HEADWAY ADVANCED MATERIALS INC. AND SUBSIDIARIES

Consolidated Financial Statements for the Three Months Ended March 31, 2024, and 2023 and Independent Auditors' Review Report

(English Version)

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Note: The English version is the translation of the Chinese version and if there is any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

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Independent Auditors' Review Report

To Headway Advanced Materials Inc.:

Introduction

We have reviewed the accompanying financial statements of Headway Advanced Materials Inc.(the Company) and its subsidiaries, which comprise the consolidated balance sheets as of March 31, 2024, and 2023, and the statements of consolidated comprehensive income, changes in consolidated equity, consolidated cash flows from January 1 to March 31, 2024, and 2023, and the notes to the consolidated financial statements (including a summary of significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission ("FSC") of the Republic of China ("ROC"). Our responsibility is to express a conclusion on the consolidated fincncial statements based on our reviews.

Scope of Review

Except as stated in the following paragraph, we conducted our reviews in accordance with the International Standard on Review Engagements 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity". 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 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 Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2024 and 2023, combined total assets of these non-significant subsidiaries were NT$ 542,701 thousand and NT$ 568,089 thousand, respectively, representing 32% and 32%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT$ 45,784 thousand and NT$ 60,048 thousand, respectively, representing 7% and 9%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2024 and 2023, the amounts of combined comprehensive income of these subsidiaries were NT$ 3,366 thousand and NT$ 8,919 thousand, representing 11% and 98%, respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three-month then 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” endorsed and issued into effect by the FSC of the ROC.

Deloitte & Touche
Taipei, Taiwan Republic of China
May 8, 2024

Auditor Ming-Hui Chen
Securities and Futures
Commission Approval Document No.
Jin-Guang-Zheng—Sheng-Zi
No. 0930128050

Auditor Chih-I Chang
Securities and Futures
Commission Approval Document No.
Jin-Guang-Zheng—Sheng-Zi
No. 1100378647

Headway Advanced Materials Inc. and Subsidiaries

Consolidated Balance Sheets

March 31, 2024 & 2023

Units: In Thousands of New Taiwan Dollars

Code	Assets	March 31, 2024 Amount	%	December 31, 2023 Amount	%	March 31, 2023 Amount	%
	Current Assets						
1100	Cash and cash equivalents (Note 6 & 29)	$ 473,425	28	$ 387,330	23	$ 496,960	28
1136	Current financial assets at amortized cost (Note 9 & 29)	121,012	7	138,360	8	151,931	8
1150	Notes receivable, net (Note 11, 29 & 30)	36,514	2	40,797	2	39,072	2
1170	Accounts receivable, net (Note 11, 29 & 30)	270,208	16	316,935	19	268,222	15
1220	Current tax assets (Note 25)	7,355	-	7,359	1	10,616	1
130X	Inventories (Note 12)	266,827	16	271,446	16	299,838	17
1476	Other financial assets-current (Note 10, 29 & 31)	30,000	2	30,000	2	30,000	2
1479	Other current Assets (Note 18)	15,328	1	10,564	1	21,142	1
11XX	Total Current Assets	1,220,669	72	1,202,791	72	1,317,781	74
	Non-current Assets						
1510	Financial assets at fair value through profit or loss, non-current (Note 7 & 29)	22,509	1	25,596	2	14,606	1
1520	Financial assets at fair value through other comprehensive income, non-current (Note 8 & 29)	1,546	-	1,555	-	1,799	-
1600	Property, plant, and equipment (Note 14 & 31)	336,703	20	308,908	18	329,800	18
1755	Right-of-use assets (Note 15)	65,950	4	68,223	4	64,845	4
1780	Intangible assets (Note 17)	772	-	859	-	200	-
1805	Goodwill (Note 16)	1,673	-	1,642	-	1,682	-
1840	Deferred tax assets (Note 25)	22,728	1	26,081	2	23,546	1
1920	Guarantee deposits paid	6,174	1	6,155	-	6,188	-
1975	Net defined benefit assets (Note 21)	1,266	-	1,185	-	285	-
1990	Other non-current assets (Note 18)	6,013	1	36,202	2	27,952	2
15XX	Total Non-current Assets	465,334	28	476,406	28	470,903	26
1XXX	Total Assets	$ 1,686,003	100	$ 1,679,197	100	$ 1,788,684	100

Code	Liabilities & Equity	March 31, 2024 Amount	%	December 31, 2023 Amount	%	March 31, 2023 Amount	%
	Current Liabilities						
2100	Short-term borrowings (Note 19, 29 & 31)	$ 169,321	10	$ 113,574	7	$ 165,716	9
2110	Short-term bills payable (Note 19 & 29)	-	-	19,984	1	49,987	3
2130	Contract liabilities (Note 23)	8,095	1	9,704	1	1,907	-
2150	Notes payable (Note 29 & 30)	69,760	4	75,181	4	51,436	3
2170	Accounts payable (Note 29 & 30)	74,729	5	59,458	4	67,766	4
2206 2220	Compensation payable to employees & directors (Note 24)	4,022	-	2,724	-	3,951	-
2230	Other payables (Note 20)	58,387	4	92,049	5	53,346	3
2280	Current tax liabilities (Note 25)	1,019	-	778	-	1,801	-
2399	Lease liabilities – current (Note 15 & 29)	6,529	-	7,526	-	6,902	-
21XX	Other current liabilities (Note 20)	7,216	-	9,041	1	7,318	1
	Total Current Liabilities	399,078	24	390,019	23	410,130	23
2540	Non-current Liabilities						
2570	Long-term borrowings (Note 19, 29 & 31)	220,000	13	250,000	15	200,000	11
2580	Deferred tax liabilities (Note 25)	24,475	2	24,475	1	24,829	1
	Lease liabilities, non-current (Note 15 & 29)	23,850	1	25,483	2	30,380	2
25XX	Total Non-current Liabilities	268,325	16	299,958	18	255,209	14
2XXX	Total Liabilities	667,403	40	689,977	41	665,339	37
	Equity (Note 22)						
	Equity Attributable to Owners of The Company						
	Capital						
3110	Common stock capital	601,070	35	601,070	36	703,033	39
3200	Capital surplus	13,104	1	13,104	-	13,081	1
	Retained earnings						
3310	Legal reserve	217,716	13	217,716	13	215,371	12
3320	Special reserve	58,130	4	58,130	3	95,488	5
3350	Unappropriated retained earnings	72,454	4	58,218	4	44,425	3
3300	Total Retained Earnings	348,300	21	334,064	20	355,284	20
3400	Other equity	(53,882)	(3)	(68,171)	(4)	(55,832)	(3)
31XX	Total Equity Attributable to Owners of The Company	908,592	54	880,067	52	1,015,566	57
36XX	Non-controlling Interests	110,008	6	109,153	7	107,779	6
3XXX	Total Equity	1,018,600	60	989,220	59	1,123,345	63
	Total Liabilities & Equity	$ 1,686,003	100	$ 1,679,197	100	$ 1,788,684	100

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

(With Deloitte & Touche auditors' review report dated May 8, 2024)

Chairman：Liou, Han Yin

Manager：Chao, Wei Chun

Accountant in Charge：Liao, Pei Hung

Headway Advanced Materials Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Three Months Ended March 31, 2024 & 2023

Unit: In Thousands of NTD, EPS in NTD

Code		For the Three Months Ended March 31,2024 Amount	%	For the Three Months Ended March 31, 2023 Amount	%
4000	Net operating revenue (Note 23, 30 & 35)	$ 280,795	100	$ 319,186	100
5000	Operating costs (Note 12, 24 &30)	231,314	83	277,451	87
5900	Gross Profit	49,481	17	41,735	13
	Operating expenses (Note 24)				
6100	Selling expenses	12,363	4	12,741	4
6200	Administrative expenses	23,598	9	23,350	7
6300	Research and development expenses	5,529	2	5,783	2
6450	Expected credit gain	(1,847)	(1)	(2,950)	(1)
6000	Total operating expenses	39,643	14	38,924	12
6900	Profit on operations	9,838	3	2,811	1
	Non-operating income and Expenses (Note 24)				
7100	Interest income	4,913	2	6,233	2
7010	Other income	1,453	-	1,377	-
7020	Other gains and losses	2,288	1	(950)	-
7050	Financial costs	(2,854)	(1)	(2,206)	(1)
7000	Total non-operating income and expenses	5,800	2	4,454	1
7900	Pre-tax Profit (loss)	15,638	5	7,265	2
7950	Income tax (Note 4 & 25)	(876)	-	(520)	-
8200	Net Profit for the period	14,762	5	6,745	2
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				

Code		For the Three Months Ended March 31,2024 Amount	%	For the Three Months Ended March 31, 2023 Amount	%
8316	Unrealized gains or losses on investments in equity instruments at fair value through other comprehensive income	($ 9)	-	$ 332	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statement of foreign operations (Note 22)	18,201	6	2,553	1
8399	Income tax related to items that may be reclassified (Note 22 &25)	(3,574)	(1)	(500)	-
8300	Total other comprehensive income (After Tax)	14,618	5	2,385	1
8500	Total comprehensive income	$ 29,380	10	$ 9,130	3
	Profit (loss) attributable to:				
8610	The Company owners	$ 14,236	5	$ 5,660	2
8620	Non-controlling interests	526	-	1,085	-
8600		$ 14,762	5	$ 6,745	2
	Comprehensive income attributable to:				
8710	The Company owners	$ 28,525	10	$ 7,991	3
8720	Non-controlling interests	855	-	1,139	-
8700		$ 29,380	10	$ 9,130	3
	Earnings per share (Note 26)				
9750	Basic	$ 0.24		$ 0.08	
9850	Diluted	$ 0.24		$ 0.08	

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

(With Deloitte & Touche auditors' review report dated May 8, 2024)

Chairman:	Manager:	Accountant in Charge：
Liou, Han Yin	Chao, Wei Chun	Liao, Pei Hung

Headway Advanced Materials Inc. and Subsidiaries

Consolidated Statement of Changes in Equity

From January 1 to March 31, 2024 & 2023

Unit: In Thousands of NTD, unless stated otherwise

		Equity Attributable to The Company Owners																		
		Common stock capital		Capital surplus						Retained earnings				Other Equity						
Code		Shares (Thousand shares)	Amount	Additional paid-in capital	from long-term investment	Employee stock options	Restricted stock units	From merger	Total	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of the financial statement of foreign operations	Unrealized revaluation increments	Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	Unearned compensation	Total	Non -controlling Interests	Total Equity
A1	Balance as of January 1, 2023	70,304	$ 703,033	$ 5,587	$ 1,497	$ 3,225	$ 1,881	$ 891	$ 13,081	$ 215,371	$ 95,488	$ 38,765	$ 349,624	($ 61,897)	$ 6,800	($ 3,033)	($ 245)	$ 1,007,363	$ 106,640	$ 1,114,003
D1	Net profit (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	-	-	-	-	5,660	5,660	-	-	-	-	5,660	1,085	6,745
D3	Other comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	-	-	-	-	-	-	-	1,999	-	332	-	2,331	54	2,385
D5	Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	-	-	-	-	-	5,660	5,660	1,999	-	332	-	7,991	1,139	9,130
N1	Compensation cost from restricted stock units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	212	212	-	212
Z1	Balance as of March 31, 2023	70,304	$ 703,033	$ 5,587	$ 1,497	$ 3,225	$ 1,881	$ 891	$ 13,081	$ 215,371	$ 95,488	$ 44,425	$ 355,284	($ 59,898)	$ 6,800	($ 2,701)	($ 33)	$ 1,015,566	$ 107,779	$ 1,123,345
A1	Balance as of January 1, 2024	60,107	$ 601,070	$ 7,491	$ 1,497	$ 3,225	$ -	$ 891	$ 13,104	$ 217,716	$ 58,130	$ 58,218	$ 334,064	($ 72,026)	$ 6,800	($ 2,945)	$ -	$ 880,067	$ 109,153	$ 989,220
D1	Net profit for the three months ended March 31, 2024	-	-	-	-	-	-	-	-	-	-	14,236	14,236	-	-	-	-	14,236	526	14,762
D3	Other comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	-	-	-	-	-	-	-	14,298	-	(9)	-	14,289	329	14,618
D5	Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	-	-	-	-	-	14,236	14,236	14,298	-	(9)	-	28,525	855	29,380
Z1	Balance as of March 31, 2024	60,107	$ 601,070	$ 7,491	$ 1,497	$ 3,225	$ -	$ 891	$ 13,104	$ 217,716	$ 58,130	$ 72,454	$ 348,300	($ 57,728)	$ 6,800	($ 2,954)	$ -	$ 908,592	$ 110,008	$ 1,018,600

