Highlight Tech Corp. and its Subsidiaries

Consolidated Financial Report and
CPA’s Review Report
for the Three Months Ended Mar. 31, 2024 and 2023

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

Highlight Tech Corp. and its Subsidiaries

Consolidated Financial Report and CPA's Review Report

for the Three Months Ended Mar. 31, 2024 and 2023

Table of Contents

Independent Auditor 's Report

(2024)-Cai-Shen-Bao-Zi No. 24000136

To Highlight Tech Corp.,

Foreword

We have reviewed the accompanying consolidated balance sheets of Highlight Tech Corp. (the "Company") and its subsidiaries (collectively, the "Group")as of Mar. 31, 2024 and the relevant consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the three months then ended, and notes to the consolidated financial statement(including a summary of significant accounting policies (collectively referred to as the consolidated financial statements).. It is the management's responsibility to prepare financial statements that fairly present the Group's consolidated financial position in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard (IAS) 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC). Our responsibility is to draw conclusions on the consolidated financial statements as per the review results.

Scope of the report

Except as stated in the "Basis for qualified conclusion" paragraph, we conducted the review in accordance with Standards on Review Engagements 2410 "Review of Financial Information". The procedures performed when we reviewed the consolidated financial statements included inquiries (mainly from personnel in charge of financial and accounting affairs), analytical procedures, and other review procedures. The scope of review work is obviously smaller than that of audit work, so we might not be able to detect all the material matters that could have been identified through audit work, hence we were unable to express an audit opinion.

Basis for qualified conclusion

As stated in Note 6(7) to the consolidated financial statements, the financial statements of the investees using the equity method included in the consolidated financial statements above have not been reviewed by us. Their total assets as of Mar. 31, 2024 were NT$209,524 thousand, accounting for 2.88% of the total consolidated assets; the share of the profits and losses of associates and joint ventures recognized using the equity method for the three months ended Mar. 31, 2024 was NT$(762) thousand, accounting for (0.65%) of the total comprehensive income.

Qualified conclusion

According to our review results and other independent CPAs' review reports, except for the financial statements of the investees using the equity method described in "Basis for qualified conclusion" paragraph if reviewed by us may result in adjustment to the consolidated financial statements, we have not found any circumstances that the foregoing consolidated financial statements have not been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC, and as a result, are not a fair presentation of the Company's and its subsidiaries' consolidated financial position as of Mar. 31, 2024, as well as consolidated financial performance and consolidated cash flows for the three months ended Mar. 31, 2024.

Other matters - the financial statements for the prior period were reviewed by other CPAs

The Company and its subsidiaries' consolidated financial statements for the three months ended Mar. 31, 2023 were reviewed by other CPAs, and we, on May 5, 2023, issued a review report with a qualified conclusion that the financial statements of the investees using the equity method included in the consolidated financial statements had not been reviewed by us.

Other matters - reference to reviews by other CPAs

As stated in Note 4(3) to the consolidated financial statements, the financial statements of some non-material subsidiaries included in the consolidated financial statements of the Company have not been reviewed by us but by other CPAs. Therefore, in the review report we issued on the consolidated financial statements, the amounts listed in the financial statements of the said subsidiaries were based on the review reports by other CPAs. The total assets of the said subsidiaries as of Mar. 31, 2024 were NT$1,117,149 thousand, accounting for 15.36% of the total consolidated assets. The operating revenue for the three months ended Mar. 31, 2024 was NT$178,938 thousand, accounting for 18.42% of the total consolidated operating revenue.

PwC Taiwan

Yung-Chih, Lin　　　　Chih-Fan, Yu

Financial Supervisory Commission R.O.C.

Approval Document No.: Jing-Guang-Zheng-Shen-Zi No. 1050029592

Jing-Guang-Zheng-Shen-Zi No. 1110349013

May 10, 2024

Highlight Tech Corp. and its Subsidiaries
Consolidated Balance Sheet
Mar. 31, 2024, Dec. 31, 2023 and Mar. 31, 2023

Unit: NTD thousand

	Assets	Notes	Mar. 31, 2024 Amount	%	Dec. 31, 2023 Amount	%	Mar. 31, 2023 Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 805,649	11	$ 821,990	11	$ 778,699	11
1110	Financial assets at FVTPL - current	6(2)	-	-	-	-	9,099	-
1136	Financial assets at amortized cost - current	6(4)	47,851	1	47,576	-	47,536	1
1140	Contract assets - current	6(19)	301,489	4	195,147	3	128,461	2
1150	Notes receivable, net	6(5)	134,964	2	131,194	2	38,714	1
1170	Accounts receivable, net	6(5) and 7	724,637	10	796,082	11	594,821	9
1200	Other receivables		4,104	-	4,422	-	6,678	-
1220	Current income tax assets		73	-	59	-	6,445	-
130X	Inventories	6(6)	1,262,636	17	1,368,833	19	1,470,478	21
1410	Prepayments		83,662	1	67,891	1	106,060	1
1470	Other current assets		1,581	-	4,948	-	1,657	-
11XX	**Total current assets**		3,366,646	46	3,438,142	47	3,188,648	46
	Non-current assets							
1517	Financial assets at FVTOCI - non-current	6(3)	6,007	-	6,007	-	5,985	-
1535	Financial assets at amortized cost - non-current	6(4) and 8	18,041	-	17,341	-	17,725	-
1550	Investments accounted for using equity method	6(7)	209,524	3	210,286	3	235,415	3
1600	Property, plant and equipment	6(8) and 8	3,313,558	46	3,307,794	46	3,074,410	45
1755	Right-of-use assets	6(9)	93,331	1	64,709	1	81,191	1
1780	Intangible assets	6(10)	101,818	1	103,966	1	104,848	2
1840	Deferred tax assets		44,536	1	40,288	1	44,650	1
1900	Other non-current assets	6(11) and 8	121,793	2	88,343	1	148,982	2
15XX	**Total non-current assets**		3,908,608	54	3,838,734	53	3,713,206	54
1XXX	**Total assets**		$ 7,275,254	100	$ 7,276,876	100	$ 6,901,854	100

(Continued on next page)

Highlight Tech Corp. and its Subsidiaries
Consolidated Balance Sheet
Mar. 31, 2024, Dec. 31, 2023 and Mar. 31, 2023

Unit: NTD thousand

	Liabilities and equity	Notes	Mar. 31, 2024 Amount	%	Dec. 31, 2023 Amount	%	Mar. 31, 2023 Amount	%
	Current liabilities							
2100	Short-term debts	6(12)	$ 189,000	3	$ 807,000	11	$ 639,000	9
2120	Financial liabilities at fair value through profit or loss - current	6(2)	205	-	-	-	-	-
2130	Contract liabilities - current	6(19)	107,331	1	130,515	2	168,924	3
2170	Accounts payable	7	406,056	5	442,136	6	502,584	7
2200	Other payables	6(13)	346,566	5	464,072	7	870,825	13
2230	Current income tax liabilities		54,699	1	27,074	-	127,100	2
2250	Current provisions		9,502	-	10,855	-	11,068	-
2280	Lease liabilities - current		19,961	-	18,376	-	18,784	-
2320	Long-term liabilities due within one year or one operating cycle	6(14) and 8	478,549	7	324,121	5	363,200	5
2399	Other current liabilities - others		21,866	-	15,068	-	10,384	-
21XX	**Total current liabilities**		1,633,735	22	2,239,217	31	2,711,869	39
	Non-current liabilities							
2540	Long-term loans	6(14) and 8	1,872,540	26	1,421,689	20	964,574	14
2570	Deferred tax liabilities		18,756	-	12,450	-	15,869	-
2580	Lease liabilities - non-current		54,454	1	27,626	-	43,381	1
2600	Other non-current liabilities		8,431	-	8,460	-	5,712	-
25XX	**Total non-current liabilities**		1,954,181	27	1,470,225	20	1,029,536	15
2XXX	**Total liabilities**		3,587,916	49	3,709,442	51	3,741,405	54
	Equity							
	Equity attributable to owners of the parent company							
	Share capital	6(16)						
3110	Common stock		1,182,017	16	1,182,017	16	1,182,017	17
	Capital surplus	6(17)						
3200	Capital surplus		361,976	5	361,290	5	334,858	4
	Retained earnings	6(18)						
3310	Legal reserve		329,441	5	329,441	5	280,652	4
3320	Special reserves		64,768	1	64,768	1	64,768	1
3350	Undistributed earnings		1,097,341	15	1,021,470	14	801,225	12
	Other equity							
3400	Other equity		(16,688)	-	(41,451)	(1)	(24,002)	-
31XX	**Total equity attributable to owners of the parent company**		3,018,855	42	2,917,535	40	2,639,518	38
36XX	**Non-controlling interests**		668,483	9	649,899	9	520,931	8
3XXX	**Total equity**		3,687,338	51	3,567,434	49	3,160,449	46
	Significant Contingent Liabilities and Unrecognized Commitments	9						
3X2X	**Total liabilities and equity**		$ 7,275,254	100	$ 7,276,876	100	$ 6,901,854	100

The accompanying notes are part of the financial statements. Please refer to them together with the statements.

Chairman: Ming-Tien, Wu　　Manager: Chung-Shan, Kou　　Accounting Manager: Hsiang-Chun, Huang

Highlight Tech Corp. and its Subsidiaries
Consolidated Statements of Comprehensive Income
For the Three Months Ended Mar. 31, 2024 and 2023

Unit: NTD thousand (Except for earnings per share which is in NTD)

			For the three months ended Mar. 31			
			2024		2023	
	Item	Notes	Amount	%	Amount	%
4000	Operating revenue	6(19) and 7	$ 971,247	100	$ 1,050,484	100
5000	Operating costs	6(22)(23) and 7	(642,161)	(66)	(690,893)	(65)
5900	Gross profit		329,086	34	359,591	35
	Operating expenses	6(22)(23)				
6100	Selling and marketing expenses		(70,337)	(7)	(76,413)	(7)
6200	Administrative expenses		(89,806)	(9)	(96,319)	(9)
6300	Research and development expenses		(48,843)	(5)	(50,093)	(5)
6450	Expected credit impairment (loss) gain	12(2)	(4,215)	(1)	2,281	-
6000	Total operating expenses		(213,201)	(22)	(220,544)	(21)
6500	Other income and expenses, net		-	-	42	-
6900	Net operating income		115,885	12	139,089	14
	Non-operating revenues and expenditures					
7100	Interest income		1,155	-	987	-
7010	Other income		1,854	-	335	-
7020	Other gains or losses	6(20)	8,226	1	3,646	-
7050	Financial costs	6(21)	(10,404)	(1)	(6,027)	-
7060	Share of profit or loss on associates and joint ventures accounted for using equity method	6(7)	(762)	-	(8,330)	(1)
7000	Total non-operating income and expenses		69	-	(9,389)	(1)
7900	**Net income before tax**		115,954	12	129,700	13
7950	Income tax expense	6(24)	(25,171)	(3)	(30,098)	(3)
8200	**Profit**		$ 90,783	9	$ 99,602	10
	Other comprehensive income					
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating the financial statements of foreign operations		$ 33,060	4	$ 3,366	-
8399	Income tax related to items that may be reclassified	6(24)	(5,996)	(1)	(602)	-
8360	Sum of items that may be reclassified subsequently to profit or loss		27,064	3	2,764	-
8500	**Total comprehensive income**		$ 117,847	12	$ 102,366	10
	Net income (loss) attributable to:					
8610	Owners of the parent company		$ 75,871	7	$ 87,801	9
8620	Non-controlling interests		$ 14,912	2	$ 11,801	1
	Total comprehensive income attributable to:					
8710	Owners of the parent company		$ 100,634	10	$ 90,350	9
8720	Non-controlling interests		$ 17,213	2	$ 12,016	1
9750	Earnings per share - basic	6(25)	$ 0.64		$ 0.74	
9850	Earnings per share - diluted	6(25)	$ 0.64		$ 0.74	

The accompanying notes are part of the financial statements. Please refer to them together with the statements.

