes and dues.
- (b) offset accumulated deficits.
- (c) set aside 10 percent of earning as legal reserve
- (d) set aside special capital reserve in accordance with relevant laws or regulations.

The remaining balance after the mentioned above payment to be made, combining with the undistributed earnings of the proceeding years may be retained or distributed as shareholders' dividends after the approval of the shareholders' meeting.

Since the Group is in a highly developing industry, the Group has to adapt its dividend policy to meet the Group's long term development and capital requirement, along with the shareholders' demand of cash. Therefore, the Group is allowed to distribute no more than 90% of the amount of the profits of the fiscal year. The Board of Directors shall submit a distribution proposal for approval at the shareholder's meeting. Distribution of profits may be made by way of a cash dividend or stock dividend; provided, however, the ratio for cash dividend shall be not less than 10% of total distribution.

On March 12, 2024, and June 20, 2023, the Group held board of directors' meetings and shareholders' meetings, respectively, where the proposed and approved appropriation of earnings for the years 2023 and 2022 were as follows:

Items	Appropriation of earnings		Dividends per share (NTD)	
	2023	2022	2023	2022
Legal reserve	\$ -	\$ 27,431		
Cash dividends	32,945	98,833	\$ 0.4	\$ 1.2
	<u>\$ 32,945</u>	<u>\$ 126,264</u>		

The appropriation of earnings in 2023 is subject to the resolution of the shareholders in their meetings on May 31, 2024.

(19) Sales revenue

	For the three-month periods ended March 31,	
	2024	2023
Revenue from contracts with customers		
Sales revenue	\$ 486,412	\$ 457,998
Service revenue	1,466	15,854
	<u>\$ 487,878</u>	<u>\$ 473,852</u>

Balance of the contracts

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes receivables, net (including related parties)	<u>\$ 94,326</u>	<u>\$ 68,623</u>	<u>\$ 95,323</u>	<u>\$ 92,478</u>
Accounts receivables, net (including related parties)	<u>\$ 411,933</u>	<u>\$ 328,785</u>	<u>\$ 380,067</u>	<u>\$ 365,576</u>
Contract liabilities – current (Recognized as other current liabilities)	<u>\$ 2,022</u>	<u>\$ 2,727</u>	<u>\$ 8,672</u>	<u>\$ 9,689</u>

Changes arising from the contract liabilities were mainly because of the differences of fulfillment of the obligation and payment received from the customers.

The sales revenue on contract liabilities were as follows:

	For the three-month periods ended March 31,	
	2024	2023
Sales revenue of goods	<u>\$ 2,721</u>	<u>\$ 1,104</u>

(20) Net income

The Group's net income included the following items:

A. Other revenue

	For the three-month periods ended March 31,	
	2024	2023
Rental revenue	\$ 1,464	\$ 1,458
Other income	1,125	1,220
	<u>\$ 2,589</u>	<u>\$ 2,678</u>

B. Other profit and loss

	For the three-month periods ended March 31,	
	2024	2023
Gains (loss) on foreign exchange	\$ 5,875	\$ (1,162)
Gains (loss) on disposal of plant, property and equipment	(143)	4,499
Reversal of impairment loss recognized in profit or loss	-	2,601
Others	(797)	-
	<u>\$ 4,935</u>	<u>\$ 5,938</u>

C. Depreciation and amortization

	For the three-month periods ended March 31,	
	2024	2023
Depreciation of plant, property and equipment	\$ 24,689	\$ 19,994
Depreciation of right-of-use assets	3,112	3,158
Amortization of intangible assets	512	895
	<u>\$ 28,313</u>	<u>\$ 24,047</u>

Depreciation expenses were summarized by functions:

Operating costs	\$ 24,913	\$ 20,294
Operating expenses	2,888	2,858
Amortization expenses were summarized by functions		
Operating costs	144	234
Operating expenses	368	661
	<u>\$ 28,313</u>	<u>\$ 24,047</u>

D. Financial cost

	For the three-month periods ended March 31,	
	2024	2023
Bank loans	\$ 3,602	\$ 1,677
Interests from lease liabilities	103	101
Handling fees	68	59
	<u>\$ 3,773</u>	<u>\$ 1,837</u>
Amount of capitalized borrowing costs	\$ 619	\$ 1,583
Rate of capitalized borrowing costs (%)	1.284~1.932	1.284~1.932