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

(With Deloitte & Touche auditors' review report dated May 8, 2024)

Chairman：Liou, Han Yin

Manager：Chao, Wei Chun

Accountant in Charge：Liao, Pei Hung

Headway Advanced Materials Inc. and Subsidiaries

Consolidated Cash Flow Statement

For the Three Months Ended March 31, 2024 & 2023

Unit: In Thousands of NTD

Code		For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
	Cash Flows from Operating Activities:		
A10000	Pre-tax Profit (loss)	$ 15,638	$ 7,265
A20000	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	16,016	15,723
A20200	Amortization expense	87	33
A20300	Expected credit loss(gain)/ Provision (reversal of provision) for bad debt expense	(1,847)	(2,950)
A20400	Net loss (gain) on financial liabilities at fair value through loss(profit)	82	(227)
A20900	Interest cost	2,854	2,206
A21200	Interest income	(4,913)	(6,233)
A22500	Gain on disposal of property, plant, and equipment	(68)	-
A23100	Gain on disposal of investments	(233)	-
A21900	Compensation cost relating to share-based payment	-	212
A23700	Loss (gain) for market price decline and obsolete and slow-moving inventories	(3,034)	1,709
A24100	Loss on foreign exchange, net	8,915	1,543
A30000	Net changes in operating assets and liabilities:		
A31130	Notes receivable	4,311	(6,896)
A31150	Accounts receivable	48,945	(4,461)
A31200	Inventories	7,295	44,956
A31240	Other current assets	(5,582)	(3,486)
A31990	Net defined benefit assets	(81)	(30)
A32130	Notes payable	(5,421)	(7,871)
A32150	Accounts payable	15,381	(5,933)
A32180	Other payable & Other current liabilities	(33,562)	(4,262)
A32190	Compensation payable to employees & directors	1,298	496
A32125	Contract liabilities	(1,609)	(8,174)
A32240	Net defined benefit liabilities	-	(74)
A33000	Cash generated (used in) from operations	64,472	23,546
A33300	Interest paid	(3,005)	(2,324)
A33500	Income tax paid	(852)	(922)
AAAA	Net Cash Generated (Used In) from Operating Activities	60,615	20,300

Code		For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
	Cash Flows from Investing Activities:		
B00040	Payment for financial assets at amortized cost	($ 5,120)	($ 20,950)
B00050	Proceeds from disposal of financial assets at amortized cost	25,600	-
B00100	Acquisition of financial assets at fair value through profit or loss	(3,175)	(3,266)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	6,411	-
B02700	Payment for property, plant, and equipment	(40,690)	(5,818)
B02800	Proceeds from disposal of property, plant, and equipment	68	-
B03800	Decrease in guarantee deposits paid	(4)	-
B04500	Payment for intangible assets	-	(180)
B07100	Increase in prepayments for equipment	-	(1,178)
B07200	Decrease in prepayments for equipment	30,189	-
B07500	Interest received	5,420	5,514
BBBB	Net Cash Generated (Used In) from from Investing Activities	18,699	(25,878)
	Cash Flows from Financing Activities:		
C00100	Increase in Short-term borrowings	55,448	5,305
C00600	Decrease in Short-term bills payable	(20,000)	(50,000)
C01600	Proceeds from long-term borrowings	-	35,000
C01700	Payment for long-term borrowings	(30,000)	-
C04020	Repayment of the principal portion of lease liabilities	(2,637)	(2,423)
CCCC	Net Cash Generated (Used In) from Financing Activities	2,811	(12,118)
DDDD	Effects of Exchange Rate Changes on the Balance of Cash Held in Foreign Currencies	3,970	(640)
EEEE	Net Decrease in Cash and Cash Equivalents	86,095	(18,336)
E00100	Cash and Cash Equivalents at the Beginning of the Period	387,330	515,296
E00200	Cash and Cash Equivalents at the End of the Period	$ 473,425	$ 496,960

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

(With Deloitte & Touche auditors' review report dated May 8, 2024)

Chairman: Liou, Han Yin

Manager: Chao, Wei Chun

Accountant in Charge： Liao, Pei Hung

Headway Advanced Materials Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Three Months Ended March 31, 2024 & 2023
(Amounts expressed in Thousands of NTD, unless stated otherwise)

1. Company History

Headway Advanced Materials Inc. (hereinafter referred to as "the Company") was established on April 24, 1976. Its business includes the manufacture, processing, and sale of PU curing agents, processing agents, coatings, resin for coatings, adhesives, flatting agents, and related raw materials.

The Company's stock has been listed on the Taiwan Stock Exchange since May 2016.

This consolidated financial report is expressed in the functional currency of the Company, which is New Taiwan dollars.

Hereinafter, the Company and its subsidiaries will be collectively referred to as "the Consolidated Company".

2. Date and Procedures of the Authorization of Financial Statements

The consolidated financial statement was authorized by the Board of Directors on May 8, 2024.

3. Application of the Newly Announced and Amended Regulations and Interpretations

(1) The Company has adopted International Financial Reporting Standards (IFRSs) that were recognized by the Financial Supervisory Commission, International Accounting Standards (IAS), Interpretations, and Notices (IFRS), Interpretation (IFRIC), and Interpretative Announcement (SIC) for the first time.

The Company has started applying the amended International Financial Reporting Standards (IFRSs) that were recognized and announced by the Financial Supervisory Commission (FSC) and it will not have a significant impact on the accounting policies of the Consolidated Company.

(2) The IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC:

Newly announced / revised / amended regulations and interpretations	Effective date for the announcement of the IASB (Remark1)
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 17 and IFRS 9 — Comparative Information”	January 1, 2023
IFRS 18“Presentation and Disclosure in Financial Statements”	January 1, 2027
Amendments to IAS 12 “Lack of Exchangeability”	January 1, 2025 (Remark2)

Remark1: Unless otherwise stated, the above newly announced/ revised/ amended regulations or interpretations become effective for annual reporting periods beginning on or after the respective dates mentioned.

Remark2: An entity applies the amendments for annual reporting periods beginning on or after 1 January 2025. An entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When the Company uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity.

A. IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 ‘Presentation of Financial Statements’, the main differences between the two standards include:

a) All items of income and expense need to be classified in one of five categories in the statement of profit or loss: operating, investing, financing, income tax, and discontinued operations categories.

b) An entity must present totals and subtotals in the statement of profit or loss for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

c) Guidelines are provided to strengthen the aggregation and disaggregation rules: the Consolidated Company must identify assets, liabilities, equity, income, expenses, and cash flows from individual transactions or other matters, and classify and aggregate them based on shared characteristics, so that each line item reported in the primary financial statements has at least one similar characteristic. Items with characteristics that are not shared should be disaggregated in the primary financial statements and notes. the Consolidated Company should only label these items as ‘other’ when they cannot find a more informative name.

d) Increasing the disclosure of Management-defined performance measures (MPMs): When the Consolidated Company conducts public communication outside financial statements and communicates with financial statement users about the management’s view of a certain aspect of the overall financial performance of the consolidated company, it should disclose relevant information about the MPMs in a single note to the financial statements. This includes the description of the measure, how it is calculated, its adjustments to the subtotals or totals specified by the IFRS accounting standards, and the impact of related adjustment items on income tax and non-controlling interests, etc.

Besides the impacts, up until the date the accompanying consolidated financial statements were authorized for issue, the Consolidated Company continues to assess the impact on its financial position and financial performance from the initial adoption of aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Consolidated Company completes its assessment.

4. <u>Summary of Significant Accounting Policies</u>

(1) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

(2) Preparation basis for financial statements

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value, and net defined benefit assets/ liabilities 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 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

B. Level 2 inputs are 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).

C. Level 3 inputs are unobservable inputs for an asset or liability.

(3) Consolidation basis

This consolidated financial report includes the financial statements of the Company and the entities (subsidiaries) controlled by the Company. The consolidated statements of comprehensive income have included the operating profit and loss of the acquired or disposed subsidiary companies in the current period from the date of acquisition or till the date of disposal. The financial reports of the subsidiaries have been adjusted to make their accounting policies consistent with the accounting policies of the Consolidated Company. All transactions, account balances, incomes, and expenses between business entities have been written-off at the time of preparing the consolidated financial report. The total comprehensive income of subsidiaries is attributable to the owners and non-controlling interests of the Company, even if the non-controlling interests are with a negative balance thereafter.

When the changes in the equity of the subsidiary owned by the Consolidated Company do not result in the loss of control, it is treated as an equity transaction. The book amount of the Consolidated Company and non-controlling interests have been adjusted to reflect changes in its relative equity in the subsidiary. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity and attributable to the Company owners.

Please refer to Note 13 and Table 4 for the subsidiaries, shareholding ratio, and business items in detail.

(4) Other significant accounting policies

Except for the following, for the summary of other significant accounting policies, please refer to the 2023 fiscal year consolidated financial statements.

A. Defined benefit 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 adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

B. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated on an interim period's pre-tax income by applying to the tax rate that would be applicable to expected total annual earnings.

5. Significant Accounting Judgments, Estimations, and the Main Sources of Assumption Uncertainties

When the consolidated company develops significant accounting estimates, it will incorporate the potential impact of economic environment inflation and market interest rate fluctuations into the estimation of cash flow, growth rate, discount rate, profitability, and other related significant accounting estimates. The management will continuously review the estimates and basic assumptions. For other information, please refer to the main sources of uncertainty in significant accounting judgments, estimates, and assumptions in the 2023 fiscal year consolidated financial statements.