Chairman: Ming-Tien, Wu　　Manager: Chung-Shan, Kou　　Accounting Manager: Hsiang-Chun, Huang

Highlight Tech Corp. and its Subsidiaries
Income Consolidated Statements of Changes in Equity
For the Three Months Ended Mar. 31, 2024 and 2023

Unit: NTD thousand

		Equity attributable to owners of the parent company										
				Retained earnings			Other equity					
	Notes	Common stock	Capital surplus	Legal reserve	Special reserves	Undistributed earnings	Exchange differences on translating the financial statements of foreign operations	Re-measurement of the defined benefit plan	Unearned compensation	Total	Non-controlling interests	Total equity
For the three months ended Mar. 31, 2023												
Balance at Jan. 1, 2023		$ 1,182,017	$ 445,417	$ 280,652	$ 64,768	$ 930,915	($ 31,383)	$ 4,890	($ 514)	$ 2,876,762	$ 479,647	$3,356,409
Profit		-	-	-	-	87,801	-	-	-	87,801	11,801	99,602
Other comprehensive income		-	-	-	-	-	2,549	-	-	2,549	215	2,764
Total comprehensive income		-	-	-	-	87,801	2,549	-	-	90,350	12,016	102,366
Earnings appropriation and allocation for 2022	6(18)											
Issue of cash dividends	6(18)	-	-	-	-	(217,491)	-	-	-	(217,491)	-	(217,491)
Cash dividends paid out from capital surplus	6(18)	-	(101,654)	-	-	-	-	-	-	(101,654)	-	(101,654)
Cash capital increase from subsidiaries		-	-	-	-	-	-	-	-	-	14,347	14,347
Changes in associates accounted for using the equity method	6(17)	-	619	-	-	-	-	-	-	619	-	619
Changes in ownership interests of subsidiaries	6(17)(26)	-	(67)	-	-	-	-	-	-	(67)	67	-
Restricted stock awards issued by subsidiaries	6(17)	-	(9,457)	-	-	-	-	-	456	(9,001)	14,854	5,853
Balance at Mar. 31, 2023		$ 1,182,017	$ 334,858	$ 280,652	$ 64,768	$ 801,225	($ 28,834)	$ 4,890	($ 58)	$ 2,639,518	$ 520,931	$3,160,449
For the three months ended Mar. 31, 2024												
Balance at Jan. 1, 2024		$ 1,182,017	$ 361,290	$ 329,441	$ 64,768	$ 1,021,470	($ 46,423)	$ 5,030	($ 58)	$ 2,917,535	$ 649,899	$3,567,434
Profit		-	-	-	-	75,871	-	-	-	75,871	14,912	90,783
Other comprehensive income		-	-	-	-	-	24,763	-	-	24,763	2,301	27,064
Total comprehensive income		-	-	-	-	75,871	24,763	-	-	100,634	17,213	117,847
Changes in ownership interests of subsidiaries	6(17)	-	686	-	-	-	-	-	-	686	1,371	2,057
Balance at Mar. 31, 2024		$ 1,182,017	$ 361,976	$ 329,441	$ 64,768	$ 1,097,341	($ 21,660)	$ 5,030	($ 58)	$ 3,018,855	$ 668,483	$3,687,338

The accompanying notes are part of the financial statements. Please refer to them together with the statements.

Chairman: Ming-Tien Wu   Manager: Chung-Shan, Kou   Accounting Manager: Hsiang-Chun, Huang

Highlight Tech Corp. and its Subsidiaries
Consolidated Statements of Cash Flows
For the Three Months Ended Mar. 31, 2024 and 2023

Unit: NTD thousand

	Notes	For the three months ended Mar. 31 2024	2023
Cash flows from operating activities			
Profit before tax		$ 115,954	$ 129,700
Adjustments			
Adjustments to reconcile			
Depreciation expenses	6(22)	53,378	47,018
Amortization expenses	6(22)	5,622	5,843
Expected credit impairment losses (gains)	12(2)	4,215	(2,281)
Valuation gains (losses) on financial assets at fair value through profit or loss	6(2)	205	(96)
Interest expense	6(21)	10,404	6,027
Gains from lease modification	6(9)	-	(38)
Share-based payment		2,057	5,853
Interest income		(1,155)	(987)
Share of profit or loss on associates and joint ventures accounted for using equity method	6(7)	762	8,330
Gains on disposal of property, plant and equipment		(4)	(42)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets - current		(106,342)	(111,986)
Notes receivable		(3,770)	(26,821)
Accounts receivable (including related parties)		67,230	(42,856)
Other receivables		(1,194)	(1,988)
Inventories		106,197	7,512
Prepayments		(15,771)	114,176
Other current assets		3,367	(374)
Other non-current assets		(146)	-
Changes in operating liabilities			
Contract liabilities - current		(23,184)	(64,220)
Accounts payable (including related parties)		(36,080)	(142,446)
Other payables		(118,228)	(53,064)
Current provisions		(1,353)	392
Other current liabilities		6,798	5,600
Net defined benefit liabilities		-	(23)
Other non-current liabilities		21	2,980
Cash inflow (outflow) from operations		68,983	(113,791)
Interest received		2,667	849
Interest paid		(9,682)	(5,856)
Income tax paid		(14)	(16,536)
Net cash inflow (outflow) from operating activities		61,954	(135,334)

(Continued on next page)

Highlight Tech Corp. and its Subsidiaries
Consolidated Statements of Cash Flows
For the Three Months Ended Mar. 31, 2024 and 2023

Unit: NTD thousand

	Notes	For the three months ended Mar. 31 2024	2023
Cash flows from investing activities			
Acquisition of financial assets at fair value through profit or loss		$ -	($ 10,000)
Proceeds from sales of financial assets at fair value through profit or loss		-	34,181
Acquisition of financial assets at amortized cost		(12,084)	-
Disposal of financial assets at amortized cost		12,041	30
Acquisition of purchase of property, plant and equipment	6(27)	(8,547)	(113,206)
Proceeds from disposal of property, plant and equipment		760	140
Acquisition of intangible assets		(3,289)	(1,580)
Increase in refundable deposits		(59)	(265)
Decrease in refundable deposits		927	352
Increase in prepayment for land and equipment		(66,317)	(68,659)
Net cash outflow from investing activities		(76,568)	(159,007)
Cash flows from financing activities			
Increase in short-term debts		369,000	1,613,000
Decrease in short-term debts		(987,000)	(1,414,000)
New long-term loans		606,790	275,010
Repayment of long-term loans		(1,511)	(103,548)
Principal repayment of lease liabilities		(5,659)	(5,552)
Increase in guarantee deposits		22	821
Decrease in guarantee deposits		(80)	-
Cash capital increase from subsidiaries		-	14,347
Net cash flows from (used in) financing activities		(18,438)	380,078
Effect of changes in exchange rates on cash and cash equivalents		16,711	2,488
Increase (decrease) in cash and cash equivalents during the period		(16,341)	88,225
Opening balance of cash and cash equivalents		821,990	690,474
Ending balance of cash and cash equivalents		$ 805,649	$ 778,699

The accompanying notes are part of the financial statements. Please refer to them together with the statements.

Chairman: Ming-Tien, Wu　　Manager: Chung-Shan, Kou　　Accounting Manager: Hsiang-Chun, Huang

Highlight Tech Corp. and its Subsidiaries
Notes to Consolidated Financial Statements
Three Months Ended Mar. 31, 2024 and 2023
Unit: NTD thousand (unless otherwise specified)

1. Organization and Operations

Highlight Tech Corp. (the "Company"), which was incorporated in the Republic of China in April 1997, and its subsidiaries (collectively, the "Group") mainly engage in the manufacturing of vacuum components for high-tech processes, the design and production of system modules, and the sales and maintenance of vacuum equipment.

Since December 2002, the Company's stock has been listed on Taipei Exchange for trading.

2. Date and Procedures for Approval of the Financial Report

The consolidated financial statements were approved by the board of directors and authorized for issue on May 10, 2024.

3. Application of Newly Issued and Amended Standards and Interpretations

(1) The effect of adopting new or amended IFRS Accounting Standards as endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The table below summarizes the new, revised, and amended IFRSs endorsed by the FSC, applicable to 2024:

New/ Revised/ Amended Standards and Interpretations	Effective date announced by IASB
Amendments to IFRS 16 "Lease liability in a Sale and Leaseback"	Jan. 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	Jan. 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	Jan. 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	Jan. 1, 2024

As per the Group's assessment, the above standards and interpretations have no material impact on the Group's financial position and financial performance.

(2) The effect of not adopting new or amended IFRS Accounting Standards as endorsed by the FSC

None.

(3) <u>The effect of IFRS Accounting Standards released by IASB but not yet endorsed by FSC</u>

The table below summarizes the new, revised, and amended IFRS Accounting Standards released by IASB but not yet endorsed by the FSC:

New/ Revised/ Amended Standards and Interpretations	Effective date announced by IASB
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"	Jan. 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	Jan. 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	Jan. 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	Jan. 1, 2027
Amendments to IAS 21 "Lack of Exchangeability"	Jan. 1, 2025

As per the Group's assessment, except for those mentioned below, the above standards and interpretations have no material impact on the Group's financial position and financial performance. The relevant amounts impacted will be disclosed when the assessment is completed:

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 "Presentation and Disclosure in Financial Statements" has replaced IAS 1, updated the structure of the statement of comprehensive income, added disclosures on management-defined performance measures, and enhanced the principles of aggregation and disaggregation used in the main financial statements and notes.

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

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) <u>Statement of compliance</u>

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC.

(2) <u>Basis of preparation</u>

A. Except for the following major items, the consolidated financial statements have been prepared at historical cost:

(A) Financial assets and liabilities (including derivatives) at fair value through profit or loss were measured at fair value.

(B) Financial assets at fair value through other comprehensive income were measured at fair value.

(C) Defined benefit liabilities recognized at the net amount of pension plan assets, less the present value of defined benefit obligations.

B. The preparation of the financial statements in compliance with the IFRSs requires the use of some critical accounting estimates. In the process of applying the Group's accounting policies, management also needed to exercise its judgment. For items requiring meticulous judgment or involving complexity, or involving critical assumptions and estimates in the financial statements, please refer to Note 5 for details.

(3) Basis of consolidation

A. Principles for preparation of consolidated financial statements:

(A) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control over the subsidiaries and ceases when the Group loses control over the subsidiaries.

(B) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(C) Each component of profit or loss and other comprehensive income are attributable to the owners of the parent and the non-controlling interests. Total comprehensive income is attributable to the owners of the parent and the non-controlling interests even if this results in a deficit balance in the non-controlling interests.