E. Gains (loss) on foreign exchange

	For the three-month periods ended March 31,	
	2024	2023
Total of gains on foreign exchange	\$ 6,695	\$ 1,193
Total of loss on foreign exchange	(820)	(2,355)
Net of gains (loss) on foreign exchange	<u>\$ 5,875</u>	<u>\$ (1,162)</u>

F. Employees benefits

	For the three-month periods ended March 31,	
	2024	2023
Salary	\$ 85,966	\$ 83,893
Employee insurance	7,354	8,059
Post-employment benefits plans		
Defined contribution plans	2,776	2,682
Defined benefit plans	95	86
Directors' remuneration	358	330
Other benefits	2,764	3,588
	<u>\$ 99,313</u>	<u>\$ 98,638</u>

	For the three-month periods ended March 31,	
	2024	2023
Summary by function:		
Operating costs	\$ 70,611	\$ 69,476
Operating expenses	28,702	29,162
	<u>\$ 99,313</u>	<u>\$ 98,638</u>

G. Employees' compensation and remuneration of directors

According to the Group's Articles of Incorporation, the Group shall allocate compensation to directors and profit-sharing bonus to employees of the Group as follows:

If there is any profit for the current fiscal year, the Group shall allocate 5% to 10% of the profit as employees' compensation and shall allocate at a maximum of 3% of the profit as remuneration to directors, provided that the Group's accumulated losses shall have been covered in advance.

The aforementioned income was calculated using the Group's net income before income taxes without the remunerations to employees and directors for each period. The employee remuneration will be distributed in cash or in the form of shares to the employees of the controlling companies and subsidiaries who meet certain criteria.

The distributable dividends and bonus in whole or in part or the legal reserve and capital reserved in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Group estimated the employees' compensation and directors' remuneration were as follows:

Percentage of estimate

	For the three-month periods ended March 31,	
	2024	2023
Employees' compensation	7.05%	7.04%
Directors' remuneration	3.00%	3.00%

Amount

	For the three-month periods ended March 31,	
	2024	2023
Employees' compensation	\$ 3,323	\$ 2,017
Directors' remuneration	\$ 1,424	\$ 865

The estimated amount of employees' compensation and directors' remuneration were recognized as an operating cost or operating expense. If there is a change in the proposed amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

If the board of directors decided to pay the employee remuneration in the form of company shares, the number of dividend shares is determined by dividing the amount of the dividend by the fair value of the share. The fair value of the share is based on the closing price of the day before the resolution date of the shareholders' meeting.

The 2023 and 2022 employee's compensation and director's and supervisor's remuneration were respectively resolved in the board meeting on March 12, 2024 and March 17, 2023 as follows:

	2023	2022
Employees' compensation	\$ -	\$ 20,000
Directors' remuneration	\$ -	\$ 8,500

There is no difference between the 2023 and 2022 employee's compensation and director's and supervisor's remuneration and the Group's 2023 and 2022 recognized fee estimates.

The information about appropriations of the Group's employees' compensation and remuneration to directors is available on the Market Observation Post System website.

(21) Income tax

A. Income tax expense recognized in profit or loss

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

	For the three-month periods ended March 31,	
	2024	2023
Current tax		
Current year	\$ 6,077	\$ 5,423
Adjustments for prior year	-	7,621
Income tax on unappropriated earnings	-	(4,984)
Deferred tax		
Current year	2,466	(1,661)
Income tax expense recognized in profit or loss	<u>\$ 8,543</u>	<u>\$ 6,399</u>

B. Income tax assessment

As of May 10, 2024, the income tax returns of the Group through 2022 and its subsidiaries, including Miracle Textile Industry Co., Ltd. and Shoetex Corporation, have been examined by the tax authorities.

(22) Explanation of seasonal or periodic in interim operations

The Group operates in the coating and resin industry, which exhibits a high degree of seasonality. Based on past experiences, its peak sales typically occur in the first half of each year. Consequently, the Group generates higher sales revenue and operating profits in the first half of the year compared to the second half.