6. Cash and Cash Equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and petty cash	$ 252	$ 359	$ 373
Bank checking deposit and demand deposit	399,832	302,855	452,660
Cash equivalents			
Bank term deposit	224,353	237,087	210,415
Repurchase agreement bonds	-	15,389	15,443
	624,437	555,690	678,891
Term deposits with original maturity exceeding 3 months	(79,060)	(98,106)	(112,011)
Restricted bank deposit	(41,952)	(40,254)	(39,920)
Pledged bank deposit	(30,000)	(30,000)	(30,000)
Total	$ 473,425	$ 387,330	$ 496,960

The interest rate range of bank deposits on the balance sheet date is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Bank deposit	0.05%~8.27%	0.05%~8.27%	0.05%~8.5%
Repurchase agreement bonds	-	5.50%	4.7%

7. Financial Assets Measured at Fair Value through Profit or Loss

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets - current			
Measured at fair value through profit or loss mandatorily			
Non-derivative financial assets			
- Foreign Bonds	$ 22,042	$ 18,747	$ 7,209
- Domestic TWSE/TPEx listing stock	467	470	1,254
- Domestic Fund beneficiary certificate	-	6,379	6,143
	$ 22,509	$ 25,596	$ 14,606

8. Financial Assets Measured at Fair Value through Other Comprehensive income

	March 31, 2024	December 31, 2023	March 31, 2023
Non-current			
Equity investment	$ 1,546	$ 1,555	$ 1,799

Equity investment

	March 31, 2024	December 31, 2023	March 31, 2023
Non-current			
Domestic investment			
Non-TWSE/TPEx listing stock	$ 1,546	$ 1,555	$ 1,799

The Consolidated Company has based on the mid-term and long-term strategic purpose to invest in non-TWSE/TPEx listing stocks and expect to make profits through long-term investment. The management of the Consolidated Company believes that if the short-term fluctuation in the fair value of the investment is included in the profit and loss, it is inconsistent with the long-term investment plan; therefore, the management chooses to have such investments measured at fair value through other comprehensive income.

9. Financial Assets Measured at the Amortized Cost

	March 31, 2024	December 31, 2023	March 31, 2023
Current			
Domestic investment			
Term deposits with original maturity exceeding 3 months (Remark 1)	$ 79,060	$ 98,106	$ 112,011
Restricted bank deposit (Remark 2)	41,952	40,254	39,920
	$ 121,012	$ 138,360	$ 151,931

Remark 1: As of March 31, 2024, and for the periods ending on December 31, 2023, and March 31, 2023, the annual interest rate ranges for Term deposits with original maturity exceeding 3 months were as follows: 1.32%~8.27%, 1.32%~8.5%, and 1.195%~8.5%.

Remark2: The Company has obtained approval from the National Taxation Bureau of Northen Area, Ministry of Finance (R.O.C.) to repatriate USD 1.5 million under the "Regulations Governing the Investment of Overseas Funds Repatriated" and has submitted an investment plan to the Ministry of Economic Affairs. According to the regulations, the repatriated funds are restricted in the approved investment plan and cannot be used for other purposes.

10. Other Financial Assets

	March 31, 2024	December 31, 2023	March 31, 2023
Current			
Pledged bank deposit	$ 30,000	$ 30,000	$ 30,000

The Consolidated Company has established pledges as collateral for borrowings, please refer to Note 31.

11. Notes Receivable and Accounts Receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes Receivable			
Measured at the amortized cost			
Total book amount	$ 36,590	$ 40,901	$ 39,144
Less: Allowance for loss	(76)	(104)	(72)
	$ 36,514	$ 40,797	$ 39,072
Accounts Receivable			
Measured at the amortized cost			
Total book amount	$ 293,167	$ 341,282	$ 291,858
Less: Allowance for loss	(22,959)	(24,347)	(23,636)
	$ 270,208	$ 316,935	$ 268,222

Accounts Receivable

The credit period granted by the Consolidated Company to customers is generally between 30 and 120 days from the end of the month. The allowance for loss is estimated based on the analysis of overdue accounts, customer creditworthiness, and financial status to estimate the number of uncollectible accounts. Before accepting new customers, the Consolidated Company evaluates the credit quality of the potential customer through a credit rating system and sets the customer's credit limit. The customer's credit limit and rating are reviewed regularly every year.

The Consolidated Company recognizes the allowance for loss of accounts receivable based on the expected credit loss over the remaining lifetime of the accounts. The expected credit loss is calculated using a provision matrix, which considers the customer's past default history and current financial condition, the economic situation of the industry, and prospects. Because the credit loss historical experience of the Consolidated Company shows no significant differences in the loss patterns among different customer groups, the provision matrix does not distinguish between customer groups, but only sets the expected credit loss rate based on the number of days overdue of accounts receivable.

The provision for doubtful accounts and notes receivable of the Consolidated Company is measured based on the provision matrix as follows:

March 31, 2024

	Not Overdue	Overdue 1 ~ 60 days	Overdue 61~245 days	Overdue 246~429 days	Overdue Over 430 days	Total
Total book amount	$ 274,808	$ 26,518	$ 4,247	$ 8,325	$ 15,859	$ 329,757
Allowance for loss (expected credit loss in the duration)	(1,229)	(1,349)	(435)	(4,163)	(15,859)	(23,035)
Amortized cost	$ 273,579	$ 25,169	$ 3,812	$ 4,162	$ -	$ 306,722

December 31, 2023

	Not Overdue	Overdue 1 ~ 60 days	Overdue 61~245 days	Overdue 246~429 days	Overdue Over 430 days	Total
Total book amount	$ 313,816	$ 39,164	$ 6,502	$ 5,432	$ 17,269	$ 382,183
Allowance for loss (expected credit loss in the duration)	(1,091)	(1,809)	(1,566)	(2,716)	(17,269)	(24,451)
Amortized cost	$ 312,725	$ 37,355	$ 4,936	$ 2,716	$ -	$ 357,732

March 31, 2023

	Not Overdue	Overdue 1 ~ 60 days	Overdue 61~245 days	Overdue 246~429 days	Overdue Over 430 days	Total
Total book amount	$ 269,367	$ 35,441	$ 2,527	$ 4,833	$ 18,834	$ 331,002
Allowance for loss (expected credit loss in the duration)	(996)	(1,042)	(419)	(2,417)	(18,834)	(23,708)
Amortized cost	$ 268,371	$ 34,399	$ 2,108	$ 2,416	$ -	$ 307,294

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

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Beginning Balance	$ 24,451	$ 26,606
Add: Expected credit impairment loss (reversed) for the current year	(1,847)	(2,950)
Less: Actual write-off for the current year	-	(89)
Exchange differences on translation	431	141
Ending Balance	$ 23,035	$ 23,708

12. Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Commodities	$ 2,730	$ 1,163	$ 1,257
Finished goods	146,748	139,413	161,482
Work-in-process goods	13,344	17,070	19,353
Raw materials	103,758	113,800	117,739
Construction in progress	247	-	7
	$ 266,827	$ 271,446	$ 299,838

The nature of the operating cost is as follows:

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Cost of inventory sold	$231,314	$277,451
Inventory impairment loss (reversed)	($ 3,034)	$ 1,709
Physical inventory Gain (loss)	$ 11	$ 171

13. Subsidiaries

(1) Subsidiaries included in the consolidated financial report

The main business entities of the consolidated financial report are as follows:

				The ratio of ownership equity held by The Company		
Name of Investing Company	Name of Subsidiary	Nature of Business	Location of establishment and operation	March 31, 2024	December 31, 2023	March 31, 2023
The Company	Urasia International Inc. (URASIA)	General investment business	Panama	100%	100%	100%
	Headway Polyurethane	Manufacturing and sales of	Taiwan	50%	50%	50%

Name of Investing Company	Name of Subsidiary	Nature of Business	Location of establishment and operation	The ratio of ownership equity held by The Company March 31, 2024	December 31, 2023	March 31, 2023
	Corporation Limited (TPU Company)	TPU				
URASIA	Shanghai Huiyu Construction Co., Ltd. (Shanghai Huiyu Company)	Construction of housing projects, construction of municipal public works projects, construction of mechanical and electrical installation projects, construction of building decoration projects, construction of anti-corrosion and waterproofing projects, construction of sports tracks, stadiums, artificial turf projects, and wholesale of sports field materials.	Shanghai	74%	74%	74%
	Headway Advanced Materials (Vietnam) Co., Ltd. (Headway Vietnam Company)	PU resin products	Vietnam	100%	100%	100%
	Cheng Yu Develop Co., Ltd. (Cheng Yu Company)	General investment business	Hong Kong	100%	100%	100%
Cheng Yu Company	Fo-Shan City Shanshui Lianmei Chemical Co., LTD. (Shanshui Lianmei Company)	PU resin products	Fo-Shan City	100%	100%	100%
Shanghai Huiyu Company	Anhui Huiyu Materials Technology Co., Ltd. (Anhui Huiyu Company)	Research, manufacturing, import and export of plastic materials for sports fields, and sports facility construction.	Chizhou City	100%	100%	100%

Remark 1: Except for TPU Company and Headway Vietnam Company in the first quarter of 2024 and the first quarter of 2023, whose financial reports have been reviewed by the independent auditors, the financial reports of other non-significant subsidiaries have not been reviewed by the independent auditors.

(2) Information on subsidiaries with significant non-controlling interests

Name of Subsidiary	The ratio of equity and voting rights held by non-controlling interests March 31, 2024	December 31, 2023	March 31, 2023
TPU Company	50%	50%	50%

The information of the Company's main business premises and the country of registration are available in Table 4.

Name of Subsidiary	Profit and loss distributed to non-controlling interest For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023	Non-controlling interests March 31, 2024	December 31, 2023	March 31, 2023
TPU Company	$ 766	($ 765)	$ 92,058	$ 91,292	$ 91,668

The financial information summary of TPU Company is compiled according to the amount before writing off the inter-company transactions:

	March 31, 2024	December 31, 2023	March 31, 2023
Current Assets	$ 226,221	$ 230,732	$ 204,693
Non-current Assets	47,624	51,155	62,637
Current Liabilities	65,879	73,819	53,314
Non-current Liabilities	23,850	25,484	30,680
Equity	$ 184,116	$ 182,584	$ 183,336
Equity attributable to:			
The Company owners	$ 92,058	$ 91,292	$ 91,668
Non-controlling interests of TPU Company	92,058	91,292	91,668
	$ 184,116	$ 182,584	$ 183,336

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Operating Income	$ 45,668	$ 42,937
Net Profit (loss) for the period	$ 1,532	($ 1,530)
Other comprehensive income	-	-
Total comprehensive income	$ 1,532	($ 1,530)
Net Profit (loss) attributable to:		
The Company owners	$ 766	($ 765)
Non-controlling interests of TPU Company	766	(765)
	$ 1,532	($ 1,530)
Comprehensive income attributable to:		
The Company owners	$ 766	($ 765)
Non-controlling interests of TPU Company	766	(765)
	$ 1,532	($ 1,530)
Cash flow		
Operating activities	$ 5,964	$ 13,624
Investing activities	(14)	274
Financing activities	23,404	(4,960)
Effect of exchange rate	(24)	(231)
Net cash generated	$ 29,330	$ 8,707