(D) Changes in the ownership interest in a subsidiary that do not result in the loss of control over the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

B. Subsidiaries included in the consolidated financial statements:

			Shareholding percentage			
Name of Investor	Name of subsidiary	Nature of business	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023	Description
Highlight Tech Corp.	Finesse Technology Co., Ltd.	Electronic components, mechanical equipment maintenance and sales of related components	33.29	33.29	39.82	Notes 1, 8
Highlight Tech Corp.	Highlight Tech Japan Co., Ltd.	Sales of electronic equipment, manufacturing of vacuum components, and sales and maintenance of vacuum equipment	100.00	100.00	-	Note 2
Highlight Tech Corp.	Highlight Tech International Corp.	A holding company that invests in businesses in Mainland China	100.00	100.00	100.00	-
Highlight Tech International Corp.	Highlight Tech (Shanghai) Corp.	Sales of electronic equipment, manufacturing of vacuum components, and sales and maintenance of vacuum equipment	100.00	100.00	100.00	-
Highlight Tech Corp.	Shanorm Tech Co., Ltd.	Maintenance of mechanical equipment and electronic components and retail of mechanical appliances and electronic materials	100.00	100.00	99.60	Note 3
Highlight Tech Corp.	Schmidt Scientific Taiwan Ltd.	Sales of medical equipment, electronic components, optical instruments, and automatic solar cell stringer machines	57.17	57.17	57.17	Note 4
Finesse Technology Co., Ltd.			15.18	15.18	15.18	
Finesse Technology Co., Ltd.	Finesse Technology Co., Ltd.	Key subsystem development, material sourcing, manufacturing, assembly, testing, sales and maintenance services for semiconductor	100.00	100.00	-	Notes 5, 8

			Shareholding percentage			
Name of Investor	Name of subsidiary	Nature of business	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023	Description
Finesse Technology Co., Ltd.	Finesse Lifecare Co., Ltd.	Manufacturing of electronic components as well as wholesale and retail of precision instruments and electronic materials	-	-	35.29	Note 6
Finesse Technology Co., Ltd.	Highlight Tech System Corp.	Surface treatment, automatic control equipment engineering, mechanical equipment manufacturing, electronic component design, manufacturing wholesale and retail	-	-	100.00	Note 7
Finesse Technology Co., Ltd.	Finesse Technology (Shanghai) Co., Ltd.	Electronic components, mechanical and electrical equipment maintenance and sales	100.00	100.00	100.00	Note 8
Finesse Technology Co., Ltd.	Highlight Tech System International Limited	A holding company that invests in businesses in Mainland China	100.00	100.00	100.00	Note 8
Highlight Tech System International Limited	Highlight Tech System (Shanghai) Corp.	Manufacturing of mechanical equipment, as well as design, manufacturing, wholesale, and retail of electronic components	100.00	100.00	100.00	Note 8

Note 1: Because the Company has obtained more than half of the board seats of Finesse Technology Co., Ltd., it has control over Finesse Technology Co., Ltd., which was therefore listed as a subsidiary. In 2023, the Group's shareholding ratio decreased to 33.29% due to the capital increase of Finesse Technology Co., Ltd., the issuance of new shares with employee compensation and the sale of part of the Company's shares.

Note 2: The Company established Highlight Tech Japan Co., Ltd. On Aug. 28, 2020 with capital injection in July 2023. The incorporation registration has been completed.

Note 3: In 2023, the Company increased the capital of Shanorm Tech Co., Ltd. with $50 thousand and acquired shares from non-related parties for $448, increasing the shareholding ratio to 100%. Please refer to Note 6(26) for more descriptions.

Note 4: Because the Company has obtained more than half of the board seats of Schmidt Scientific Taiwan Ltd., it has control over Schmidt Scientific Taiwan Ltd., which was therefore listed as a subsidiary.

Note 5: The Group established Finesse Technology Co., Ltd. on Jul. 28, 2023 with capital injection made in same month. The incorporation registration was completed.

Note 6: In March 2023, the Board of Directors approved the disposal.

Note 7: To integrate resources and management, the Group merged its subsidiaries Highlight Tech System Corp. and Finesse Technology Co., Ltd. in September 2023. The merged company remains as Finesse Technology Co., Ltd.

Note 8: The financial statements of Finesse Technology Co., Ltd. and its subsidiaries for the three months ended Mar. 31, 2024 were reviewed by other CPAs.

C. Subsidiaries not included in the consolidated financial statement: None.

D. Adjustment and treatment methods of subsidiaries' different accounting periods: None.

E. Major restrictions: None.

F. Subsidiaries with non-controlling interests that are material to the Group

The Group's total non-controlling interests as of Mar. 31, 2024, Dec. 31, 2023, and Mar. 31, 2023 were $668,483, $649,899, and $520,931 respectively. The information on the non-controlling interests that are material to the Group and its subsidiaries is as follows:

		Non-controlling interests					
		Mar. 31, 2024		Dec. 31, 2023		Mar. 31, 2023	
Name of subsidiary	Principal business premises	Amount	Shareholding (%)	Amount	Shareholding (%)	Amount	Shareholding (%)
Finesse Technology Co., Ltd.	Taiwan	$ 629,475	66.71%	$ 610,749	66.71%	$ 482,531	60.18%

Aggregate financial information of subsidiaries:

Balance sheet

	Finesse Technology Co., Ltd. and its Subsidiaries	
	Mar. 31, 2024	Mar. 31, 2023
Current assets	$ 808,078	$ 732,951
Non-current assets	352,887	343,615
Current liabilities	(190,585)	(239,979)
Non-current liabilities	(26,781)	(68,551)
Total net assets	$ 943,599	$ 768,036

Statement of comprehensive income

	Finesse Technology Co., Ltd. and its Subsidiaries	
	For the three months ended Mar. 31	
	2024	2023
Revenue	$ 182,722	$ 152,278
Net income before tax	28,086	25,605
Income tax expense	(5,520)	(3,718)
Profit	22,566	21,887
Current period other comprehensive income (net amount after tax)	3,449	357
Total comprehensive income	$ 26,015	$ 22,244
Total comprehensive income attributable to non-controlling interests	$ -	$ -
Payment of dividends to non-controlling interests	$ -	$ -

Statement of cash flows

	Finesse Technology Co., Ltd. and its Subsidiaries	
	For the three months ended Mar. 31	
	2024	2023
Net cash inflow (outflow) from operating activities	$ 35,851	$ 34,194
Net cash inflow (outflow) from investing activities	(8,125)	(3,251)
Net cash inflow (outflow) from financing activities	(2,069)	(8,081)
Effect of changes in exchange rates on cash and cash equivalents	2,606	265
Net increase (decrease) in cash and cash equivalents	28,263	23,127
Opening balance of cash and cash equivalents	324,021	268,227
Ending balance of cash and cash equivalents	$ 352,284	$ 291,354

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates business (i.e. "functional currency"). The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional currency.

A. Foreign currency transactions and balances

(A) Each foreign currency transaction is translated into the functional currency at the spot exchange rate prevailing on the transaction date or the measurement date, and the exchange difference arising from the translation of the transaction is recognized in current profit or loss.

(B) The balance of foreign currency monetary assets and liabilities is adjusted at the spot exchange rate prevailing on the balance sheet date, and the translation difference arising from the adjustment is recognized in current profit or loss.

(C) The balance of foreign currency non-monetary assets and liabilities is measured at fair value through profit or loss and adjusted at the spot exchange rate prevailing on the balance sheet date. The translation difference arising from the adjustment is recognized in current profit or loss. Those measured at fair value through other comprehensive income are adjusted at the spot exchange rate prevailing on the balance sheet date, and the translation difference arising from the adjustment is recognized in other comprehensive income. If it is not measured at fair value, it is measured at the historical exchange rate prevailing at the initial transaction date.

(D) All exchange gains and losses are presented in the "Other gains and losses" of the income statement.

B. Translation of foreign operations

The operating results and financial position of all entities of the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(A) Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;

(B) Income and expenses in each statement of comprehensive income are translated at the average exchange rates of the period; and

(C) All resulting exchange differences are recognized in other comprehensive income.

(5) Criteria for classification of current and non-current assets and liabilities

A. Assets that meet one of the following criteria are classified as current assets:

(A) Assets expected to be realized in the ordinary course of business, or intended to be sold or consumed.

(B) Assets held primarily for the purpose of trading.

(C) Assets expected to be realized within 12 months after the balance sheet date.

(D) Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

The Group classifies all assets that do not meet the criteria above as non-current.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

(A) Liabilities expected to be settled in the ordinary course of business.

(B) Liabilities held primarily for the purpose of trading.

(C) Liabilities expected to be settled within 12 months after the balance sheet date.

(D) Liabilities with a repayment deadline that cannot be deferred for at least 12 months after the balance sheet date.

The Group classifies all liabilities that do not meet the criteria above as non-current.

(6) Cash equivalents

Cash equivalents refer to short-term and highly liquid investments that can be converted into a certain amount of cash at any time and the risk of value changes is very small. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at FVTPL

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. The Group adopts trade date accounting for financial assets at fair value through profit or loss for regular-way transactions.

C. Upon the initial recognition, the Group measures relevant transaction costs at fair value and recognizes them in profit or loss, while measuring them at fair value and recognizing gain or loss thereon in profit or loss.

D. When the right to receive dividends is determined, economic benefits related to dividends are likely to flow in, and when the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

(8) Financial assets at fair value through other comprehensive income

A. The Group made an irrevocable election upon initial recognition to recognize changes in the fair values of equity instrument investments not held for trading in other comprehensive income.

B. The Group adopts trade date accounting for financial assets at fair value through other comprehensive income for regular-way transactions.

C. The Group measures said asset at fair value plus transaction costs upon initial recognition, which are subsequently measured at fair value:

Changes in the fair values of equity instruments are recognized in other comprehensive income. Upon derecognition, the cumulative gains or losses previously recognized in other comprehensive income should not be subsequently reclassified to profit or loss and should be transferred to retained earnings instead. When the right to receive dividends is determined, economic benefits related to dividends are likely to flow in, and when the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

(9) Financial assets at amortized cost

A. Where the financial assets have met both the following criteria:

(A) Financial assets held under the operational model for the purpose of collecting contractual cash flows.

(B) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments for the principal and interest on the principal amount outstanding.

B. The Group adopts trade date accounting for financial assets at amortized cost for regular-way transactions.

C. The Group measures the said asset at fair value plus transaction costs upon initial recognition and subsequently recognizes it in interest income and impairment loss using the effective interest method based on the amortization procedure during the outstanding period. Upon derecognition, such gains or losses are recognized in profit or loss.

D. The Group holds time deposits not in line with the definition of cash equivalents. With the short holding period, the effect of discounting is not material, and it is measured at the amount of investment.

(10) Accounts and notes receivable

A. It refers to accounts and notes that have been unconditionally received in exchange for the right to the amount of consideration for the delivery of goods or services as agreed in the contract.

B. The non-interest-bearing short-term accounts and notes receivable is barely affected by discounting, so the Group measures them at the original invoice amount.

(11) Impairment of financial assets

The Group, at each balance sheet date, considers all reasonable and corroborative information (including forward-looking one) for the financial assets at amortized cost. For those with no significant increase in credit risk since initial recognition, an allowance for losses is measured at 12-month expected credit losses; for those with a significant increase in credit risk since initial recognition, an allowance for losses is measured at the lifetime expected credit losses. For accounts receivable or contract assets that do not contain significant financial components, an allowance for losses is measured at the lifetime expected credit losses.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when its contractual rights to receive the cash flows from the financial asset expire.

(13) Inventories

Inventories are measured at the lower of cost or net realizable value, and cost is determined using the weighted average method. The costs of finished goods and work in progress include raw materials, direct labor, other direct costs, and related production overheads, while excluding borrowing costs. When the cost and the net realizable value are compared to see which is lower, an item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using the equity method - associates

A. Associates are all entities, over which the Group has significant influence but no control. In general, if an investor holds, directly or indirectly, 20 percent or more of the voting shares of an investee, it has significant influence over the investee. Investments in associates are accounted for using the equity method and are recognised at cost upon acquisition.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition other comprehensive income is recognized in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its equity in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's shareholding in the associate, the Group recognizes the share of changes in its equity in the associate in "Capital surplus" in proportion to its shareholding.