(23) Capital management

The coating markets had been affected by the global demands which needs large amount of operating fund in the early of the year. The Group manages its capital risk to ensure sufficient financial resources and operational plan to meet the demand of necessary operating fund, capital expenditure, research and development expense, debt repayment, and dividend expenditure for the future. The Group had adjusted the proportion of liabilities to maintain the capital structures. The ratio of assets and liabilities as of March 31, 2024, December 31, 2024 and March 31, 2023, respectively were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Total of liabilities	\$ 1,372,907	\$ 1,246,997	\$ 1,249,940
Total of assets	2,628,890	2,503,302	2,536,153
Ratio of liabilities (%)	52.22	49.82	49.28

(24) Financial instruments

A. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets			
Financial assets at amortized cost			
Cash and cash equivalents	\$ 137,117	\$ 120,866	\$ 136,669
Financial assets at amortized cost—current	24,900	43,500	12,401
Notes and accounts receivables, net	506,259	397,408	475,390
Other notes receivables	443	-	-

	March 31, 2024	December 31, 2023	March 31, 2023
Other accounts receivables	718	1,354	1,296
Other current assets	-	132	1,795
Other noncurrent assets	3,863	3,996	3,580
Financial assets at amortized cost — noncurrent	38,452	38,452	39,169
Financial liabilities			
Financial liabilities at amortized cost			
Short-term loans	\$ 114,530	\$ 64,535	\$ 146,882
Notes and accounts payables	208,937	177,947	192,489
Other accounts payables	20,871	15,562	19,244
Other payables	132,605	69,476	234,444
Guarantee deposits	1,021	1,021	1,021
Long-term loans (including current portion)	820,628	845,309	549,360

B. Financial risk management objectives

The Group manages its exposure to risks relating to the operations through market risk, credit risk, and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by management in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Group must comply with certain treasury procedures that provide guiding principles for overall financial risk management.

C. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates.

(a) Risks of foreign currency exchange rates

The Group's operating activities and investment in foreign are mainly denominated in foreign currencies and exposed to foreign currency risk.

The Group used foreign exchange forward contracts to eliminate currency exposure. These foreign exchange forward contracts could reduce the influence of the exchange rate fluctuations on the Group's income.

The Group had not used derivatives financial instruments for the three month periods ended March 31, 2024 and 2023.

The Group had not hedge certain foreign exchange risks that the Group is exposed to throughout its operating.

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 10% strengthening/weakening of the functional currency against U.S. dollars, the Group's net income before tax for January 1 to March 31, 2024 and 2023 would have decreased/increased by \$31,806 thousand and \$12,763 thousand, respectively. Assuming a 10% strengthening/weakening of the functional currency against Japanese Yen, the Company's net income before tax for January 1 to March 31, 2024 and 2023 would have decreased/increased by \$2 thousand and \$4 thousand, respectively.

The information of financial assets and liabilities with major impact were as follows:

Unit: currency in thousand

Items	March 31, 2024		December 31, 2023		March 31, 2023	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
Financial assets						
Monetary items						
USD	\$ 12,777	31.99	\$ 6,791	30.655	\$ 6,060	30.44
JPY	106	0.2116	4,799	0.2146	207	0.2288
Financial liabilities						
Monetary items						
USD	349	31.99	190	30.655	819	30.44

The Company recognized gains or loss on foreign exchange (including realized and unrealized) of \$5,875 thousand and \$(1,162) thousand for the three month periods ended March 31, 2024 and 2023, respectively.

(b) Interest rate risk

The Group holds assets and liabilities at fixed and floating interest rates which may encounter the risks of future cash flow and from the changes of market rates. The Group is exposed to interest rate risk from floating rates.

The sensitivity analysis of interest is performed based on the financial liabilities exposed to cash flow interest rate risk at the end of each reporting period. If interest rates had been 1% higher/lower, the Group's pre-tax loss for the three months periods ended March 31, 2024 and 2023 would have decreased/increased by \$7,161 thousand and \$4,992 thousand, respectively.