14. Property, Plant and Equipment

Self-Use

	Land	Land improvements	House and Building	Machinery equipment	Transportation equipment	Miscellaneous equipment	Other equipment	Construction in progress	Total
Cost									
Balance as of January 1, 2024	$ 109,145	$ 151	$ 289,217	$ 431,466	$ 41,200	$ 16,257	$ 142,896	$ 4,077	$ 1,034,409
Addition	-	-	2,271	32,831	1,500	270	1,860	192	38,924
Disposal	-	-	-	(110)	(590)	(459)	-	-	(1,159)
Reclassification	-	-	6,105	13,234	80	-	(19,419)	-	-
Net exchange difference	-	-	2,220	2,396	286	40	151	2	5,095
Balance as of March 31, 2024	$ 109,145	$ 151	$ 299,813	$ 479,817	$ 42,476	$ 16,108	$ 125,488	$ 4,271	$ 1,077,269
Accumulated depreciation									
Balance as of January 1, 2024	$ -	$ 151	$ 216,913	$ 366,916	$ 32,622	$ 12,678	$ 96,221	$ -	$ 725,501
Depreciation	-	-	2,449	6,519	1,134	443	2,546	-	13,091
Disposal	-	-	-	(110)	(590)	(459)	-	-	(1,159)
Reclassification	-	-	4,968	12,030	80	-	(17,078)	-	-
Net exchange difference	-	-	1,110	1,685	220	35	83	-	3,133
Balance as of March 31, 2024	$ -	$ 151	$ 225,440	$ 387,040	$ 33,466	$ 12,697	$ 81,772	$ -	$ 740,566
Net balance as of March 31, 2024	$ 109,145	$ -	$ 74,373	$ 92,777	$ 9,010	$ 3,411	$ 43,716	$ 4,271	$ 336,703
Net balance as of December 31, 2023, and January 1, 2024	$ 109,145	$ -	$ 72,304	$ 64,550	$ 8,578	$ 3,579	$ 46,675	$ 4,077	$ 308,908

	Land	Land improvements	House and Building	Machinery equipment	Transportation equipment	Miscellaneous equipment	Other equipment	Construction in progress	Total
Cost									
Balance as of January 1, 2023	$ 109,145	$ 151	$ 289,670	$ 419,682	$ 41,617	$ 15,493	$ 134,959	$ 8,569	$ 1,019,286
Addition	-	-	232	1,611	-	13	997	1,183	4,036
Disposal	-	-	-	-	-	(57)	(196)	-	(253)
Reclassification	-	-	-	(21)	-	-	21	-	-
Net exchange difference	-	-	1,184	1,217	181	17	68	25	2,692
Balance as of March 31, 2023	$ 109,145	$ 151	$ 291,086	$ 422,489	$ 41,798	$ 15,466	$ 135,849	$ 9,777	$ 1,025,761
Accumulated depreciation									
Balance as of January 1, 2023	$ -	$ 151	$ 209,020	$ 345,011	$ 28,988	$ 12,079	$ 86,478	$ -	$ 681,727
Depreciation	-	-	2,264	6,230	1,247	433	2,900	-	13,074
Disposal	-	-	-	-	-	(57)	(196)	-	(253)
Net exchange difference	-	-	458	777	126	13	39	-	1,413
Balance as of March 31, 2023	$ -	$ 151	$ 211,742	$ 352,018	$ 30,361	$ 12,468	$ 89,221	$ -	$ 695,961
Net balance as of March 31, 2023	$ 109,145	$ -	$ 79,344	$ 70,471	$ 11,437	$ 2,998	$ 46,628	$ 9,777	$ 329,800

Depreciation expenses are accrued on a straight-line basis according to the following years of useful life:

Land improvements	25 Years
House and Building	3~47 Years
Machinery equipment	1~14 Years
Transportation equipment	3~10 Years
Miscellaneous equipment	3~07 Years
Other equipment	1~18 Years

Please refer to Note 31 for the property, plant and equipment that are pledged as collateral for loans.

15. Lease Agreement

(1) Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Book amount of right-of-use assets:			
Right-of-use land	$ 27,297	$ 27,032	$ 28,508
Building	38,600	40,979	35,648

	March 31, 2024	December 31, 2023	March 31, 2023
Transportation equipment	53	212	689
	$ 65,950	$ 68,223	$ 64,845

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Addition of right-of-use assets	$ -	$ 25,721
Depreciation expense of right-of-use assets:		
Right-of-use land	$ 222	$ 224
Building	2,544	2,266
Transportation equipment	159	159
	$ 2,925	$ 2,649

Apart from the recognition of depreciation expenses, there was no significant subleasing or impairment of the right-of-use assets of the Consolidated Company during the period from January 1 to March 31, 2024, and 2023, respectively.

(2) Lease liability

	March 31, 2024	December 31, 2023	March 31, 2023
Book amount of lease liability			
Current	$ 6,529	$ 7,526	$ 6,902
Non-current	$ 23,850	$ 25,483	$ 30,380

The discount rate ranges for lease liabilities are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Building	2.10%~3.85%	2.10%~3.85%	2.10%~4.05%
Transportation equipment	1.07%	1.07%	1.07%

(3) Key leasing activities and terms:

The Consolidated Company leases buildings for use as factories, offices, and dormitories with lease terms of 3 to 50 years. At the end of the lease term, the Consolidated Company has no preferential purchase option for the leased buildings. Additionally, the Consolidated Company has land use rights in Mainland China and Vietnam with lease terms of 50 years and 48 years, respectively.

(4) Other lease information

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Short-term lease expense	$ 337	$ 453
Low-value assets lease expense	$ 16	$ 16
Total lease cash (outflow)	($ 3,165)	($ 3,055)

The Consolidated Company chose to apply the recognition Exemption for assets, such as employee dormitories, company vehicles, and office equipment, qualify for short-term leases and qualify for low-value asset leases, and did not recognize related right-of-use assets and lease liabilities for such leases.

16. Goodwill

	March 31, 2024	December 31, 2023	March 31, 2023
Cost			
Beginning Balance	$ 1,642	$ 1,673	$ 1,673
Net exchange difference	31	(31)	9
	$ 1,673	$ 1,642	$ 1,682

17. Intangible Assets

	Computer software
Cost	
Balance as of January 1, 2024	$ 1,387
Net exchange difference	6
Balance as of March 31, 2024	$ 1,393
Accumulated amortization	
Balance as of January 1, 2024	$ 528
Amortization expense	87
Net exchange difference	6
Balance as of March 31, 2024	$ 621
Net balance as of March 31, 2024	$ 772
Net balance as of December 31, 2023, and January 1, 2024	$ 859

Cost

	Computer software
Balance as of January 1, 2023	$ 769
Separate purchase	180
Reclassification	(415)
Net exchange difference	2
Balance as of March 31, 2023	$ 536
Accumulated amortization	
Balance as of January 1, 2023	$ 449
Amortization expense	33
Reclassification	(148)
Net exchange difference	2
Balance as of March 31, 2023	$ 336
Net balance as of March 31, 2023	$ 200

Amortization expenses are accrued on a straight-line basis according to the following years of useful life:

Computer software	3~5 Years

18. Other Assets

	March 31, 2024	December 31, 2023	March 31, 2023
Current			
Prepaid expenses	$ 11,846	$ 5,652	$ 14,868
overpaid sales tax	1,206	1,656	2,659
Other receivable	$ 887	$ 1,387	$ 2,161
income tax refund receivable	741	1,504	706
Other	648	365	748
	$ 15,328	$ 10,564	$ 21,142
Non-current			
Advance payments for equipment and construction	$ 6,013	$ 36,202	$ 27,952

19. Borrowings

(1) Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Pledged loans (Note 31)			
Bank loans (Remark 1)	$ 12,734	$ 10,818	$ 34,939
Unsecured loans			
Credit line loans (Remark 2)	156,587	102,756	130,777
	$ 169,321	$ 113,574	$ 165,716

Remark 1: As of March 31, 2024, and for the periods ending on December 31, 2023, and March 31, 2023, the annual interest rate ranges for Bank loans were as follows: 3.85%, 3.85%, and 1.86%~3.85%.

Remark 2: As of March 31, 2024, and for the periods ending on December 31, 2023, and March 31, 2023, the annual interest rate ranges for Credit line loans were as follows: 1.81%~2.22%, 1.82%~2.10%, and 1.71%~1.94%.

(2) Short-term bills payable

	March 31, 2024	December 31, 2023	March 31, 2023
Commercial paper payable	$ -	$ 20,000	$ 50,000
Less: Discount on Short-term bills payable	-	(16)	(13)
	$ -	$ 19,984	$ 49,987

December 31, 2023

Guarantor/Acceptor institution	Face value	Discount amount	Book value	Interest rate range	Collateral	Book value of Collateral
Commercial paper payable						
China bills finance co.	$ 20,000	$ 16	$ 19,984	1.83%	None	$ -

March 31, 2023

Guarantor/Acceptor institution	Face value	Discount amount	Book value	Interest rate range	Collateral	Book value of Collateral
Commercial paper payable						
China bills finance co.	$ 50,000	$ 13	$ 49,987	1.95%	None	$ -

(3) Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Pledged loans			
Mortgage loan (Remark 1)	$ 80,000	$ 80,000	$ -
Mortgage loan (Remark 2)	85,000	85,000	-
Mortgage loan (Remark 3)	35,000	35,000	-
Mortgage loan (Remark 4)	20,000	50,000	-

	March 31, 2024	December 31, 2023	March 31, 2023
Mortgage loan (Remark 5)	-	-	85,000
Mortgage loan (Remark 6)	-	-	80,000
Mortgage loan (Remark 7)	-	-	35,000
Long-term borrowings	$ 220,000	$ 250,000	$ 200,000

Remark 1: The bank loan is secured by the Company's real estate, plant, and equipment (refer to Note 31), with a maturity date of November 6, 2025. As of March 31, 2024, and December 31, 2023, the effective annual interest rate is 1.82% both.

Remark 2: The bank loan is secured by the Company's real estate, plant, and equipment (refer to Note 31), with a maturity date of November 6, 2025. As of March 31, 2024, and December 31, 2023, the effective annual interest rate is 1.82% both.

Remark 3: The bank loan is secured by the Company's real estate, plant, and equipment (refer to Note 31), with a maturity date of November 3, 2028. As of March 31, 2024, and December 31, 2023, the effective annual interest rate is 2.095% both.

Remark 4: The bank loan is secured by the Company's real estate, plant, and equipment (refer to Note 31), with a maturity date of October 11, 2025. As of March 31, 2024, and December 31, 2023, the effective annual interest rate is 1.85% both.

Remark 5: The bank loan is secured by the Company's real estate, plant, and equipment (refer to Note 31), with a maturity date of October 14, 2024. It was fully repaid on November 6, 2023, and as of March 31, 2023, the effective annual interest rate is 1.82%.

Remark 6: The bank loan is secured by the Company's real estate, plant, and equipment (refer to Note 31), with a maturity date of October 14, 2024. It was fully repaid on November 6, 2023, and as of March 31, 2023, the effective annual interest rate is 1.82%.

Remark 7: The bank loan is secured by the Company's real estate, plant, and equipment (refer to Note 31), with a maturity date of January 30, 2025. It was fully repaid on November 3, 2023, and as of March 31, 2023, the effective annual interest rate is 1.82%.

20. Other Liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Current			
Other payable			
Payroll and bonus payable	$ 26,032	$ 30,609	$ 18,988
Professional service payable	5,179	4,548	4,754
Payables on equipment	6,333	8,099	1,915
Rental payable	60	6,574	1,291
Other	20,783	42,219	26,398
	$ 58,387	$ 92,049	$ 53,346
Other current liabilities	$ 7,216	$ 9,041	$ 7,318

21. Retirement Benefit Plan

(1) Defined contribution plan

The retirement pension system of the Company and its domestic subsidiaries in the Consolidated Company, is a defined contribution plan under the "Labor Pension Act" regulated by the government. The Company contributes 6% of employees' monthly salaries to their personal accounts at the labor insurance bureau as retirement pension.