D. Unrealized gains or losses on transactions between the Group and its associates are eliminated in proportion to its shareholdings in the associates. Unrealized losses are also eliminated unless there is evidence that the assets transferred in such transactions have been impaired. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recognized at cost, and the relevant interest accrued during the acquisition and construction period is capitalized.

B. Subsequent costs are included in the carrying amount of an asset or recognized as a separate asset only when it is probable that the future economic benefits related to the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the part replaced should be derecognized. All other maintenance costs are recognized in current profit or loss when incurred.

C. The property, plant and equipment are subsequently measured at cost. Except for land that is not depreciated, assets are depreciated on a straight-line basis based on the estimated useful lives. If the components of property, plant, and equipment are significant, they are separately depreciated.

D. The Group reviews at the end of each year the estimated useful lives, residual value, and depreciation methods of each asset every year. If the estimated residual value and useful lives are different from the previous estimates, or the expected consumption pattern of future economic benefits contained in an asset has changed significantly, the Group should adjust it in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding changes in accounting estimates. The useful life of each asset is as follows:

Buildings, and structures	5-50 years
Machinery and equipment	2-21 years
Transportation equipment	5-6 years
Office equipment	3-10 years
Leasehold improvements	2-11 years
Other equipment	2-10 years

(16) Lessee's lease transactions- right-of-use assets/lease liabilities

A. Leased assets are recognized in right-of-use assets and lease liabilities on the date they are available for use by the Group. When a lease contract is a short-term lease or lease of a low-value asset, the lease payment is recognized as an expense during the lease term using the straight-line method.

Subsequently, an interest approach is adopted to measure said payments at amortized cost, and interest expenses are recognized over the lease term. When changes in the lease term or lease payment due to non-contract modification, the lease liabilities will be reassessed and the right-of-use assets will be adjusted based on the remeasurement.

B. A right-of-use asset is recognized at cost at the commencement date of a lease, and the costs include:

(A) The amounts of lease liabilities initially measured;

(B) Any lease payments made at or before the commencement date;

Subsequently, such an asset is measured at cost and recognized in depreciation expenses when the useful life of the right-of-use asset expires or the lease term expires, whichever is earlier. When a lease liability is reassessed, the remeasurement of the lease liability will be adjusted for the right-of-use asset.

C. As for a reduced lease scope of leasehold modification, the lessee reduces the carrying amount of a right-of-use asset to reflect the partial or full termination of a lease and recognizes the difference between the amount and the remeasured amount of the lease liability in profit or loss.

(17) Intangible assets

A. Computer software

Computer software is recognized at acquisition cost and amortized over the estimated useful life of one to 15 years on a straight-line basis.

B. Goodwill

Goodwill arises as a result of business combination using an acquisition method.

(18) Impairment of non-financial assets

A. The Group estimates the recoverable amount of assets with signs of impairment on the balance sheet date. When the recoverable amount is lower than its carrying amount, it is recognized in impairment loss. The recoverable amount refers to the fair value of an asset, less the cost of disposal or its value in use, whichever is higher. Except for goodwill, when asset impairment recognized in prior years does no longer exist or decreases, the impairment loss will be reversed. However, the increase in the carrying amount of the asset due to the reversal of the impairment loss should not exceed the carrying amount of the asset, less depreciation or amortization, if no impairment loss had been recognized.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet been available for use are estimated regularly. An impairment loss is recognized for the amount by which the carrying amount of an asset exceeds its recoverable amount. Impairment loss of goodwill is not reversed in the following years.

C. For the purpose of impairment testing, goodwill is allocated to the cash-generating units. Based on the operating segments identified, goodwill is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the business combination, in which the goodwill arises.

(19) Borrowings

It refers to long-term and short-term borrowings from banks. Borrowings are recognized initially at fair value, net of transaction costs incurred, and any subsequent difference between the amount, less transaction costs, and the value of redemption is recognized in interest expenses under profit or loss using an effective interest method during the outstanding period according to the amortization procedure.

(20) Accounts and notes payable

A. It refers to debts arising from the purchase of raw materials, merchandise, or services on credit, and notes payable arising from business and non-business activities.

B. The non-interest-bearing short-term accounts and notes payable are barely affected by discounting, so the Group measures them at the original invoice amounts.

(21) Derecognition of financial liabilities

The Group derecognizes the financial liabilities when the obligations specified in a contract are fulfilled, canceled, or expired.

(22) Provisions

A provision, including warranty, is recognized when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. A provision is measured based on the best estimate of the present value of an expense required to settle the obligation on the balance sheet date. The discount rate is a pre-tax discount rate that reflects the real-time market assessment of the time value of money and specific risks of the liabilities. Amortization of the discount is recognized in interest expenses. Future operating losses may not be recognized in provisions.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured by the expected non-discounted amount of cash paid, and are recognized as expenses when the relevant services are provided.

B. Pension

(A) Defined contribution plans

Regarding the defined contribution plan, the amount of the pension fund that should be contributed is recognized as current pension cost on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

a. The net obligation under the defined benefit plan is calculated by discounting the amount of future benefits earned by employees in the current or past service period, with the present value of the defined benefit obligation on the balance sheet date, less the fair value of the plan assets. The net defined benefit obligation is calculated annually by independent actuaries using a projected unit credit method. The market yield of government bonds (on the balance sheet date) is adopted for the discount rate.

b. The remeasurement of the defined benefit plan is recognized in other comprehensive income in the current period and presented in retained earnings.

c. Expenses related to the past service costs are recognized immediately in profit or loss.

d. Pension costs for the interim period are calculated at the pension cost rate actuarially determined at the end of the prior fiscal year, from the beginning of the year to the end of the current period. If there are major market fluctuations, major reductions, settlement, or other major one-off events after the balance sheet date, adjustments will be made and relevant information will be disclosed in accordance with the aforementioned policy.

C. Employee compensation and director and supervisor remuneration

Employee compensation and director and supervisor remuneration are recognized in expenses and liabilities when there are legal or constructive obligations and the amount can be reasonably estimated. If there is a difference between the amount actually distributed as resolved and the estimated amount, it is treated as a change in accounting estimates.

(24) Income tax

A. Income tax expenses include the current income and deferred taxes. Except for income tax related to items included in other comprehensive income or directly included in equity recognized in comprehensive income or in equity directly, income tax is recognized in profit or loss.

B. The Group calculates current income tax at the tax rates that have been enacted or substantively enacted at the balance sheet date in the country where business is operated or taxable income is generated. The management regularly evaluates the status of income tax filings with respect to applicable income tax regulations and, where applicable, estimates the income tax liabilities based on the taxes expected to be paid to the tax authority. A surtax is imposed on the undistributed earnings in accordance with the Income Tax Act. In the year following the year in which the earnings are generated, after the shareholders' meeting has passed the earnings distribution proposal, the income tax expense on the undistributed earnings will be recognized based on the earnings actually distributed.

C. Deferred tax is recognized, using the balance sheet liability method, for the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax liabilities from goodwill arising from initial recognition are not recognized. If the deferred tax is derived from the initial recognition of an asset or liability in a transaction (excluding business combinations), and if the accounting profit or taxable income (tax losses) is not affected without equivalent taxable and deductible temporary differences arising at the time of the transaction, then the liabilities will not be recognized. If there are temporary differences arising from investments in subsidiaries and associates, the Group can control the time, at which the temporary differences are reversed, and if it is probable that the temporary differences will not reverse in the foreseeable future, they will not be recognized. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the relevant deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. As for the income tax expense for the interim period, the estimated annual average effective tax rate was adopted to calculate the pre-tax profit or loss for the interim period, and relevant information was disclosed in alignment with the aforementioned policies.

(25) Share capital

Ordinary shares are classified as equity. The incremental cost directly attributable to the issuance of new shares or stock options are listed in equity as a deduction, net of tax, from the proceeds.

(26) Dividend distribution

Dividends are recognized in the Company's financial statements in the period in which they are approved to be distributed as resolved by the Company's board of directors. Cash dividends are recognized as liabilities. Stock dividends are recognized as stock dividends to be allotted and reclassified to ordinary shares on the record date of issuance of new shares.

(27) Revenue recognition

A. Merchandise sales revenue

When the products are delivered to the location designated by customers, customers have the right to determine the price and the way the products are used while bearing the main responsibility for resale and the risk of obsolescence, upon which revenue and accounts receivable/contract assets are recognized by the Group and transferred to accounts receivable when the remaining obligations are satisfied.

B. Service income

Service income comes from the provision of maintenance and cleaning services. The Group's contract to perform maintenance and cleaning is to create or strengthen assets for the customer. The Group accounts for a contract with a customer when the agreement creates enforceable rights and obligations under the law. The Group measures the completion progress based on the committed costs to the estimated total costs. As the payment should be made by a customer upon acceptance as agreed in such a contract, the Group recognizes the service provided in contract assets. Consequently, the related revenue is recognized in accounts receivable when services are rendered.

(28) Operating segments

The Group's information on operating segments is reported in a manner consistent with the internal reports provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources to the operating segments and assessing their performance. The Group's chief operating decision-maker has been identified as the board of directors.

5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

(1) Critical judgments for applying the accounting policies

The accounting policies adopted by the Group does not involve critical accounting judgments.

(2) Critical accounting estimates and assumptions

Inventory valuation

As inventory must be calculated at the lower of cost or net realizable value, the Group must exercise judgment and make estimation to determine the net realizable value of inventory on the balance sheet date. Due to the rapid changes in technology, the Group assesses the value of inventory due to normal wear and tear, obsolescence, or market sales value not available on the balance sheet date, and reduces the cost of inventory to the net realizable value. The inventory valuation was mainly based on the estimated product demand in a specific future period, so significant changes may occur.

As of Mar. 31, 2024, the carrying amount of the Group's inventory was $1,262,636.

6. Summary of Significant Accounting Titles

(1) Cash and cash equivalents

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Cash on hand and petty cash	$ 789	$ 804	$ 1,002
Check deposits and demand deposits	784,860	801,186	757,697
Time deposits	20,000	20,000	20,000
	$ 805,649	$ 821,990	$ 778,699

A. The financial institutions the Group works with have great credit ratings. The Group also works with various financial institutions at the same time to diversify credit risks. Therefore, the probability of default is expected to be low.

B. The Group did not pledge cash or cash equivalents.

(2) Financial assets and liabilities at fair value through profit or loss - current

Item	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Current items:			
Financial assets mandatorily at fair value through profit or loss			
Beneficiary certificates	$ -	$ -	$ 9,099
Financial liabilities mandatorily at fair value through profit or loss			
Derivative instruments	$ 205	$ -	$ -

Please refer to Note 6(20) for information on financial assets at fair value through profit and loss.

Please refer to Note 12(3) for information on the fair values of derivative instruments.

(3) Financial assets at fair value through other comprehensive income

Item	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Non-current items:			
Equity instruments			
Non-TWSE/TPEx listed stocks and stocks not listed on the emerging stock market	$ 6,007	$ 6,007	$ 5,985

(4) Financial assets at amortized cost

Item	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Current items:			
Time deposits with original maturity date of more than 3 months	$ 47,851	$ 47,576	$ 47,536
Non-current items:			
Time deposits with original maturity date of more than 1 year	$ 18,041	$ 17,341	$ 17,725

A. With the collateral or other credit enhancements held aside, the maximum amounts of the exposures to the credit risk arising from the Group’s financial assets at amortized cost as of Mar. 31, 2024, Dec. 31, 2023, and Mar. 31, 2023 were equivalent to their carrying amounts, respectively.

B. Please refer to Note 8 for information on how the Group pledged financial assets at amortized cost as collateral.

C. Please refer to Note 12, (2) for information on the credit risk of financial assets at amortized cost. The trading counterparties of the Group's certificates of deposit are all financial institutions with great credit quality, and the probability of default is expected to be low.