The information of carrying amount of the fixed and floating interest rate as of the balance sheet date were as follows:

Items	March 31, 2024	December 31, 2023	March 31, 2023
Fixed rates			
Financial liabilities	\$ 40,000	\$ 31,122	\$ 72,295
Floating rate borrowing			
Financial assets	159,759	156,952	147,473
Financial liabilities	895,158	878,722	623,947

D. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk mainly arises from trade receivables - operating, bank deposits, and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

Business related credit risk

In order to maintain the credit quality of trade receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables.

Credit evaluation is performed in the consideration of the relevant factors, such as financial condition, external and internal credit scoring, historical experience, and economic conditions, which may affect the customer's paying ability.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group's ten largest customers accounted for 55%, 55% and 48% of its total trade receivables (including receivables from related parties), respectively. The Group believed that the concentration of credit risk is relatively insignificant for the remaining trade receivables.

Financial credit risk

The Group's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Corporate Treasury function. The Group only deals with creditworthy counterparties and banks so that no significant credit risk was identified.

E. Liquidity risk

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual, undiscounted payments, including principal and estimated interest of interest bearing.

March 31, 2023	On Demand or Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Noninterest bearing	\$ 362,425	\$ -	\$ 395	\$ 614	\$ -	\$363,434
Lease liabilities	6,208	6,242	11,126	697	-	24,273
Instruments using floating interests rate	124,370	50,778	213,153	183,966	322,891	895,158
Instruments using fixed interests rate	40,000	-	-	-	-	40,000

December 31, 2023	On Demand or Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Noninterest bearing	\$ 262,997	\$ -	\$ 395	\$ 614	\$ -	\$264,006
Lease liabilities	6,312	6,242	13,943	1,001	-	27,498
Instruments using floating interests rate	81,378	51,528	224,049	187,299	334,468	878,722
Instruments using fixed interests rate	31,122	-	-	-	-	31,122

March 31, 2023	On Demand or Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Noninterest bearing	\$ 446,177	\$ -	\$ -	\$ -	\$ -	\$446,177
Lease liabilities	6,088	4,650	13,215	748	-	24,701
Instruments using floating interests rate	110,325	35,738	263,666	52,462	161,756	623,947
Instruments using fixed interests rate	72,295	-	-	-	-	72,295

As of March 31, 2024, December 31, 2023 and March 31, 2023, the unused financing facilities of the Group amounted to \$519,847 thousand, \$615,185 thousand and \$556,648 thousand, respectively.

F. Fair value of financial instrument

(a) Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of non-financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or the fair values cannot be reliably measured.

(b) Valuation techniques and assumptions used fair value measurement

Financial assets at fair value through profit or loss and financial assets at fair value through OCI is categorized under level 1 fair value.

The listed stocks, beneficiary certificates and global depositary receipts held by the Group are measured at fair value according to standard provision and conditions; the fair value is measured using the quoted price in an active market.

Financial instruments without an active market held by the Group are measured at fair value according to the market approach; the fair value is assessed by using the price-equity ratio and price-earnings ratio of the competitors.

(c) Fair value measurements recognized in the consolidated balance sheet

March 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
Stock	\$ -	\$ -	\$ 38,452	\$ 38,452
<hr/>				
December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
Stock	\$ -	\$ -	\$ 38,452	\$ 38,452
<hr/>				
March 31, 2023	Level 1	Level 2	Level 4	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
Stock	\$ -	\$ -	\$ 39,169	\$ 39,169

There was no transfer of measurements of fair value in the Group for the three month periods ended March 31, 2024 and 2023, respectively.

(25) Earnings per share

	For the three-month periods ended March 31,	
	2024	2023
Basic earnings per share		
Net income available to common shareholders	\$ 33,218	\$ 15,379
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousand)	82,361	82,361
Basic earnings per share (dollar)	\$ 0.40	\$ 0.19
Diluted earnings per share		
Net income available to common shareholders	\$ 33,218	\$ 15,379
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousand)	82,361	82,361
Effects of all dilutive potential common shares (in thousand)		
Employees compensation	194	102
Weighted average number of common shares used in the computation of diluted EPS (in thousand)	82,555	82,463
Diluted EPS (in dollars)	\$ 0.40	\$ 0.19