URASIA and Cheng Yu Company do not have an employee retirement policy, and there are no mandatory government regulations regarding employee retirement policy. Anhui Huiyu Company, Shanghai Huiyu Company, Sanshui Lianmei Company, and Headway Vietnam Company pay basic endowment insurance premiums to the government-managed retirement plan, which are recognized as current expenses when they are provided.

(2) Defined benefit plan

For the three months ended March 31, 2024, and 2023, the pension expenses of defined benefit plans were NT$ (5) thousand and NT$ 15 thousand, respectively, and these were calculated based on the actuarially determined pension cost rate on December 31, 2023, and 2022, respectively.

22. Equity

(1) Common stock capital

	March 31, 2024	December 31, 2023	March 31, 2023
Authorized stock shares (thousand shares)	80,000	80,000	80,000
Authorized capital stock	$ 800,000	$ 800,000	$ 800,000
Stock shared issued and paid in full (thousand shares)	60,107	60,107	70,304
Outstanding capital stock	$ 601,070	$ 601,070	$ 703,033

The par value of the issued common shares is NT$ 10 per share, with each share entitled to one voting right and the right to receive dividends.

The Company's Shareholders' Meeting resolved to implement capital reduction on May 31, 2023, which was further approved and came into effect by Taiwan Stock Exchange Corporation on July 18, 2023. Amount of capital reduction is NTD 101,940 thousand and shares to be cancelled are 10,194 thousand shares. Capital reduction percentage is 14.5%. Furthermore, the board of directors, in a meeting held on August 10, 2023, decided that August 16, 2023, would be the record date for the capital reduction.

The other changes in the Company's common stock capital are mainly due to the issuance and cancellation of restricted stock units granted to employees.

(2) Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
Applicable for making up for losses, distributing cash, or capitalization			
Additional paid-in capital	$ 7,491	$ 7,491	$ 5,587
Difference between consideration and book amount of subsidiary's stock shares acquired or disposed	1,497	1,497	1,497
From merger	891	891	891
Cannot be used for any			

	March 31, 2024	December 31, 2023	March 31, 2023
Applicable for making up for losses, distributing cash, or capitalization purpose			
Employee stock options	3,225	3,225	3,225
Restricted stock units	-	-	1,881
	$ 13,104	$ 13,104	$ 13,081

The portion of capital surplus that exceeds the par value of stock issuance (including the issuance of ordinary shares above par) and the portion received as donations may be used to offset losses. When the Company has no losses, it may also be used to distribute cash dividends or allocate to common stock capital, subject to an annual limit based on a certain percentage of the paid-in capital.

(3) Retained earnings and dividend policy

According to the Articles of Incorporation, if there are profits in the annual financial statements, the Company shall first pay taxes, make up for losses from previous years, set aside 10% of the legal reserve, and adjust for special reserves according to laws or regulations. After adding the accumulated unappropriated retained earnings from previous years, the remaining amount shall be distributable earnings. The board of directors shall propose a shareholder dividend or profit distribution plan for approval at the shareholder meeting, with a distribution range of 50% to 100% of distributable earnings.

If the distribution of dividends or profits is made in cash, the board of directors may authorize it with the approval of two-thirds of the directors present and the majority of attending directors and report it to the shareholder meeting.

For the Company's employee and director compensation distribution policy, please refer to (7) of Note 24 on employee and director compensation.

According to the Company's Articles of Incorporation, the dividend policy will consider the overall development needs of the enterprise and make appropriate dividend distributions. The cash dividends shall not be less than 10% of the total amount of dividends.

The legal reserve should be set aside until its balance reaches the total amount of the Company's issued and paid-up capital. The legal reserve can be used to offset losses. If the legal reserve exceeds 25% of the total amount of the outstanding capital, the excess can be used for cash distribution in addition to capitalization.

The earnings distribution proposal for the year 2023 were resolved by the board meeting held on March 5, 2024, and the earnings distribution resolution for the year 2022 were approved by the shareholders' meeting held on May 31, 2023. The details are as follows:

	2023	2022
Legal reserve	$ 2,662	$ 2,345
Special reserve	$ 10,040	($ 37,358)
Cash dividends	$ 30,053	$ 42,182
Cash dividend per share（NTD）	$ 0.5	$ 0.60

The earnings distribution proposal for the year 2023 is expected to be decided during the shareholders' meeting scheduled for May 24, 2024.

(4) Special reserve

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Beginning & Ending Balance	$ 58,130	$ 95,488

(5) Other equity

A) Exchange differences on translation of the financial statement of foreign operations

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Beginning balance	($ 72,026)	($ 61,897)
Exchange differences on translation of the financial statement of foreign operations	17,872	2,499
Income tax effect	(3,574)	(500)
Ending balance	($ 57,728)	($ 59,898)

B) Unrealized profit and loss in valuation of financial assets measured at fair value through other comprehensive income

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Beginning balance	($ 2,945)	($ 3,033)
Incurred in the current period-		
Unrealized profit and loss		
Equity instrument	(9)	332
Ending balance	($ 2,954)	($ 2,701)

C) Unrealized revaluation increments

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Beginning & Ending Balance	$ 6,800	$ 6,800

D) Unearned compensation

The Company's shareholders' meeting resolved on May 31, 2019, to issue restricted stock units. Please refer to Note 27 for further details.

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Beginning balance	$ -	($ 245)
Recognition of share-based payment expense	-	212
Ending balance	$ -	($ 33)

(6) Non-controlling interests

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Beginning balance	$109,153	$106,640
Profit (loss) for the period	526	1,085
Exchange differences on translation of the financial statement of foreign operations	329	54
Ending balance	$110,008	$107,779

23. Operating revenue

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2024
Revenue from contracts with		

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2024
customers:		
PU resin	$214,549	$213,822
Thermoplastic Polyurethane (TPU)	45,100	41,909
Others	21,146	63,455
	$280,795	$319,186

(1) Contract balance

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Accounts receivable (Note 11)	$ 270,208	$ 316,935	$ 268,222	$ 262,139
Contract liabilities				
Contract liabilities-current	$ 8,095	$ 9,704	$ 1,907	$ 10,081

The changes in contract liabilities mainly arise from the timing difference between satisfying performance obligations and the timing of customer payments.

(2) Subdivision of contract revenues by customers

Please refer to Note 35 for details on subdivision of contract revenues.

24. Profit (loss) from Continuing Operations

(1) Interest income

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Bank deposits	$ 4,913	$ 6,233

(2) Other income

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Rental income	$ 1,071	$ 945
Miscellaneous income	382	432
	$ 1,453	$ 1,377

(3) Other gains and losses

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Net gain (loss) from foreign		

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
currency exchange	$ 2,784	($ 637)
Gain on disposal of investments	233	-
Gain on disposal of property, plant, and equipment	68	-
Profit (loss) from financial assets measured at fair value through profit and loss mandatorily	($ 82)	$ 227
Miscellaneous losses	(715)	(540)
	$ 2,288	($ 950)

(4) Financial costs

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Interest on bank borrowing	$ 2,683	$ 2,043
Interest on lease liabilities	171	163
	$ 2,854	$ 2,206

(5) Depreciation and Amortization

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Depreciation expense summarized by functions:		
Operating costs	$ 13,139	$ 13,544
Operating expenses	2,844	2,146
Miscellaneous losses	33	33
	$ 16,016	$ 15,723
Amortization expense summarized by functions:		
Operating costs	$ 4	$ -
Operating expenses	83	33
	$ 87	$ 33

(6) Employee benefit expense

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Short-term employee benefits	$ 34,318	$ 33,830
Post-employment benefits (Note 21):		
Defined contribution plan	1,438	1,837
Defined benefit plan	(5)	15
	1,433	1,852

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Share-based payment:		
Equity settlement	-	212
Other employee benefit	5,282	5,814
Total employee benefit expense	$ 41,033	$ 41,708
Summarized by functions:		
Operating costs	$ 19,421	$ 20,431
Operating expenses	21,612	21,277
	$ 41,033	$ 41,708

(7) Compensation to employees and directors

The Company has compensation to employees and directors appropriated for an amount to 5%~8% and not higher than 5% of the net income before tax and before deducting the compensation to employees and directors, respectively, in accordance with the Article of Incorporation. The estimated employee compensation and director compensation for the three months ended March 31, 2024, and March 31, 2023, are as follows:

Estimation ratio

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Employee compensation	5%	5%
Director compensation	3%	3%

Amount

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Employee compensation	$ 774	$ 310
Director compensation	$ 464	$ 186

The changes in the amount of the consolidated financial report after the publication date shall be processed according to the change in accounting estimates and adjusted and recorded in the next year.

The appropriations of compensation of employees and directors for 2023 and 2022, which were resolved by the Company's board of directors on March 5, 2024, and March 14, 2023, respectively, are as follows:

	2023		2022	
	Cash	Stock	Cash	Stock
Employee compensation	$ 1,697	$ -	$ 2,089	$ -
Director compensation	1,018	-	1,305	-

There is no difference between the actual amounts of compensation of employees and directors paid and the amounts recognized in the consolidated financial statements for the years 2023 and 2022.

Please refer to the Market Observation Post System of Taiwan Stock Exchange for information on the compensation to employees and directors resolved by the Company's board of directors.

(8) Foreign currency exchange profit (loss)

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Total foreign currency exchange profit	$ 2,784	$ 3,400
Total foreign currency exchange loss	-	(4,037)
Net profit (loss)	$ 2,784	($ 637)

25. Income Tax from Continuing Operations

(1) Income tax recognized in profit and loss

The main composition items of income tax expense as follows:

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Current income tax		
Incurred in the current period	$ 1,096	$ 460
Deferred income tax		
Incurred in the current period	(220)	60
Income tax expense recognized in profit and loss	$ 876	$ 520

The tax rate applicable to the subsidiaries in Mainland China is 25%; the tax amounts generated in other territories are calculated based on the tax rates applicable to each respective territory.

(2) Income tax recognized in other comprehensive income.

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Deferred income tax		
Incurred in the current period		
-Conversion through foreign operations	($ 3,574)	($ 500)
Income tax recognized in other comprehensive income	($ 3,574)	($ 500)

(3) Income tax audit

The income tax returns for the Company and TPU Company have been approved by the tax authorities up to the year 2021.

26. Earnings per Share

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Basic earnings per share		
From continuing operations	$ 0.24	$ 0.08
Diluted earnings per share		
From continuing operations	$ 0.24	$ 0.08

The net income and weighted average number of outstanding common shares used to compute earnings per share are as follows:

Net profit for the period

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Net income for the calculation of basic and diluted earnings per share	$ 14,236	$ 5,660

Shares

Unit: Thousand shares

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023

Weighted average number of common stock shares for the calculation of basic earnings per share	60,107	69,965
The impact of potential diluted common stock shares:		
Employee compensation	112	119
Restricted stock units	-	334
Weighted average number of common stock shares for the calculation of diluted earnings per share	60,219	70,418

If the Company may choose to pay remuneration to employees in the form of stocks or cash, when calculating the diluted earnings per share, it is assumed that the remuneration to employees is paid in the form of stocks, and the weighted average number of outstanding shares is included in the potential diluted common stock for the calculation of the diluted earnings per share. When calculating the diluted earnings per share before the distribution of remuneration in the form of stock resolved in the shareholders meeting of the following year, the dilution effect of this potential common stock will be considered continuously.