(5) Notes and accounts receivable

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Notes receivable	$ 134,964	$ 131,194	$ 38,714
Accounts receivable	$ 753,776	$ 821,006	$ 626,860
Less: Allowance for losses	(29,139)	(24,924)	(32,039)
	$ 724,637	$ 796,082	$ 594,821

A. Please refer to Note 12(2) for information on an aging analysis of accounts and notes receivable.

B. The balances of accounts and notes receivable as of Mar. 31, 2024, Dec. 31, 2023, and Mar. 31, 2023 were all from contracts with customers. In addition, the balance of receivables from the contracts with customers as of Jan. 1, 2023 was $595,897.

C. With the collateral or other credit enhancements held aside, the maximum amounts of the exposures to the credit risk arising from the Group's notes and accounts receivable as of Mar. 31, 2024, Dec. 31, 2023, and Mar. 31, 2023 were equivalent to their carrying amounts, respectively.

(6) Inventories

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Raw materials	$ 409,414	$ 409,806	$ 424,935
Work in progress	256,534	152,744	177,813
Finished goods	434,095	598,743	700,458
Merchandise	162,593	207,540	167,272
	$ 1,262,636	$ 1,368,833	$ 1,470,478

The inventory costs recognized by the Group in expenses for this period:

	For the three months ended Mar. 31	
	2024	2023
Cost of inventory sold	$ 432,098	$ 520,291
Inventory valuation losses	16,891	4,231
	$ 448,989	$ 524,522

(7) Investments accounted for using equity method

	2024	2023
Jan. 1	$ 210,286	$ 243,126
Share of investment income and loss using the equity method	(762)	(8,330)
Changes in other equity interests	-	619
Mar. 31	$ 209,524	$ 235,415

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Associate:			
Htc & Solar Tech Service Limited	$ 209,524	$ 210,286	$ 235,415

The above associates are not material to the Group.

Investments using the equity method were calculated based on financial statements that have not been reviewed by CPAs, except for the financial statements as of Dec. 31, 2023, which were reviewed by other CPAs.

(8) <u>Property, plant and equipment</u>

	2024								
	Land	Buildings, and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	Equipment to be inspected	Total
Jan. 1									
Costs	$ 1,169,343	$ 2,226,309	$ 719,714	$ 7,396	$ 45,380	$ 18,034	$ 194,033	$ 8,077	$ 4,388,286
Accumulated depreciation	-	(543,616)	(393,767)	(3,809)	(28,925)	(9,266)	(101,109)	-	(1,080,492)
	$ 1,169,343	$ 1,682,693	$ 325,947	$ 3,587	$ 16,455	$ 8,768	$ 92,924	$ 8,077	$ 3,307,794
Jan. 1	$ 1,169,343	$ 1,682,693	$ 325,947	$ 3,587	$ 16,455	$ 8,768	$ 92,924	$ 8,077	$ 3,307,794
Additions	-	500	8,398	-	1,162	-	5,741	2,010	17,811
Disposal	-	-	-	(756)	-	-	-	-	(756)
Transfer	-	405	33,214	149	1,195	-	(1,853)	(1,228)	31,882
Depreciation expenses	-	(21,174)	(19,337)	(257)	(1,275)	(395)	(6,545)	-	(48,983)
Net exchange difference	-	3,874	731	87	132	-	951	35	5,810
Mar. 31	$ 1,169,343	$ 1,666,298	$ 348,953	$ 2,810	$ 17,669	$ 8,373	$ 91,218	$ 8,894	$ 3,313,558
Mar. 31									
Costs	$ 1,169,343	$ 2,247,428	$ 758,237	$ 5,967	$ 47,523	$ 18,034	$ 199,749	$ 8,894	$ 4,455,175
Accumulated depreciation	-	(581,130)	(409,284)	(3,157)	(29,854)	(9,661)	(108,531)	-	(1,141,617)
	$ 1,169,343	$ 1,666,298	$ 348,953	$ 2,810	$ 17,669	$ 8,373	$ 91,218	$ 8,894	$ 3,313,558

	2023								
	Land	Buildings, and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	Unfinished construction	Total
Jan. 1									
Costs	$ 1,127,124	$ 2,036,987	$ 651,316	$ 11,369	$ 45,051	$ 64,608	$ 147,795	$ 219,568	$ 4,303,818
Accumulated depreciation	-	(573,591)	(412,072)	(7,318)	(34,917)	(61,012)	(95,421)	-	(1,184,331)
	$ 1,127,124	$ 1,463,396	$ 239,244	$ 4,051	$ 10,134	$ 3,596	$ 52,374	$ 219,568	$ 3,119,487
Jan. 1	$ 1,127,124	$ 1,463,396	$ 239,244	$ 4,051	$ 10,134	$ 3,596	$ 52,374	$ 219,568	$ 3,119,487
Additions	-	1,357	10,965	640	251	286	5,979	7,708	27,186
Disposal	-	-	(99)	-	-	-	-	-	(99)
Reclassification	-	(2,249)	9,735	-	47	-	4,023	(43,251)	(31,695)
Depreciation expenses	-	(17,859)	(16,421)	(391)	(1,116)	(447)	(5,063)	-	(41,297)
Net exchange difference	-	589	121	7	7	-	104	-	828
Mar. 31	$ 1,127,124	$ 1,445,234	$ 243,545	$ 4,307	$ 9,323	$ 3,435	$ 57,417	184,025	$ 3,074,410
Mar. 31									
Costs	$ 1,127,124	$ 2,038,521	$ 628,502	$ 11,351	$ 43,394	$ 51,608	$ 157,011	$ 184,025	$ 4,241,536
Accumulated depreciation	-	(593,287)	(384,957)	(7,044)	(34,071)	(48,173)	(99,594)	-	(1,167,126)
	$ 1,127,124	$ 1,445,234	$ 243,545	$ 4,307	$ 9,323	$ 3,435	$ 57,417	$ 184,025	$ 3,074,410

A. Capitalized amounts and interest rate ranges of borrowing costs for property, plant and equipment:

	For the three months ended Mar. 31	
	2024	2023
Capitalized amount	$ -	$ 623
Capitalized interest rate range	-	1.194% - 1.2252%

B. Please refer to Note 8 for information on property, plant and equipment pledged as collateral.

C. The Group's transfer of property, plant and equipment during the three months ended Mar. 31, 2024 was from prepayments for equipment (under other non-current assets).

(9) Lease transactions - lessee

A. The assets leased by the Group included land, buildings, and company cars over lease terms of usually one to ten years. Each lease contract is negotiated individually and contains various terms and conditions, and no other restrictions are imposed except that the assets leased may not be used as collateral for loans.

B. The information on the carrying amounts of the right-of-use assets and the depreciation expenses recognized is as follows:

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
	Carrying amount	Carrying amount	Carrying amount
Land	$ 23,719	$ 23,249	$ 24,872
Buildings	45,818	14,159	30,782
Transportation equipment (company cars)	23,794	27,301	25,537
	$ 93,331	$ 64,709	$ 81,191

	For the three months ended Mar. 31	
	2024	2023
	Depreciation expenses	Depreciation expenses
Land	$ 307	$ 483
Buildings	542	2,240
Transportation equipment (company cars)	3,546	2,998
	$ 4,395	$ 5,721

C. The additions of the Group's right-of-use assets during the three months ended Mar. 31, 2024 and 2023 were $32,893 and $5,857, respectively.

D. The information on the profit or loss items related to lease contracts is as follows:

	For the three months ended Mar. 31	
	2024	2023
Items affecting current profit or loss		
Interest expense on lease liability	$ 949	$ 179
Expenses related to short-term lease contracts	1,914	4,684
Expenses related to leasing of low-value assets	290	736
Gains from lease modification	-	38

E. The Group's total cash outflows from leases during the three months ended Mar. 31, 2024 and 2023 were $7,863 and $10,972, respectively.

(10) Intangible assets

	2024					
	Goodwill	Customer relations	Computer software	Professional technologies	Royalties	Total
Jan. 1						
Costs	$ 51,471	$ 56,047	$ 70,217	$ 7,500	$ 500	$ 185,735
Accumulated amortization	-	(49,844)	(24,653)	(6,772)	(500)	(81,769)
	$ 51,471	$ 6,203	$ 45,564	$ 728	$ -	$ 103,966
Jan. 1	$ 51,471	$ 6,203	$ 45,564	$ 728	$ -	$ 103,966
Additions	-	-	3,289	-	-	3,289
Amortization expenses	-	(258)	(5,171)	(193)	-	(5,622)
Net exchange difference	-	-	94	91	-	185
Mar. 31	$ 51,471	$ 5,945	$ 43,776	$ 626	$ -	$ 101,818
Mar. 31						
Costs	$ 51,471	$ 56,047	$ 73,600	$ 7,500	$ 500	$ 189,118
Accumulated amortization	-	(50,102)	(29,824)	(6,874)	(500)	(87,300)
	$ 51,471	$ 5,945	$ 43,776	$ 626	$ -	$ 101,818

	2023					
	Goodwill	Customer relations	Computer software	Professional technologies	Royalties	Total
Jan. 1						
Costs	$ 51,471	$ 56,047	$ 78,374	$ 7,500	$ 500	$ 193,892
Accumulated amortization	-	(41,192)	(36,615)	(6,483)	(500)	(84,790)
	$ 51,471	$ 14,855	$ 41,759	$ 1,017	$ -	$ 109,102
Jan. 1	$ 51,471	$ 14,855	$ 41,759	$ 1,017	$ -	$ 109,102
Additions	-	-	1,580	-	-	1,580
Amortization expenses	-	(2,163)	(3,584)	(96)	-	(5,843)
Net exchange difference	-	-	9	-	-	9
Mar. 31	$ 51,471	$ 12,692	$ 39,764	$ 921	$ -	$ 104,848
Mar. 31						
Costs	$ 51,471	$ 56,047	$ 49,683	$ 7,500	$ 500	$ 165,201
Accumulated amortization	-	(43,355)	(9,919)	(6,579)	(500)	(60,353)
	$ 51,471	$ 12,692	$ 39,764	$ 921	$ -	$ 104,848

A. The details of amortization of intangible assets are as follows:

	For the three months ended Mar. 31	
	2024	2023
Operating costs	$ 982	$ 1,229
Selling and marketing expenses	796	2,593
Administrative expenses	1,601	1,081
Research and development expenses	2,243	940
	$ 5,622	$ 5,843

B. The goodwill generated by the Group's acquisition of Finesse Technology came from the benefits brought by the expected benefits of the business integration and growth of mechanical equipment maintenance.

C. The goodwill generated by the Group's acquisition of Shanorm Tech came from the expected benefits of the business integration and growth of vacuum pump maintenance as well as sales of used machines and spare parts.