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted

earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

(26) Non-cash transaction

Investing and financing activities which were not listed in the statement of cash flows for the three month periods ended March 31, 2024 and 2023, respectively were as follows:

A. Financing activities that will not have effect on cash flows

	March 31, 2024	March 31, 2023
Current portion of long-term loans payable	\$ 100,618	\$ 71,476

B. Investing activities of property, plant and equipment

	For the three-month periods ended March 31,	
	2024	2023
Additions of property, plant and equipment	\$ (7,078)	\$ (18,596)
Changes in other notes payables	5,309	(29,015)
Changes in other accounts payables	163	(1,258)
Capitalized interests	-	901
Payments for acquisition of property, plant and equipment	\$ (1,606)	\$ (47,968)

7. Related-Party Transactions

Intercompany balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of significant transactions between the Group and other related parties:

(1) Related party name and categories

Related Party Name	Related Party Categories
Hor Jing Corp.	Others
Htm Material Co., Ltd	Others
Wada Technology Co., Ltd	Others
Chia Cherng Industry Co., Ltd	Others
Lego Stone Co., Ltd.	Others
Panel Trading Co., Ltd.	Others
VESSI Footwear LTD.	Others
Win Tech Worldwide Co. LTD.	Others
Wang, Hong-Rong	Others
Wu, Li Hsueh	Others
Chen Wu, Li Show	Others

(2) Operating revenue

Accounts	Category	For the three-month periods ended March 31,	
		2024	2023
Operating revenue	Other related party	\$ 12,904	\$ 8,933

The sales price to related parties was determined based on normal market terms. The collection terms for related parties were 30 to 120 days after monthly closing.

(3) Purchases

	For the three-month periods ended March 31,	
	2024	2023
Others	\$ 572	\$ 1,406

The purchase prices to related parties was determined based on normal market terms. The payment terms for related parties were 30 to 60 days after monthly closing.

(4) Accounts receivable-related parties

<u>Accounts</u>	<u>Category</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accounts receivables	Others	\$ 16,809	\$ 22,508	\$ 9,659
Other accounts receivables	Others	\$ 7	\$ -	\$ 91

The Group had no insurance for those outstanding accounts receivables from related parties.

(5) Accounts payable-related parties

<u>Accounts</u>	<u>Category</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes payables	Others	\$ 220	\$ 1,403	\$ -
Other notes payables	Others	\$ 80	\$ -	\$ -

The Group had no insurance for those outstanding accounts payables from related parties.

(6) Lease agreements

<u>Accounts</u>	<u>Category</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Lease liability	Others	\$ 1,908	\$ 2,176	\$ 2,979

<u>Accounts</u>	<u>Category</u>	<u>For the three-month periods ended March 31,</u>	
		<u>2024</u>	<u>2023</u>
Interest expense	Others	\$ 6	\$ 10

(7) Other

A. Guarantee deposits (recognized as other noncurrent assets)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Others	\$ 220	\$ 220	\$ 220

B. Operating - commission expenses

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Others	\$ 50	\$ -	\$ -

(8) Directors, supervisors, and the management's remuneration

Directors, supervisors, and the management's remuneration were as follows:

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Short-term benefits	\$ 5,253	\$ 5,189
Post-employment benefits	336	141
	<u>\$ 5,589</u>	<u>\$ 5,339</u>

The compensation to directors and other key management personnel were determined by the compensation committee of the Group in accordance with the individual performance and market trends.

8. Assets Pledged as Collateral

Assets	Purposes	March 31, 2024	December 31, 2023	March 31, 2023
Land	Long-term and short-term loans	\$ 642,154	\$ 642,154	\$ 642,154
Buildings	Long-term and short-term loans	415,459	418,705	222,288
Machinery equipment	Long-term loans	-	-	3,811
Financial assets at amortized cost—current	Short-term loans	-	3,900	-
Financial assets at amortized cost—current	Custom duty deposits	900	39,600	1,201
		<u>\$ 1,058,513</u>	<u>\$ 1,104,359</u>	<u>\$ 869,454</u>