27. Share-based Payment

Restricted stock units

The Company resolved to issue restricted stock units at the shareholder meeting held on May 28, 2018, with an issuance price of NT$ 0 per share (i.e., free of charge). The issuance of restricted stock units was approved by the Securities and Futures Bureau under the Financial Supervisory Commission R.O.C. and became effective on May 20, 2019. The details of the issuance resolved by the Board of Directors are as follows:

Unit: Thousand shares

Grant date	Grant amount	Fair value per share	Issuance and capital raising record date	Actual shares issued
108.09.25	426	15.10	108.09.25	426
109.04.15	374	17.65	109.04.15	374

After the restricted stock units are granted to employees under this policy, they must meet certain conditions and fulfill their service obligations without any violation of the Company's employment agreement, code of conduct, work rules, contractual obligations, or regulations. In addition, they must achieve a certain level of annual performance evaluation. The granted restricted stock units shall vest in the employees according to the following schedule, subject to their continued employment on the vesting date:

(1) After one year of employment, employees can receive 30% of the granted restricted stock units if they achieve a performance evaluation level of B or above.

(2) After two years of employment, employees can receive an additional 30% of the granted restricted stock units if they achieve a performance evaluation level of B or above.

(3) After three years of employment, the remaining 40% of the granted restricted stock units can be vested if they achieve a performance evaluation level of B or above.

If the above-mentioned dates fall on a holiday, the transaction will be processed on the next business day.

The handling methods for employees who fail to meet the vested conditions are as follows:

(1) If an employee violates these regulations, trust agreements, labor contracts, work rules, or contractual agreements between the employee and the Company (related contractual agreements are authorized by the Board of Directors to be negotiated and signed by the Chairman on behalf of the Company), the Company has the right to retrieve the restricted stock units granted but not yet vested to the employee and cancel them free of charge.

(2) If an employee fails to meet the vested conditions, the Company has the right to retrieve the restricted stock units granted but not yet vested to the employee and cancel them free of charge.

(3) For general resignation (voluntary/retirement/layoff/dismissal), the Company will retrieve the restricted stock units granted but not yet vested to the employee in accordance with the law and cancel them free of charge.

(4) For leave without pay: Employees who are granted restricted stock units and have applied for leave without pay with the Company's approval will be deemed as not having met the vested conditions during the period of leave. After returning to their original position, the employee's restoration of their rights will be subject to approval by the Chairman. The vested conditions, percentage, and deadline for meeting them will be reevaluated within the scope of the granted shares.

(5) For general death, the Company will retrieve the restricted stock units granted but not yet vested to the employee in accordance with the law and cancel them free of charge.

(6) Occupational accidents:

A) If an employee suffers a disability due to an occupational accident and cannot continue working, the restricted stock units granted but not yet vested will be vested ahead of schedule from the date of effective resignation.

B) If an employee dies due to an occupational accident, the restricted stock units granted but not yet vested will be vested ahead of schedule from the date of death, and the inheritance will receive them.

(7) For job transfer: If an employee transfers to a related enterprise or another company (excluding subsidiaries), the restricted stock units granted but not yet vested will be handled in the same manner as specified in the "general resignation" clause. However, for operational needs, if an employee is assigned by the Company to work at a related enterprise or another company, their restricted stock units granted but not yet vested will not be affected by the transfer.

(8) Employees who have been granted restricted stock units but have not met the vested conditions are not required to return the stock dividend and cash dividend they have received.

The restricted rights and obligations of employees who have been allocated or subscribed to new shares but have not yet met the vesting conditions are as follows:

(1) Prior to meeting the vesting conditions, employees shall not sell, pledge, transfer, gift, or otherwise dispose of the restricted stock units allocated under this policy.

(2) Employees who have been allocated new shares but have not yet met the vesting conditions shall have the same rights and obligations (including the right to participate in rights issues, dividends, attend shareholder meetings, propose resolutions, speak, vote, elect, subscribe to cash increases, and other matters related to shareholder rights and interests) as the common shares already issued by the Company, except for the aforementioned restricted rights.

(3) The restricted stock units issued this time may be held in trust by a trustee. Before meeting the vesting conditions, the employee shall not request the trustee to return the restricted stock units for any reason or by any means.

Summary of restricted stock units information of the Company:

	Shares (Thousand shares) For the Three Months Ended March 31,2024	Shares (Thousand shares) For the Three Months Ended March 31,2023
Beginning balance	-	743
Cancellation in current period	-	(405)
Ending balance	-	338

The recognized compensation costs of the Company for the three months ended March 31, 2024, and March 31, 2023, were NT$ 0 thousand and NT$ 212 thousand, respectively.

28. Capital Risk Management

The Consolidated Company conducts capital management to ensure that each enterprise within the group can maximize shareholder returns by optimizing debt and equity balances under the assumption of going concern. The overall strategy of the Consolidated Company has not undergone significant changes.

The Consolidated Company's senior management regularly reviews its capital structure, considering the cost and associated risks of various types of capital. Based on the recommendations of senior management, The Consolidated Company balances its overall capital structure through methods such as paying dividends, issuing new stocks, and so on.

The Consolidated Company is not required to comply with any other external capital regulations.

29. Financial Instruments

(1) Fair value information - Financial instruments that are not measured at fair value.

The management of the Company believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair value.

(2) Fair value information - financial instruments measured at fair value on a repeatability basis

A) Fair value level

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets valued at fair value through profit and loss				
Foreign Bonds	$ 22,042	$ -	$ -	$ 22,042
Domestic TWSE/TPEx listing stock	467	-	-	467
	$ 22,509	$ -	$ -	$ 22,509
Financial assets measured at fair value through other comprehensive income				
Domestic non-TWSE /TPEx listing stock	$ -	$ -	$ 1,546	$ 1,546

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets valued at fair value through profit and loss				
Foreign Bonds	$ 18,747	$ -	$ -	$ 18,747
Domestic TWSE/TPEx listing stock	470	-	-	470
Domestic Fund beneficiary certificate	6,379	-	-	6,379
	$ 25,596	$ -	$ -	$ 25,596
Financial assets measured at fair value through other comprehensive income				
Domestic non-TWSE /TPEx listing stock	$ -	$ -	$ 1,555	$ 1,555

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets valued at fair value through profit and loss				
Foreign Bonds	$ 7,209	$ -	$ -	$ 7,209
Domestic TWSE/TPEx listing stock	1,254	-	-	1,254
Domestic Fund beneficiary certificate	6,143	-	-	6,143
	$ 14,606	$ -	$ -	$ 14,606
Financial assets measured at fair value through other comprehensive income				
Domestic non-TWSE /TPEx listing stock	$ -	$ -	$ 1,799	$ 1,799

There was no transfer between Level 1 and Level 2 fair value measurements for the Three Months Ended March 31,2024 and March 31, 2023.

B) Evaluation technology and the input value of Level 2 fair value measurement

Type of financial instruments	Evaluation technology and the input value
Derivatives - foreign exchange forward contracts	Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

C) Evaluation technology and the input value of Level 3 fair value measurement

The domestic unlisted equity investments are valued using the net asset value method, where the company measures the fair value of the investments based on its net assets on the balance sheet date.

(3) Types of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets			
Financial assets measured at fair value through other comprehensive income	$ 1,546	$ 1,555	$ 1,799
Financial assets measured at the amortized cost (Remark 1)	931,159	913,422	986,185
Measured at fair value			

	March 31, 2024	December 31, 2023	March 31, 2023
through profit and loss			
Financial assets measured at fair value through profit and loss mandatorily	22,509	25,596	14,606
Financial liabilities			
Measured at the amortized cost (Remark 2)	533,810	518,197	534,905

Remark 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, and other financial assets.

Remark 2: The balance includes financial liabilities measured at amortized cost such as short-term borrowings, short-term bills payable, notes payable, accounts payable and long-term borrowings.

(4) Financial risk management objectives

The main financial instruments of the Consolidated Company include notes and accounts receivable, accounts payable, lease liabilities, long-term and short-term borrowings. The financial management department of the Consolidated Company provides services to all business units, plans and coordinates entering the domestic and international financial markets, analyzes internal risk exposure according to the degree and breadth of risk, and reports, supervises, and manages the financial risks related to the operations of the Company. These risks include market risk (including exchange rate risk and interest rate risk), credit risk, and liquidity risk.

A) Market risk

The main financial risks from the operating activities of the Consolidated Company are the risk of changes in foreign currency exchange rates (see a) below) and the risk of changes in interest rates (see b) below).

a) Exchange rate risk

Several subsidiaries of the Company engage in sales and purchase transactions denominated in foreign currencies, which exposes the Consolidated Company to foreign exchange risk.

Please refer to Note 33 for the book value of monetary assets and monetary liabilities denominated in non-functional currencies (including monetary items denominated in non-functional currencies that have been offset in the consolidated financial statements) and the book value of derivative instruments with foreign exchange risk exposure of the Consolidated Company as of the balance sheet date.

Sensitivity Analysis

The Consolidated Company is mainly exposed to fluctuations in the exchange rates of the U.S. dollar and Chinese yuan.

The sensitivity analysis below illustrates the impact on the Consolidated Company's pre-tax profit when the functional currency of the relevant foreign currencies increases or decreases by 5% against the New Taiwan Dollar (the functional currency). The 5% sensitivity ratio is used by the Company's management to report foreign exchange risks to senior management and represents the reasonable possible range of exchange rate fluctuations assessed by management. The sensitivity analysis includes only the foreign currency-denominated monetary items outstanding and adjusts their year-end translation by 5% for exchange rate movements. A positive number in the table below indicates that a 5% depreciation of the New Taiwan Dollar against the relevant foreign currency will increase pre-tax profit by the stated amount, while a 5% appreciation will reduce pre-tax profit by the same amount.

	Effect of USD		Effect of Chinese Yuan	
	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
pre-tax profit	$ 12,646	$ 8,844	$ 3,137	$ 2,702

(I) The primary source of the impact is from the US dollar cash and US dollar-denominated accounts receivable and accounts payable of the Consolidated Company that were outstanding and not hedged against cash flow risks on the balance sheet date.

(II) The primary source of the impact is from the Chinese yuan cash and Chinese yuan-denominated accounts receivable and accounts payable of the Consolidated Company that were outstanding and not hedged against cash flow risks on the balance sheet date.

The management believes that sensitivity analysis cannot fully represent the inherent risk of exchange rate fluctuations, as the exchange rate exposure at the balance sheet date may not reflect the exposure throughout the year.

b) Interest rate risk

The Consolidated Company is exposed to interest rate risk since individual entities within the Consolidated Company borrow funds at both fixed and floating rates. To manage this risk, the Consolidated Company maintains an appropriate mix of fixed and floating rate instruments and uses interest rate swap and forward rate contracts. The Consolidated Company regularly evaluates its hedging activities to ensure that they align with its interest rate outlook and established risk preferences, to adopt the most cost-effective hedging strategies.