D. The Group did not recognize any impairment loss of goodwill for the three months ended Mar. 31, 2024 and 2023.

(11) Other non-current assets

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Prepayment for land and equipment	$ 110,935	$ 76,500	$ 137,488
Refundable deposits	10,642	11,514	11,494
Others	216	329	-
	$ 121,793	$ 88,343	$ 148,982

(12) Short-term debts

Category of borrowings	Mar. 31, 2024	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 189,000	1.69% - 2.05%	-

Category of borrowings	Dec. 31, 2023	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 807,000	1.61% - 2.22%	-

Category of borrowings	Mar. 31, 2023	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 639,000	1.48% - 2.22%	-

(13) Other payables

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Salaries and bonuses payable	$ 94,969	$ 168,058	$ 163,123
Remuneration payable to directors, supervisors and employees	109,789	118,288	160,260
Equipment payable	48,093	38,829	95,115
Travel allowances payable to employees	14,276	17,849	43,460
Unused annual leave payable	18,144	18,878	17,669
Pension payable	4,377	4,406	4,141
Dividends payable	-	-	319,145
Others	56,918	97,764	67,912
	$ 346,566	$ 464,072	$ 870,825

(14) Long-term loans

Category of borrowings	Borrowing period and repayment method	Interest rate range	Collateral	Mar. 31, 2024
Long-term bank borrowings				
Secured borrowings	From Feb. 26, 2020 through Feb. 26, 2040, and interest will be paid monthly.	1.375% - 2.2%	Land and buildings	$ 2,097,355
Credit borrowings	From Nov. 1, 2023 through Oct. 31, 2028, and interest will be paid monthly.	1.72% - 2.22%	-	253,734
				2,351,089
Less: Long-term borrowings due within one year or one operating cycle				(478,549)
				$ 1,872,540

Category of borrowings	Borrowing period and repayment method	Interest rate range	Collateral		Dec. 31, 2023
Long-term bank borrowings					
Secured borrowings	From Feb. 26, 2020 through Feb. 26, 2040, and interest will be paid monthly.	1.25% - 1.950%	Land and buildings	$	1,591,877
Credit borrowings	From Nov. 1, 2023 through Oct. 31, 2028, and interest will be paid monthly.	1.595% - 2.095%	-		153,933
					1,745,810
Less: Long-term borrowings due within one year or one operating cycle				(	324,121)
				$	1,421,689

Category of borrowings	Borrowing period and repayment method	Interest rate range	Collateral		Mar. 31, 2023
Long-term bank borrowings					
Secured borrowings	From Feb. 26, 2020 through Feb. 26, 2040, and interest will be paid monthly.	1.25% - 1.925%	Land and buildings	$	1,327,774
Less: Long-term borrowings due within one year or one operating cycle				(	363,200)
				$	964,574

Please refer to Note 8 for information on collateral for long-term borrowings.

(15) Pension

A. Defined benefit plans

(A) The Company and domestic subsidiaries established the defined benefit pension regulations in accordance with the Labor Standards Act, which were applicable to all formal employees who were employed prior to the enforcement of the Labor Pension Act on Jul. 1, 2005 and to the formal employees who still chose the old pension scheme under the Labor Standards Act after the Labor Pension Act took effect. Pension is paid to employees who have met the retirement criteria based on the number of years of service and the average monthly salary of the last six months prior to retirement. Two units are granted for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. The Company makes a contribution, equal to 2% of the total salaries per month, to a pension fund and deposits it in the account in the name of the Labor Pension Funds Supervisory Committee with the Bank of Taiwan. In addition, the Company assesses the balance of the aforementioned labor pension reserve account at the end of each year. If the account balance is insufficient to pay the pension calculated in the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make a contribution to make up for the difference by the end of March of the following year.

(B) The Group's pension costs under the above pension plan for the three months ended Mar. 31, 2024 and 2023 were $4 and $20, respectively.

(C) The Group's estimated contributions to the pension plan for the year ended Dec. 31, 2025 amount to $115.

B. Defined contribution plans

(A) Effective on Jul. 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan under the Labor Pension Act, covering all employees of R.O.C. nationality. Under the Labor Pension Act, the Company and its domestic subsidiaries make a monthly contribution, equal to 6% of the employees' monthly salaries to their individual pension accounts with the Bureau of Labor Insurance. Employee pensions are paid monthly or in lump sum based on the amounts in their individual pension accounts and the benefits accumulated.

(B) The Group's pension costs under the above pension plan for the three months ended Mar. 31, 2024 and 2023 were $9,474 and $8,515, respectively.

(16) Share capital

A. As of Mar. 31, 2024, the Group's authorized capital was $2,500 thousand and paid-in capital was $1,182,017, totaling 118,201,679 shares, at a par value of $10 per share. The Company has received all the capital payments for the shares issued.

B. To increase the return on shareholders' equity and adjust the capital structure, the Board of Directors approved a cash capital reduction on Mar. 8, 2024 to return shareholders' shares. The amount of capital reduction was $236,403 and with 23,640 thousand shares canceled and a capital reduction ratio of 20%. Once the above-mentioned capital reduction proposal is approved by the shareholders' meeting and approved by the competent authority for effective registration, the Chairman will be authorized to stipulate the record dates for capital reduction, replacement of old share certificates by new ones as a result of a reduction in capital, and other related matters.

(17) Capital surplus

According to the Company Act, the capital surplus, including the income derived from issuing shares in excess of par and endowments, in addition to being used to offset a deficit, where the Company has no cumulative deficit, may be used to issue new shares or pay out cash in proportion to the shareholders' shareholdings. In addition, as per the Securities and Exchange Act, where the capital surplus above is used for capitalization, the total amount should not exceed 10% of the paid-in capital each year. The Company should not use the capital surplus to offset capital losses, unless the surplus reserve is insufficient to offset such losses.

	2024				
	Additional paid-in capital	Employee stock options	Changes in ownership interests in subsidiaries and associates recognized	Exercise of disgorgement by the Company	Expired stock options
Jan. 1	$ 297,538	$ 2,765	$ 45,537	$ 215	$ 15,235
Changes in ownership interests in subsidiaries and associates recognized in proportion to shareholdings	-	-	686	-	-
Mar. 31	$ 297,538	$ 2,765	$ 46,223	$ 215	$ 15,235

	2023				
	Additional paid-in capital	Employee stock options	Changes in ownership interests in subsidiaries and associates recognized	Exercise of disgorgement by the Company	Expired stock options
Jan. 1	$ 399,192	$ 2,765	$ 28,010	$ 215	$ 15,235
Restricted stock awards issued by subsidiaries	-	-	(9,457)	-	-
Cash paid out from capital surplus	(101,654)	-	-	-	-
Changes in ownership interests in subsidiaries and associates recognized in proportion to shareholdings	-	-	552	-	-
Mar. 31	$ 297,538	$ 2,765	$ 19,105	$ 215	$ 15,235

(18) Retained earnings

A. The Company's profit distribution is made after the end of each half of the fiscal year. If there is a surplus in the final accounts of each half of the fiscal year, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, the Company will estimate the retained employee compensation and director remuneration before setting aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. In addition, the special reserve shall be set aside or reversed in accordance with laws and regulations, and the balance shall be added to the accumulated undistributed surplus of previous years as dividends and bonuses available for distribution of shareholders. The amount of distribution shall be prepared by the board of directors with a surplus distribution plan and when the distribution is made in cash, it shall be resolved by the board of directors; when the distribution is made by issuing new shares, the distribution shall be submitted to the shareholders' meeting for resolution. If there is a surplus in the final accounts of a fiscal year, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, the Company will set aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. In addition, after the special reserve shall be set aside or reversed in accordance with laws and regulations, the remaining balance is included in the cumulative undistributed earnings for the first half of the fiscal year;, the amount of distribution shall be prepared by the board of directors with a surplus distribution plan and when the distribution is made in cash, it shall be resolved by the board of directors; when the distribution is made by issuing new shares, the distribution shall be submitted to the shareholders' meeting for resolution.

   Pursuant to Paragraph 5, Article 240 of the Company Act, the Company authorizes the board of directors to resolve to distribute the dividends and bonuses or all or part of the legal reserve and capital surplus as stipulated in Paragraph 1, Article 241 of the Company Act in the form of cash with a majority vote of attending directors at a board meeting attended by two-thirds of all directors, which shall be reported to the shareholders' meeting.

B. For the employee compensation and directors' remuneration distribution policy stipulated in the Company's Articles of Incorporation, please refer to Note 6(23).

C. The legal reserve shall not be appropriated when its balance reaches the amount of the Company's total paid-in capital. The legal reserve may be used to make up for losses. When the Company does not suffer losses, the part of the legal reserve in excess of 25% of the total paid-in capital can be distributed in cash in addition to being used to replenish the capital.

D. The Company set aside and reversed a special reserve in accordance with the FSC Letters Jin-Guan-Zheng-Fa-Zi No. 1010012865, Jin-Guan-Zheng-Fa-Zi No. 1010047490, Jin-Guan-Zheng-Fa-Zi No. 1030006415, and the directive, entitled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

E. Special reserves

(A) In accordance with the FSC Letter Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated Mar. 31, 2021, when IFRSs are adopted for the first time, for the cumulative translation adjustments (gains) under shareholders' equity, a special reserve shall be set aside in the same amount of the portion reclassified to retained earnings for application of the exemption as in IFRS 1. As the increase in retained earnings generated due to the first-time application of IFRSs was insufficient to be recognized, the increase in retained earnings generated due to the conversion to IFRSs by $50,031 was recognized in special reserves.

(B) The appraised cost of the Company's acquisition of property from a related party in 2017 was lower than the actual transaction price. Therefore, the Company set aside a special reserve of $14,737 for the difference in accordance with the provisions of the Securities and Exchange Act.

F. The Company's 2023 and 2022 earnings distribution plans are as follows:

	2023		2022	
	Amount	Dividends per share (NTD)	Amount	Dividends per share (NTD)
Legal reserve provided	$ 35,684		$ 48,789	
Cash dividends distributed from capital surplus	-	$ -	101,654	$ 0.86
Cash dividends distributed from earnings	-	-	217,491	1.84
Total	$ 35,684	$ -	$ 367,934	$ 2.70

The above earnings distribution proposals have been approved as resolved by the board of directors on Mar. 8, 2024 and Feb. 23, 2023, respectively. The earnings distribution proposal for 2023 is pending a resolution by the annual shareholders' meeting scheduled to be held on Jun. 7, 2024. The 2022 earnings distribution items have been approved by resolution by the annual shareholders' meeting held on Jun. 8, 2023.

(19) Operating revenue

	For the three months ended Mar. 31	
	2024	2023
Merchandise sales revenue	$ 503,988	$ 555,031
Service income	387,676	401,296
Others	79,583	94,157
	$ 971,247	$ 1,050,484

A. Breakdown of revenue from customer contracts

The Group's revenue comes from the provision of goods or services that are gradually transferred over time or at a certain point in time. The revenue can be mainly divided into the types below:

For the three months ended Mar. 31, 2024	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its subsidiaries	Others	Total
Segment revenue	$ 579,485	$ 243,242	$ 182,722	$ 33,478	$ 1,038,927
Income from inter-segment transactions	(60,292)	(1,546)	(3,784)	(2,058)	(67,680)
Revenue from contracts with external customers	$ 519,193	$ 241,696	$ 178,938	$ 31,420	$ 971,247
Timing of revenue recognition					
Revenue recognized at a point in time	$ 271,203	$ 241,696	$ 58,862	$ 11,810	$ 583,571
Revenue recognized gradually over time	247,990	-	120,076	19,610	387,676
	$ 519,193	$ 241,696	$ 178,938	$ 31,420	$ 971,247

For the three months ended Mar. 31, 2023	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its subsidiaries	Others	Total
Segment revenue	$ 657,084	$ 214,908	$ 152,278	$ 134,783	$ 1,159,053
Income from inter-segment transactions	(50,336)	(11,490)	(5,949)	(40,794)	(108,569)
Revenue from contracts with external customers	$ 606,748	$ 203,418	$ 146,329	$ 93,989	$ 1,050,484
Timing of revenue recognition					
Revenue recognized at a point in time	$ 293,169	$ 203,418	$ 78,432	$ 74,169	$ 649,188
Revenue recognized gradually over time	313,579	-	67,897	19,820	401,296
	$ 606,748	$ 203,418	$ 146,329	$ 93,989	$ 1,050,484

B. Contract assets and contract liabilities

The contract assets and contract liabilities related to the revenue from contracts with customers recognized by the Group are as follows:

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023	Jan. 1, 2023
Contract assets	$ 301,489	$ 195,147	$ 128,461	$ 16,475
Contract liabilities	$ 107,331	$ 130,515	$ 168,924	$ 233,144

The opening balances of contract liabilities on Jan. 1, 2024 and 2023 were recognized in revenue of $84,750 and $177,697 for the three months ended Mar. 31, 2024 and 2023, respectively.