9. Significant Contingencies and Unrecognized Contract Commitments

- (1) For the purpose of purchasing materials, the amounts of the L/C issued by the Group but not yet used were \$31,274 thousand, \$22,399 thousand and \$25,069 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- (2) The Group had signed contracts for the purchase of equipment, the amount which were not yet recognized of \$67,138 thousand, \$94,254 thousand and \$112,264 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- (3) The Group had signed an unfinished construction amounted to \$0 thousand, \$ 188 thousand and \$10,530 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

10. Significant Disasters Loss: None

11. Significant Subsequent Events: None

12. Other Disclosures

- (1) Information on significant transactions and (2) investees
 - A. Loans to other parties: None
 - B. Guarantees and endorsements for other parties: None
 - C. Securities held as of December 31, 2024 (excluding investment in subsidiaries): Please refer to Table 1.
 - D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
 - E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
 - F. Disposal of real property with transaction amount reaches 20% or more of capital surplus, or NT\$ 300 million: None
 - G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
 - H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
 - I. Trading in derivative instruments: None.
 - J. Business relationships and significant intercompany transactions: Please refer to Table 2.
 - K. Information of investees: Please refer to Table 3.

- (3) Information on investment in Mainland China:
- A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 4.
- B. Any of the following significant transactions with investee companies in the mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
- (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
- (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
- (c) The amount of property transactions and the amount of the resultant gains or losses: None.
- (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
- (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
- (f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.
- (4) Major shareholders: The information on major shareholders who hold 5 percent, please refer to Table 5.

13. Segment Information

(1) Operation

The Group has four segments, including coating and lamination, polymer, TPU and sports. The segment of coating and lamination were mainly for manufacturing; the segment of TPU were mainly for manufacturing of PU resin for shoes, coating and lamination, hardener, and Thermoplastic Polyurethane (TPU) and sales of photo initiators and the main business for production line of finished shoes were mainly from sales of sports shoes and manufacturing.

The Group's unallocated expenses or nonrecurring expenses should allocate to the segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4. The profit or loss for the operating department was measured by operating income or loss before tax and it is the base to evaluate the performance.

(2) Segment information

The Group's operating segment information and reconciliations were as follows:

For the three-month periods ended March 31, 2024	Coatings	Polymer	TPU	Finished goods of shoes	Reconciliation and Elimination	Others	Total
External revenue	\$ 286,448	\$ 138,059	\$ 46,989	\$ 16,382	\$ -	\$ -	\$ 487,878
Inter-segment revenue	\$ 1,009	\$ 103,833	\$ 21,429	\$ 5	\$ (126,276)	\$ -	\$ -
Reportable segment operating income (loss)	\$ 40,081	\$ 14,226	\$ (10,235)	\$ (5,473)	\$ 2,538	\$ -	\$ 41,137

For the three-month periods ended March 31,2023	Coatings	Polymer	TPU	Finished goods of shoes	Reconciliation and Elimination	Others	Total
External revenue	\$ 252,913	\$ 152,234	\$ 61,103	\$ 7,602	\$ -	\$ -	\$ 473,852
Inter-segment revenue	\$ 1,045	\$ 106,599	\$ 20,849	\$ -	\$ (128,493)	\$ -	\$ -
Reportable operating income (loss)	\$ 14,878	\$ 9,871	\$ (6,219)	\$ (11,294)	\$ 7,819	\$ -	\$ 15,055

(3) Information by product and service.

The Group has operating activities only in Taiwan.

(4) Information on major customers

Information of single customers whose revenue comprised up to 10% of the Group's total revenue:

	For the three-month periods ended March 31,	
	2024	2023
Customer B	\$ 56,923	Note

Note : The amount of revenue does not constitute 10% of the total revenue of the consolidated company.

Shuang Bang Industrial Corporation and Subsidiaries
Securities held as of the three-month periods ended March 31, 2024
(excluding investment in subsidiaries)
March 31, 2024

Name of holder	Category and name of security (note 1)	Relationship with company	Account title	Ending balance (Note 2)				Note
				Shares	Carrying amount	Ownership (%)	Fair value	
Shuang Bang Industrial Corporation	Stock-Nangang Cooperatives for common labors	—	Financial assets at fair value through profit or loss — non-current	200 shares	20	0.42	20	(Note 3)
Shuang Bang Industrial Corporation	Stock-LOYAL SPLENDOR INT’L LTD.(Seychelles)	—	Financial assets at fair value through profit or loss — non-current	540	10,678	18.00	10,678	(Note 3)
Shuang Bang Industrial Corporation	Stock-GRAND AND GREAT CORPORATION LIMITED(Samoa)	—	Financial assets at fair value through profit or loss — non-current	1,400	27,754	3.33	27,754	(Note 3)

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 “Financial instruments.”