The book amount of the financial assets and financial liabilities of the Consolidated Company with interest rate risk exposure on the balance sheet date are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
With fair value interest rate risk			
－Financial assets	$ 224,353	$ 252,476	$ 225,858
－Financial liabilities	199,700	116,567	132,985
With cash flow interest rate risk			
－Financial assets	399,832	302,855	452,660
－Financial liabilities	220,000	300,000	320,000

Sensitivity Analysis

The sensitivity analysis below is based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of liabilities that were in circulation on the balance sheet date was in circulation throughout the reporting period.

If the interest rate increases/decreases by 1% with all other variables held constant, the Consolidated Company's pre-tax profit for the three months ended March 31, 2024, and March 31, 2023, will increase/decrease by NT$ 450 thousand and NT$ 332 thousand, respectively, mainly due to the interest rate risk associated with the Consolidated Company's variable-rate borrowings.

B) Credit risk

Credit risk refers to the risk that the counterparty of the transaction defaults on contractual obligations and causes financial losses to the Consolidated Company. As of the balance sheet date, the maximum credit risk exposure of the Consolidated Company that may cause financial losses due to the counterparty’s failure to perform its obligations and financial guarantees provided by the Consolidated Company is mainly derived from:

a) the book value of financial assets recognized in the consolidated balance sheet.

b) The maximum amount that may need to be paid by the Consolidated Company for providing financial guarantees, regardless of the likelihood of occurrence.

The Consolidated Company adopts a policy of conducting credit ratings on counterparties and obtaining adequate collateral in necessary situations to mitigate the risk of financial losses caused by default. The Consolidated Company continues to monitor credit risk and counterparties' credit ratings and diversifies the total transaction amount among qualified clients with different credit ratings. The credit risk is controlled by annual credit limit reviews by the credit control unit.

To mitigate credit risk, the Consolidated Company's management assigns dedicated units to decide on credit limits, credit approval, and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Consolidated Company conducts a review of the recoverable number of receivables on the balance sheet date to ensure that appropriate impairment losses are recognized for irrecoverable receivables. Therefore, the management of the Consolidated Company believes that the credit risk of the Company has been significantly reduced.

C) Liquidity risk

The Consolidated Company manages and maintains sufficient positions of cash and cash equivalents to support the group's operations and reduce the impact of cash flow volatility. The management of the Consolidated Company supervises the usage of bank financing facilities and ensures compliance with the terms of borrowing agreements.

Bank borrowings are an important source of liquidity for the Company. As of March 31, 2024, December 31, 2023, and March 31, 2023, the unused financing facilities of the Consolidated Company are explained in the following b) financing facilities.

a) Non-derivative financial liabilities liquidity and interest rate risk list

The remaining contract maturity analysis of non-derivative financial liabilities is prepared based on the earliest date when the Consolidated Company may be required to repay the liabilities, using the undiscounted cash flows of the financial liabilities. Therefore, the bank borrowings that the Consolidated Company may be required to repay immediately are listed in the earliest period in the table, without considering the probability of the bank immediately exercising such rights;

other non-derivative financial liabilities are prepared based on the contractual repayment dates.

March 31, 2024

	Immediate payment or paying within 1 month	1~3 months	3months ~ 1 year	1~5 years	Over 5 years
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ -	$ 144,489	$ -	$ -	$ -
Lease liabilities	588	1,071	4,870	20,544	3,306
Floating interest rate instrument	-	-	-	220,000	-
Fixed interest rate instrument	3,301	120,000	46,020	-	-
	$ 3,889	$ 265,560	$ 50,890	$ 240,544	$ 3,306

Further information on the maturity analysis of financial liabilities mentioned above is as follows:

	Less than 1 year	1~5 years	5～10 years	10～15 years	15～20 years	Over 20 years
Lease liabilities	$ 6,529	$ 20,544	$ 3,306	$ -	$ -	$ -

December 31, 2023

	Immediate payment or paying within 1 month	1~3 months	3months ~ 1 year	1~5 years	Over 5 years
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ -	$ 134,639	$ -	$ -	$ -
Lease liabilities	1,457	1,172	4,897	21,196	4,287
Floating interest rate instrument	-	50,000	-	250,000	-
Fixed interest rate instrument	22,740	40,000	10,818	10,000	-
	$ 24,197	$ 225,811	$ 15,715	$ 281,196	$ 4,287

Further information on the maturity analysis of financial liabilities mentioned above is as follows:

	Less than 1 year	1~5 years	5～10 years	10～15 years	15～20 years	Over 20 years
Lease liabilities	$ 7,526	$ 21,196	$ 4,287	$ -	$ -	$ -

March 31, 2023

	Immediate payment or paying within 1 month	1~3 months	3months ~ 1 year	1~5 years	Over 5 years
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ -	$ 119,202	$ -	$ -	$ -
Lease liabilities	568	1,138	5,196	23,181	7,199
Floating interest rate instrument	40,000	80,000	-	200,000	-
Fixed interest rate	56,039	28,587	11,077	-	-

	Immediate payment or paying within 1 month	1~3 months	3months ~ 1 year	1~5 years	Over 5 years
instrument	$ 96,607	$ 228,927	$ 16,273	$ 223,181	$ 7,199

Further information on the maturity analysis of financial liabilities mentioned above is as follows:

	Less than 1 year	1~5 years	5～10 years	10～15 years	15～20 years	Over 20 years
Lease liabilities	$ 7,642	$ 24,686	$ 7,332	$ -	$ -	$ -

b) Financing facilities

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank overdraft facility (reviewed annually)			
－Used amount	$ 126,587	$ 122,740	$ 183,686
－Unused amount	528,413	512,260	436,314
	$ 655,000	$ 635,000	$ 620,000
Secured bank borrowing facility (extendable by mutual agreement)			
－Used amount	$ 269,154	$ 262,414	$ 239,470
－Unused amount	163,414	164,373	78,739
	$ 432,568	$ 426,787	$ 318,209

30. Related Party Transactions

The transactions, account balances, and income and expenses between the Company and its subsidiaries (related parties) are all eliminated at the time of consolidation; therefore, they are not disclosed in this note. In addition to the disclosure in other notes, the transactions between the Consolidated Company and other related parties are as follows.

(1) Name and relationship of related parties

Name of related praties	Relation with the Consolidated Company
Isotech Products Incorporated	Substantial related party
Chaei Hsin Enterprise Co., Ltd.	Substantial related party
Liou, Han -Yin	Key management personnel

(2) Operating revenue

Account	Classification of Related party	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Operating revenue	Substantial related party	$ 28,314	$ 25,192

Transactions with related parties are carried out at the agreed prices between both parties, with a payment term of 90 days from the end of the month, in principle.

(3) Purchase

Classification of Related party	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Substantial related party	$ 842	$ 245

The price and transaction terms for purchases made by the Consolidated Company from related parties are determined by mutual agreement, with a payment period of 90 days from the end of each month.

(4) Receivables from related parties (excluding the loaning of funds to the related parties)

Account	Classification of Related party	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	Substantial related party	$ 1,535	$ 2,701	$ 905
Notes receivable	Substantial related party	$ 31,113	$ 51,533	$ 28,590

There is no guarantee for the outstanding receivables from related parties. As of March 31, 2024, December 31, 2023, and March 31, 2023, the provision for doubtful accounts related to receivables from related parties was NT$ 31 thousand, NT$ 148 thousand and NT$ 35 thousand, respectively.

(5) Payables to related parties (excluding the loaning of funds from the related parties)

Account	Classification of Related party	March 31, 2024	December 31, 2023	March 31, 2023

Notes payable	Substantial related party	$ 746	$ 373	$ 184
Accounts payable	Substantial related party	$ 1,001	$ 4,061	$ 112

The balance of payables to related parties outstanding is unsecured.

(6) Endorsements/guarantees

Guaranteed by

Classification of Related party	March 31, 202	December 31, 2023	March 31, 2023
The amount guaranteed by key management personnel	$ 376,000	$ 372,130	$ 300,000

(7) Remunerations to the management

The total remuneration of directors and other key management personnel is as follows:

	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Short-term employee benefits	$ 2,395	$ 2,098

The remuneration of directors and other key management personnel is determined by the Remuneration Committee of the Company based on individual performance and market trends. In addition, the Consolidated Company provides official cars for business use by key management personnel, with a total acquisition cost of NT$ 4,197 thousand.

31. Collateral Assets

The following assets of the Consolidated Company have been pledged as collateral for short-term and long-term borrowings:

	March 31, 2024	December 31, 2023	March 31, 2023
Pledged bank deposit	$ 30,000	$ 30,000	$ 30,000
Property, plant, and equipment	122,148	120,749	110,910
	$ 152,148	$ 150,749	$ 140,910

32. Contractual Commitment with Material or Liabilities without Recognition

As of March 31, 2024, December 31, 2023, and March 31, 2023, the balance of letters of credit issued but unused was USD 304 thousand, USD 142 thousand, and USD 599 thousand, respectively.

33. Information on Significantly Influential Assets and Liabilities in Foreign Currency

The following information is summarized and expressed in foreign currencies other than the functional currencies of each business entity in the Consolidated Company. The disclosed exchange rates refer to the exchange rates for the conversion of the foreign currencies into functional currencies. The influential assets and liabilities in foreign currency are as follows:

March 31, 2024

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary item			
USD	$ 10,819	32.000	$ 346,208
CNY	14,234	4.408	62,743
ZAR	1,845	1.689	3,116
			$ 412,067
Foreign currency liabilities			
Monetary item			
USD	2,915	32.000	$ 93,280

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary item			
USD	$ 12,551	30.705	$ 385,378
CNY	16,685	4.327	72,196
ZAR	1,736	1.657	2,877
			$ 460,451
Foreign currency liabilities			
Monetary item			
USD	3,446	30.705	$ 105,890

March 31, 2023

		Foreign currency	Exchange rate	Carrying amount
Foreign currency assets				
Monetary item				
USD	$	7,010	30.45	$ 213,455
CNY		12,196	4.431	54,040
				$ 267,495
Foreign currency liabilities				
Monetary item				
USD		1,201	30.45	$ 36,570

The foreign exchange gains (losses) (realized and unrealized) of the Consolidated Company for the three months ended March 31, 2024, and March 31, 2023, were NT$ 2,784 thousand and NT$ (637) thousand, respectively. Due to the variety of foreign currency transactions and functional currencies of individual entities within the Consolidated Company, it is not possible to disclose the exchange gains or losses by significant foreign currency types.

34. Notes to Disclosure

(1) Information on major transactions and (2) Investment related information:

A) Financing provided to others: Table 1.

B) Endorsements/guarantees provided: None.

C) The Marketable securities held (excluding investment in the equity of the subsidiaries and associates): Table 2.

D) Marketable securities acquired or disposed at costs or prices at least NTD 300 million or 20% of the paid-in capital: None.

E) Acquisition of individual real estate at costs of at least NTD 300 million or 20% of the paid-in capital: None.

F) Disposal of individual real estate at prices of at least NTD 300 million or 20% of the paid-in capital: None.

G) Total purchases from or sales to related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.

H) Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.

I) Trading in derivative instruments: None.