(20) Other gains or losses

	For the three months ended Mar. 31	
	2024	2023
Gains on disposal of property, plant and equipment	$ 4	$ -
Foreign currency exchange gains (losses)	9,271	(234)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(205)	105
Other gains or losses	(844)	3,775
	$ 8,226	$ 3,646

(21) Financial costs

	For the three months ended Mar. 31	
	2024	2023
Interest on bank borrowings	$ 9,455	$ 6,471
Interest on lease liabilities	949	179
Less: Capitalized interest	-	(623)
	$ 10,404	$ 6,027

(22) Depreciation and amortization

	For the three months ended Mar. 31	
	2024	2023
An analysis of depreciation expenses by function		
Operating costs	$ 33,676	$ 31,100
Operating expenses	19,702	15,918
	$ 53,378	$ 47,018
An analysis of amortization expenses by function		
Operating costs	$ 1,418	$ 1,575
Operating expenses	4,204	4,268
	$ 5,622	$ 5,843

(23) Employee benefits expenses

	For the three months ended Mar. 31	
	2024	2023
Salaries and wages expenses	$ 178,298	$ 211,667
Labor and health insurance expenses	14,756	15,346
Pension expense	9,478	8,535
Other personnel expenses	10,474	10,711
	$ 213,006	$ 246,259

A. If the Company makes a profit in a year, it shall allocate 10-15% of the balance as employee compensation, which shall be distributed in stock or cash after a resolution is adopted by the Board of Directors. The recipients may include employees at the controlling company or subsidiaries who met certain criteria. The Company may allocate no more than 2% of said balance as directors' remuneration after a resolution is adopted by the Board of Directors. Employee compensation and directors' remuneration distribution proposal shall be reported to the shareholders' meeting.

B. For the three months ended Mar. 31, 2024 and 2023, the Company's estimated employee compensation amounted to $12,089 and $13,965, respectively; estimated director remuneration amounted to $2,121 and $2,450, respectively, and the aforementioned amounts were recognized in salaries and wages.

   The employee compensation and director remuneration distributed for 2023 as approved by the board of directors by resolution and the amounts recognized in the 2023 financial statements were the same.

   Please visit the Market Observation Post System (MOPS) for information on employee compensation and director remuneration approved by the Company's board of directors.

(24) Income tax

A. Income tax expense

(A) Components of income tax expenses:

	For the three months ended Mar. 31	
	2024	2023
Current income tax:		
Income tax from current income	$ 29,109	$ 27,041
Income tax underestimates for prior years	-	1,527
Total current income tax	29,109	28,568
Deferred tax:		
Initial arising and reversal of temporary differences	(3,938)	1,530
Income tax expense	$ 25,171	$ 30,098

(B) The amount of income tax related to other comprehensive income:

	For the three months ended Mar. 31	
	2024	2023
Exchange differences on translating foreign operations	($ 5,996)	($ 602)

B. The Company's profit-seeking enterprise income tax returns filed up to 2022 were approved by the tax authority.

C. The profit-seeking enterprise income tax returns filed by the Company's subsidiaries: Finesse Technology Co., Ltd., Shanorm Tech Co., Ltd., and Schmidt Scientific Taiwan Ltd. up to 2021 have been approved by the tax authority.

(25) Earnings per share

	For the three months ended Mar. 31, 2024		
	Amount after tax	Weighted average number of issued shares (in thousands)	Earnings per share (NTD)
Earnings per share - basic			
Current net income attributable to ordinary shareholders of the parent company	$ 75,871	118,202	$ 0.64
Earnings per share - diluted			
Effect of potentially dilutive ordinary shares			
Employee compensation	-	849	
Current net income attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	$ 75,871	119,051	$ 0.64

	For the three months ended Mar. 31, 2023		
	Amount after tax	Weighted average number of issued shares (in thousands)	Earnings per share (NTD)
Earnings per share - basic			
Current net income attributable to ordinary shareholders of the parent company	$ 87,801	118,202	$ 0.74
Earnings per share - diluted			
Effect of potentially dilutive ordinary shares			
Employee compensation	-	1,073	
Current net income attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	$ 87,801	119,275	$ 0.74

(26) Transactions with non-controlling interests

Acquisition of additional equity in subsidiary

In February 2023, the Company increased the capital of the subsidiary, Shanorm Tech Co., Ltd., in cash not in proportion to the shareholding, resulting in an increase in the Company's total shareholding from 99.26% to 99.6%, and the non-controlling interests increased by $67 and the equity attributable to parent company decreased by $67 accordingly. The effect of the changes in the equity of Shanorm Tech Co., Ltd. on the equity attributable to owners of the parent company for the three months ended Mar. 31, 2023 is as follows:

	For the three months ended Mar. 31, 2023
Cash	$ -
Carrying amount of non-controlling interests	-
Carrying amount of non-controlling interests	(67)
Capital surplus - recognition of changes in all equity interests in subsidiaries	($ 67)

(27) Supplementary information on cash flows

Investing activities with partial cash payment:

	For the three months ended Mar. 31	
	2024	2023
Purchase of property, plant and equipment	$ 17,811	$ 27,186
Add: Equipment payable at the beginning of the period	38,829	181,135
Less: Equipment payable at the end of the period	(48,093)	(95,115)
Cash paid in this period	$ 8,547	$ 113,206

(28) Changes in liabilities from financing activities

	For the three months ended Mar. 31, 2024				
	Short-term debts	Long-term loans	Lease liabilities	Guarantee deposits received	Total
Jan. 1	$ 807,000	$ 1,745,810	$ 46,002	$ 1,134	$ 2,599,946
Changes in cash flows of financing activities	(618,000)	605,279	(5,659)	(58)	(18,438)
Acquisition of right-of-use assets	-	-	32,893	-	32,893
Impact from change in exchange rate	-	-	1,179	32	1,211
Mar. 31	$ 189,000	$ 2,351,089	$ 74,415	$ 1,108	$ 2,615,612

	For the three months ended Mar. 31, 2023				
	Short-term debts	Long-term loans	Lease liabilities	Guarantee deposits received	Total
Jan. 1	$ 440,000	$ 1,156,312	$ 63,155	$ 380	$ 1,659,847
Changes in cash flows of financing activities	199,000	171,462	(5,552)	821	365,731
Acquisition of right-of-use assets	-	-	5,857	-	5,857
Impact from change in exchange rate	-	-	142	-	142
Other non-cash changes	-	-	(1,437)	-	(1,437)
Mar. 31	$ 639,000	$ 1,327,774	$ 62,165	$ 1,201	$ 2,030,140

7. Related Party Transactions

(1) Name of related parties and relationship

Name of related party	Relationship with the Group
Htc & Solar Tech Service Limited	Associate

(2) Significant transactions with related parties

A. Operating revenue

	For the three months ended Mar. 31	
	2024	2023
Sales revenue:		
Associate	$ 326	$ 79

(A) The Group’s revenue is from the sales of various types of components and customized products, as well as cleaning. There is no major difference in the unit price of the various components sold from that offered to regular customers; the customized products and the parts of each customer’s customized products for maintenance and replacement are different, so the prices cannot be compared.

(B) The Group’s collection of the sales revenue from the above-mentioned related parties is open account (O/A) with net 90 days. O/A with net 30 days to 120 days for general customers

B. Purchases

	For the three months ended Mar. 31	
	2024	2023
Merchandise purchase:		
Associate	$ 153	$ 111

(A) The Group's purchases from related parties mainly include parts. Since the Company does not purchase the same products from other non-related parties, the prices cannot be compared.

(B) The Group's purchases from the above-mentioned related parties are based on O/A with net 90 days after acceptance, and there is no major difference from general suppliers.

C. Receivables from related parties

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Accounts receivable:			
Associate	$ 342	$ 326	$ 83

Amounts receivable from related parties mainly arise from sales, and each amount from the sales is due at the end of two full months after each sale date. The receivables are not interest-bearing and unsecured. No allowance for losses was provided for receivables from related parties.

D. Payables to related parties

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Accounts payable:			
Associate	$ 6,970	$ 6,945	$ 7,246
Other payables:			
Associate	$ -	$ 249	$ 201

Amounts payable to related parties mainly arise from purchases, and each amount from the purchases is due at the end of two full months after each purchase date. The payables are not interest-bearing.

(3) Transactions with other related parties

The processing and maintenance fees paid by the Group to its associates during the three months ended Mar. 31, 2024 and 2023 were $3,797 and $4,285, respectively, which were recognized in production overheads.

(4) Information on remuneration of key management personnel

	For the three months ended Mar. 31	
	2024	2023
Short-term employee benefits	$ 11,755	$ 17,353
Post-employment benefits	207	199
	$ 11,962	$ 17,552

8. Pledged Assets

The details of the assets pledged by the Group as collateral are as follows:

	Book value			
Asset	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023	Purpose
Land	$ 960,582	$ 960,582	$ 1,050,397	Long-term loans
Buildings, and structures	1,488,946	1,507,908	1,322,973	Long-term loans
Financial assets at amortized cost - non-current	3,035	3,008	3,005	Customs guarantee
Refundable deposits	10,642	11,514	11,494	Leasing
	$ 2,463,205	$ 2,483,012	$ 2,387,869	

9. Significant Contingent Liabilities and Unrecognized Commitments

(1) As of Mar. 31, 2024, the amount of the performance guarantees provided by the banks entrusted by the Group for the purchase of goods from suppliers was $10 thousand.

(2) Subsidiary Highlight Tech (Shanghai) Corp. ("Highlight Tech (Shanghai)") and Guangdong Tisnawell New Material Technology Co., Ltd. signed a vacuum product sales contract. As the company failed to make a payment for the goods, Highlight Tech (Shanghai) filed a lawsuit against the company on Aug. 18, 2020, requesting the company to pay CNY 5,080 thousand for the goods and CNY 135 thousand for the loss from overdue payment. However, Guangdong Tisnawell New Material Technology Co., Ltd. filed a counterclaim with the court, requiring Highlight Tech (Shanghai) to pay a total of CNY 6,964 thousand for liquidated damages and maintenance costs. The court of first instance verdict in favor of Highlight Tech (Shanghai) and Highlight Tech (Shanghai) received a total compensation of CNY 1,145 thousand under compulsory enforcement in February 2023.

10. Major Disaster Loss

None.

11. Material Events After the Balance Sheet Date

None.

12. Others

(1) Capital management

The Group's capital management is to optimize the balances of debts and equity to make effective use of capital and ensure the smooth operation of each company. The Group's capital structure is composed of liabilities and equity without the need for compliance with other external capital requirements. The Group's main management reviews the capital structure quarterly, including considering the costs of various types of capital and relevant risks while investing in financial products to increase the Company's income and manage the capital structure.