Note 2: Refer to the note 6(5) in consolidated financial statements.

Note 3: The number of shares of securities were not provided as collateral, pledged for loans, or subject to any other contractual restrictions on their use under certain agreements.

Shuang Bang Industrial Corporation and Subsidiaries
Business relationship and significant intercompany transactions
For the three-month periods ended March 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Number (Note1)	Name of Company	Name of counterparty	Nature of relationship (Note2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note3)
0	Shuang Bang Industrial Corporation	Miracle textile industry Co., LTD.	1	Sales revenue	9,915	-	2.03
				Notes receivables – related party	8,920	Net 120 days	0.34
				Accounts receivables – related party	3,840	Net 120 days	0.15
0	Shuang Bang Industrial Corporation	Shoetex Corporation	1	Sales revenue	1,413	-	0.29
				Accounts receivables – related party	1,896	Net 105 days	0.07
				Lease receivables – related party	7,795	-	0.30
				Other accounts receivables – related party	1,279	Net 105 days	0.05
				Other accounts payables – related party	2	-	-
				Operating - entertainment expense	3	-	-
				Administrative - entertainment expense	2	-	-

Note1: Numbers are filled in as follows:

- 1.0 represents the parent company.
2. Subsidiaries are numbered from 1.

Note 2: Nature of relationship: 1. From parent to subsidiary. ; 2. From subsidiary to parent. 3. Between subsidiaries. Related party transactions are not separately disclosed.

Note 3: Regarding the percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on ending balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Shuang Bang Industrial Corporation and Subsidiaries
Information on investee
For the three-month periods ended March 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main business	Original investment amount		Balance as of December 31, 2024			Net income (loss) of the investees (Note 1)	Share of Profits/Losses of Investee (Note 1)	Note
				March 31, 2024	December 31, 2023	Shares (in thousand)	Ownership %	Carrying value			
Shuang Bang Corporation	Miracle textile industry Co., LTD.	Taiwan	Manufacturing of coatings	22,517	22,517	2,225	44.50	14,254	1,383	616	Subsidiary
Shuang Bang Corporation	Shoetex Corporation	Taiwan	Manufacturing of finished shoes	66,130	82,650	6,613	80.20	62,580	(4,545)	(3,153)	Subsidiary

Note1: Recognized based on the financial statements audited by certified public accountants.

Shuang Bang Industrial Corporation and Subsidiaries
Information of investment in Mainland China
For the three-month periods ended March 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2024 (Note 3)	Investment flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of December 31, 2024(Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2024
					Outflow	Inflow						
-	-	-	-	-	-	-	-	-	-	-	-	-

Accumulated Investment in Mainland China as of S March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 1)
24,849	24,849	733,667

Note1: The net value of the stocks on the balance sheet date by $1,222,779 \text{ thousand} * 0.6 = 733,667 \text{ thousand dollars}$.

Note2: The above amounts were translated into New Taiwan dollars at the prevailing exchange rate as of March 31, 2024, except for the original investment.

Note3: The Group did not have any investments in Mainland China currently.

Shuang Bang Industrial Corporation
Information of major shareholders
March 31, 2024

Shareholders	Shares	
	Total shares owned	Ownership percentage
Chang, Chung-Tung	6,700,207	8.13%
Chen, A-Ming	4,998,802	6.06%

Note1 : The main shareholder information in this table was calculated by the insurance company Taiwan Depository & Clearing Corporation (TDCC) on the last business day at the end of each quarter, the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the Group without physical registration has reached more than 5%. As for the share capital recorded in the Group's financial report and the number of shares actually delivered by the Group without physical registration, there may be differences due to the different calculation basis.