J) Others: The business relationship between the parent company and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions:

Company Name	Counterparty	Relationship (Remark1)	Transactions: Account	Amount	Trade terms (Remark2)	Ratio to consolidated income or assets (%)
The Company	TPU Company	1	Sales revenue	$ 3	—	-
			Cost of sales	904	—	-
			Other income	263	—	-
			Notes receivable	276	—	-
			Accounts receivable	95	—	-
			Notes payable	1,894	—	-
			Accounts payable	18	—	-
	Shanshui Lianmei Company	1	Sales revenue	6,730	—	2
			Cost of sales	100	—	-
			Accounts receivable	8,892	—	1
	Headway Vietnam Company	1	Sales revenue	5,759	—	2
			Accounts receivable	10,563	—	1
	URASIA	1	Short-term borrowing	64,000	—	4
			Interest expense	859	—	-
			Other payable	2,036	—	-
Shanshui Lianmei Company	Shanghai Huiyu Company	2	Selling expense	451	—	-
			Prepaid expense	53	—	-
Shanghai Huiyu Company	Anhui Huiyu Company	2	Cost of sales	6,645	—	2
			Prepaid expense	28,510	—	2
	URASIA	2	Short-term borrowing	22,040	—	1
			Interest expense	139	—	-
			Other payable	445	—	-

Remark1: "1" represents the parent company dealings with its subsidiaries.
"2" represents the subsidiary dealings with other subsidiaries.

Remark2: The selling prices of products to subsidiaries by the Company are generally equivalent to those charged to third-party customers, with a payment term of 90 days after month-end. However, for certain products that assist subsidiaries in expanding local business, their selling prices are based on agreed prices between the Company and the subsidiaries. As of March 31, 2024, the payment terms for subsidiaries are subject to their respective financial conditions.

K) Information on investees: Table 3.

(3) Information on investment in Mainland China:

A) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gain or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 4.

B) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, unrealized gains or losses and other information relevant to understanding the impact of Mainland China investment on the financial statements: Table 5.

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) The 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.

(4) Information of major shareholders: list of the shareholders with ownership of 5% or greater, showing the names, the number of shares and percentage of ownership held by each shareholder: Table 6.

35. Segment Information

The operating decision-makers of the Consolidated Company focus on the financial information of each operating segment to allocate resources and evaluate segment performance, and the measurement basis of this financial information is the same as that of the financial statements. The reporting segments of the Consolidated Company are Taiwan, Mainland China, and Vietnam.

(1) Segment revenues and operating results

The revenue and operating results of the continuing operations of the Consolidated Company are analyzed by the reporting segments as follows.

	Segment Revenue		Segment Profit (Loss)	
	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023	For the Three Months Ended March 31,2024	For the Three Months Ended March 31,2023
Taiwan	$ 195,160	$ 180,263	$ 5,495	($ 4,642)
Mainland China	40,149	90,413	2,330	5,606
Vietnam	45,486	48,510	2,013	1,847
Total form Continuing operations	$ 280,795	$ 319,186	9,838	2,811
Net exchange profit (loss)			2,784	(637)
Interest income			4,913	6,233
Gain on disposal of investments			233	-
Net profit(loss) on financial assets measured at fair value through profit and loss mandatorily			(82)	227
Net profit on disposal of property, plant, and equipment			68	-
Financial costs			(2,854)	(2,206)
Others			738	837
Profit (loss) from continuing operations before tax			$ 15,638	$ 7,265

Segment profit refers to the profits earned by each segment, excluding allocated operating expenses, non-operating income and gains, and non-operating expenses and losses. This measurement amount is provided to the main operating decision-makers for allocating resources to segments and evaluating their performance.

(2) Segment assets

The Company did not provide the operating decision-makers with a measure of departmental assets, and therefore the measured amount of assets is zero.

Headway Advanced Materials Inc. and Subsidiaries

Financing Provided to Others

From January 1 to March 31, 2024

Table 1 Unit: In NTD Thousand, Unless Stated Otherwise

No.	Lender	Borrower	Account	Related party	Maximum balance for the period	Ending balance	Actual amount drawn	Interest rate range	Nature of financing	Transaction amount	Reason for financing	Allowance for bad debt	Collateral		Financing limits for each borrower	Lander's total financing limit	Note
													Item	Value			
1	URASIA	Shanghai Huiyu Company	Other receivable	Y	$ 39,817	$ 39,817	$ 22,325	2.5%	Remark 2	$ -	Working capital	$ -	—	$ -	$ 275,635	$ 275,635	Remark 1
1	URASIA	The Company	Other receivable	Y	94,885	94,885	63,350	5%	Remark 2	-	Working capital	-	—	-	275,635	275,635	Remark 1

Remark 1: The short-term financing provided by URASIA INTERNATIONAL INC. to entities in need of working capital are subject to individual and aggregate limits, which shall not exceed 40% of the net worth of the Company both.

Remark 2: In need of short-term financing.

Headway Advanced Materials Inc. and Subsidiaries

The Marketable Securities List

March 31, 2024

Table 2

Unit: In NTD Thousand, Unless Stated Otherwise

Holding company name	Type and name of marketable securities	Relationship with the holding company	Financial statement account	March 31, 2024				Note
				Shares (Thousand shares)	Carrying Amount	Percentage of ownership (%)	Fair value	
The Company	Anchor digital technology Corporation/ Stock shares	—	Financial assets at fair value through other comprehensive income - non-current	185	$ 1,546	6.06	$ 1,546	—
	Bank of America/ Corporate bond	—	Financial assets at fair value through profit or loss - non-current	-	6,147	-	6,147	—
	American Express/ Corporate bond	—	Financial assets at fair value through profit or loss - non-current	-	3,152	-	3,152	—
	General Motors Company/ Corporate bond	—	Financial assets at fair value through profit or loss - non-current	-	2,981	-	2,981	—
	European Investment Bank/ Corporate bond	—	Financial assets at fair value through profit or loss - non-current	-	2,769	-	2,769	—
	Apple Inc./ Corporate bond	—	Financial assets at fair value through profit or loss - non-current	-	2,150	-	2,150	—
	Verizon Communications Inc/ Corporate bond	—	Financial assets at fair value through profit or loss - non-current	-	2,029	-	2,029	—
	Taiwan Biomedical Company Limited. / Stock shares	—	Financial assets at fair value through profit or loss - non-current	15	467	0.04	467	—
URASIA	European Investment Bank/ Corporate bond	—	Financial assets at fair value through profit or loss - non-current	-	2,814	-	2,814	—

Remark 1: The marketable securities were not provided as collateral, pledged, or otherwise restricted as of March 31, 2024.

Remark 2: Please refer to Table 3 for the information of investment in subsidiaries.

Headway Advanced Materials Inc. and Subsidiaries

Information on investees

From January 1 to March 31, 2024

Table 3

Unit: In Thousands of NTD, Unless Stated Otherwise

Investor company	Investee company	Location	Main businesses and products	Original Investment Amount		Balance as of March 31, 2024			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2024	December 31, 2023	Shares (Thousand shares)	Ratio (%)	Carrying Amount			
The Company	URASIA	Panama	General investment business	$ 180,087	$ 180,087	83	100	$ 708,686	$ 6,597	$ 6,591	—
	TPU Company	Taiwan	Manufacturing and sales of TPU	68,084	68,084	6,808	50	92,012	1,532	766	—
URASIA	Headway Vietnam Company	Vietnam	PU resin products	USD 5,000thousand	USD 5,000thousand	-	100	USD 7,332thousand	USD 95 thousand	USD 95 thousand	—
	Cheng Yu Company	Hong Kong	General investment business	USD 7,384thousand	USD 7,384thousand	-	100	USD 5,890thousand	USD 122 thousand	USD 122 thousand	—

Remark1: Please refer to Table 4 for the information on investment in Mainland China.

Headway Advanced Materials Inc. and Subsidiaries

Information on Investment in Mainland China

From January 1 to March 31, 2024

Table 4

Unit: In Thousands of NTD, Unless Stated Otherwise

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outward remittance for investments from Taiwan as of January 1, 2024	Investment flows		Accumulated outward remittance for investments from Taiwan as of March 31, 2024	Percentage of ownership of direct or indirect investment	Investment gain (Loss)	Carrying amount as of March 31, 2024	Accumulated repatriation of investment income as of March 31, 2024 (Remark 5)
					Outward	Inward					
Shanghai Huiyu Company	Construction of housing projects, construction of municipal public works projects, construction of mechanical and electrical installation projects, construction of building decoration projects, construction of anti-corrosion and waterproofing projects, construction of sports tracks, stadiums, artificial turf projects, and wholesale of sports field materials.	CNY 10,600 thousand	Remark 1	USD 324 thousand	$ -	$ -	USD 324 thousand	74%	(USD 22 thousand)	USD 1,601 thousand	USD 5,958 thousand
Shanshui Lianmei Company	PU resin products	HKD 57,170 thousand	Remark 2	-	-	-	-	100%	HKD 951 thousand	HKD46,095 thousand	-
Anhui Huiyu Company	Research, manufacturing, import and export of plastic materials for sports fields, and sports facility construction.	CNY 8,058 thousand	Remark 3	-	-	-	-	100%	(RMB 33 thousand)	RMB 2,763 thousand	-

Accumulated outward remittance for investments in Mainland China as of March 31, 2024	Investment amount authorized by the Investment Commission, MOEA	Limits on the investment in Mainland China according to the Investment Commission, MOEA
USD 324 thousand	USD 23,020 thousand & HKD 26,200 thousand	(Remark 4)

Remark 1: Invested through subsidiary URASIA.

Remark 2: Invested through subsidiary Cheng Yu Company.

Remark 3: Invested through Shanghai Huiyu Company.

Remark 4: According to the revised "Principles for Reviewing Investment or Technical Cooperation in the Mainland" on August 29, 2008, enterprises that have been issued a certificate of operation headquarters scope by the Industrial Development Bureau of the Ministry of Economic Affairs are not subject to this limit.

Remark 5: As of March 31, 2024, the accumulated investment income repatriated was USD 5,958 thousand for Shanghai Huiyu Company, which exceeded the cumulative investment amount remitted out, and the Investment Commission, MOEA has approved USD 5,958 thousand.

Headway Advanced Materials Inc. and Subsidiaries

Significant Transactions with Investee Companies in Mainland China, either Directly or Indirectly through a Third Party, and their Prices, Payment Terms, Unrealized Gains or Losses and Other Related Information

From January 1 to March 31, 2024

Table 5

Unit: In Thousands of NTD, Unless Stated Otherwise

Investee company	Transaction type	Purchase, sales		Price	Transaction terms		Notes receivable (payable), accounts receivable (payable)		unrealized gains/losses	Note
		Amount	Percentage		Payment term	Comparison with ordinary transactions	Amount	Percentage		
Shanshui Lianmei Company	Sales	$ 6,730	2%	Remark	Remark	Remark	$ 8,892	3%	$ -	—

Remark: The selling prices of products to subsidiaries by the Company are generally equivalent to those charged to third-party customers, with a payment term of 90 days after month-end. However, for certain products that assist subsidiaries in expanding local business, their selling prices are based on agreed prices between the Company and the subsidiaries. As of March 31, 2024, the payment terms for subsidiaries are subject to their respective financial conditions.

Headway Advanced Materials Inc. and Subsidiaries

Information of major shareholders

March 31, 2024

Table 6

Name of the major shareholder	Shares	
	Number of shares owned	Percentage of ownership
Jinteng Investment Co., Ltd.	5,359,941	8.91%
Youlong Investment Co., Ltd.	3,291,443	5.47%

Remark 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Consolidated Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Remark 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.