(2) Financial Instruments

A. Categories of financial instruments

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Financial assets			
Financial assets at FVTPL			
Financial assets mandatorily at fair value through profit or loss	$ -	$ -	$ 9,099
Financial assets at fair value through other comprehensive income			
Designated equity instrument investments selected	$ 6,007	$ 6,007	$ 5,985
Financial assets at amortized cost			
Cash and cash equivalents	$ 805,649	$ 821,990	$ 778,699
Financial assets at amortized cost	65,892	64,917	65,261
Notes receivable	134,964	131,194	38,714
Accounts receivable (including related parties)	724,637	796,082	594,821
Other receivables	4,104	4,422	6,678
Refundable deposits	10,642	11,514	11,494
	$ 1,745,888	$ 1,830,119	$ 1,495,667

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Financial liabilities			
Short-term debts	$ 189,000	$ 807,000	$ 639,000
Accounts payable (including related parties)	406,056	442,136	502,584
Other payables	346,566	464,072	870,825
Long-term borrowings (due within one year or one operating cycle)	2,351,089	1,745,810	1,327,774
Guarantee deposits received	1,108	1,134	1,198
	$ 3,293,819	$ 3,460,152	$ 3,341,381
Lease liabilities	$ 74,415	$ 46,002	$ 62,165

B. Risk management policy

(A) The Group's financial management department provides services to various business units, coordinates the operations in the domestic and international financial markets, and supervises and manages the financial risks related to the Group's operations through the internal reports on risk exposure analyses based on the degree and breadth of risks. These risks include market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

C. Nature and level of material financial risks

(A) Market risk

Exchange rate risk

a. The Group operates business across borders and is therefore subject to exchange rate risks arising from transactions in currencies that are different from the functional currencies (USD and CNY) used by the Company and its subsidiaries. The relevant exchange rate risks arise from future business transactions and assets and liabilities recognized.

b. The Group's management has formulated policies to require each company of the Group to manage the exchange rate risks arising from their functional currencies. Each company should hedge its overall exchange rate risks through the Group's finance department. Exchange rate risks are measured based on expected transactions (expenses)) in USD and CNY, which are highly probable, and forward exchange agreements are used to reduce the impact of exchange rate fluctuations on expected inventory purchase costs.

c. The Group's business involves certain non-functional currencies (the functional currency used by the Company and some of its subsidiaries is NTD, and the functional currencies used by some of its subsidiaries are CNY and USD). Therefore, the Group is subject to exchange rate fluctuations. The information on foreign-currency assets and liabilities affected by significant exchange rate fluctuations is as follows:

	Mar. 31, 2024		
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary item			
USD: NTD	$ 6,530	32.0000	$ 208,958
USD: CNY	1,032	7.0950	33,019
CNY: NTD	14,401	4.5102	64,951
JPY: NTD	174,223	0.2115	36,848
Financial liabilities			
Monetary item			
USD: NTD	$ 1,343	32.0000	$ 23,915
JPY: NTD	74,500	0.2115	42,992

	Dec. 31, 2023		
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary item			
USD: NTD	$ 7,510	30.7050	$ 230,585
USD: CNY	1,327	7.0827	40,739
CNY: NTD	24,583	4.3352	106,573
JPY: NTD	166,587	0.2172	36,183
JPY: CNY	13,121	0.0502	2,856
Financial liabilities			
Monetary item			
USD: NTD	$ 2,629	30.7050	$ 80,714
USD: CNY	26	7.0827	787
CNY: NTD	530	4.3352	2,298
JPY: NTD	59,294	0.2172	12,879

	Mar. 31, 2023		
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary item			
USD: NTD	$ 8,903	30.4500	$ 271,088
USD: CNY	1,224	6.8841	37,344
CNY: NTD	11,767	4.4312	52,144
JPY: NTD	308,932	0.2288	70,684
JPY: CNY	7,638	0.0514	1,738
Financial liabilities			
Monetary item			
USD: NTD	$ 4,363	30.4500	$ 132,841
USD: CNY	2	6.8717	69
CNY: NTD	2,943	4.4312	13,042
JPY: NTD	127,260	0.2288	29,117

d. The aggregate amounts of (realized and unrealized) exchange gains or losses of the Group's monetary items recognized for the three months ended Mar. 31, 2024 and 2023 due to the significant impact of exchange rate fluctuations were $9,271 and ($234), respectively.

e. The analysis of the Group's foreign currency market risk due to significant exchange rate fluctuations is as follows:

	For the three months ended Mar. 31, 2024		
	Sensitivity analysis		
	Movement (%)	Impact on profit or loss	Impact on other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary item			
USD: NTD	±1%	$ 2,090	$ -
USD: CNY	±1%	330	-
CNY: NTD	±1%	650	-
JPY: NTD	±1%	368	-

	For the three months ended Mar. 31, 2024		
	Sensitivity analysis		
	Movement (%)	Impact on profit or loss	Impact on other comprehensive income
(Foreign currency: Functional currency)			
Financial liabilities			
Monetary item			
USD: NTD	±1%	$ 239	$ -
JPY: NTD	±1%	430	-

	For the three months ended Mar. 31, 2023		
	Sensitivity analysis		
	Movement (%)	Impact on profit or loss	Impact on other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary item			
USD: NTD	±1%	$ 2,711	$ -
USD: CNY	±1%	373	-
CNY: NTD	±1%	521	-
JPY: NTD	±1%	707	-
JPY: CNY	±1%	17	-
Financial liabilities			
Monetary item			
USD: NTD	±1%	$ 1,328	$ -
USD: CNY	±1%	1	-
CNY: NTD	±1%	130	-
JPY: NTD	±1%	291	-

Price risks

The Group’s equity instruments exposed to the price risk are its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risk of equity instrument investment, the Group has diversified its investment portfolio, and the method of the diversification is based on the limits it set.

Interest rate risks from cash flows and fair values

The Group's interest rate risk mainly arises from long-term borrowings at floating interest rates, which exposes the Group to cash flow interest rate risk. The risk is partially offset by the Group's cash and cash equivalents at floating interest rates. The Group's borrowings at floating interest rates taken out during the three months ended Mar. 31, 2024 and 2023 were mainly denominated in NTD.

(B) Credit risk

a. The Group's credit risk is the risk of financial loss suffered arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle accounts receivable in accordance with the payment terms.

b. The Group has established a credit risk management mechanism from a group-wide perspective. Only banks and financial institutions with their credit ratings independently determined at "A" or higher can be accepted as transaction counterparties. In accordance with the internal credit policy, each operating entity within the Group must conduct management and credit risk analysis of each new customer before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience, and other factors. Individual risk limits are set by the board of directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored.

c. The Group adopts IFRS 9 to set the premise and assumption that when a contract payment is past due by more than 90 days in accordance with the agreed payment terms, it is deemed to have been in default.

d. The Group adopts IFRS 9 to set the premise and assumption that when a contract payment is past due by more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of a financial asset has increased significantly since the initial recognition.

e. The Group adopts a simplified approach to estimate expected credit losses using a loss ratio method.

f. The Group incorporates the forward-looking considerations in the Taiwan Institute of Economic Research' Business Indicator Report and adjusts the loss ratio set based on historical and present information for a specific period, to estimate an allowance for losses on accounts receivable; the loss ratio methods used as of Mar. 31, 2024, Dec. 31, 2023, and Mar. 31, 2023 are as follows:

	Not past due	Past due for less than 90 days	Past due for less than 180 days	Past due for 181 days or more	Total
Mar. 31, 2024					
Expected loss ratio	0% - 0.37%	0% - 11.59%	0.68% - 100%	52.78% - 100%	
Total book value	$ 740,152	$ 106,078	$ 20,952	$ 21,558	$ 888,740
Allowance for losses	$ 1,134	$ 3,223	$ 4,624	$ 20,158	$ 29,139
Dec. 31, 2023					
Expected loss ratio	0% - 0.37%	0% - 11.59%	5.79% - 50%	38.74% - 100%	
Total book value	$ 778,661	$ 137,112	$ 17,225	$ 19,202	$ 952,200
Allowance for losses	$ 1,256	$ 4,217	$ 1,668	$ 17,783	$ 24,924
Mar. 31, 2023					
Expected loss ratio	0% - 0.1%	0.03% - 30%	0.575% - 8.97%	33.36% - 100%	
Total book value	$ 392,438	$ 202,947	$ 23,767	$ 46,422	$ 665,574
Allowance for losses	$ 5	$ 59	$ 625	$ 31,350	$ 32,039

g. The table of the changes in the Group's allowance for losses on account receivable with a simplified approach is as follows:

	For the three months ended Mar. 31	
	2024	2023
	Accounts receivable	Accounts receivable
Jan. 1	$ 24,924	$ 34,189
Impairment loss recognized (reversed)	4,215	(2,281)
Effect of exchange rate changes	-	131
Mar. 31	$ 29,139	$ 32,039

(C) Liquidity risk

a. Cash flow forecasts are made by each operating entity of the Group and aggregated by the Group's finance department. The Group's finance department monitors the forecasts on the group-wide liquidity needs to ensure that the Group has sufficient funds to meet operational needs and maintain sufficient undrawn borrowing commitment at all times so that it will not violate relevant borrowing limit requirements or terms. The forecasts take into account the Group's debt financing plans, compliance with debt terms, and alignment with financial ratio targets in the internal balance sheet.

b. Borrowings from banks are an important source of liquidity for the Group. As of Mar. 31, 2024, Dec. 31, 2023, and Mar. 31, 2023, the Group's undrawn bank financing commitment amounted to $1,890,871, $1,552,146, and $1,328,203 respectively.

c. The table below details the Group's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis, which are grouped by maturity dates. Non-derivative financial liabilities were analyzed based on the remaining period from the balance sheet date to the contract maturity date; derivative financial liabilities were analyzed based on the remaining period from the balance sheet date to the expected maturity date. The contractual cash flows disclosed in the table below are undiscounted amounts.

Mar. 31, 2024	Less than 1 year	More than 1 year
Non-derivative financial liabilities:		
Non-interest-bearing liabilities	$ 752,622	$ 1,108
Lease liabilities	22,352	60,959
Floating interest rate instruments	703,617	1,992,953
Dec. 31, 2023	**Less than 1 year**	**More than 1 year**
Non-derivative financial liabilities:		
Non-interest-bearing liabilities	$ 906,208	$ 1,134
Lease liabilities	19,072	28,773
Floating interest rate instruments	1,148,436	1,443,450
Mar. 31, 2023	**Less than 1 year**	**More than 1 year**
Non-derivative financial liabilities:		
Non-interest-bearing liabilities	$ 1,373,409	$ 1,198
Lease liabilities	19,392	43,618
Floating interest rate instruments	1,012,094	974,099

(3) Fair value information

A. The fair value levels of the financial instruments and non-financial instruments measured using the valuation technique are defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date. An active market refers to a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly or indirectly for assets or liabilities.

Level 3: Unobservable inputs for assets or liabilities.

B. Financial and non-financial instruments at fair value are classified by the Group based on the nature, characteristics, risks, and levels of fair values of assets and liabilities. The relevant information is as follows:

(A) The Group classified assets and liabilities by nature. The relevant information is as follows:

Mar. 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Fair value on a recurring basis				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 6,007	$ 6,007

Mar. 31, 2024	Level 1	Level 2	Level 3	Total
Liabilities				
Fair value on a recurring basis				
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 205	$ -	$ 205

Dec. 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Fair value on a recurring basis				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 6,007	$ 6,007

Mar. 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Fair value on a recurring basis				
Financial assets at FVTPL				
Beneficiary certificates	$ 9,099	$ -	$ -	$ 9,099
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	5,985	5,985
	$ 9,099	$ -	$ 5,985	$ 15,084

(B) The methods and assumptions used by the Group to measure fair values are as follows:

Where the Group uses market quoted prices as fair value inputs (i.e. Level 1), the tools are classified by characteristics as follows:

	Open-end funds
Market quoted prices	Net value

C. The table below shows the changes in Level 3 fair values during the three months ended Mar. 31, 2024 and 2023:

	For the three months ended Mar. 31	
	2024	2023
	Equity securities	Equity securities
Equity instrument investments at fair value through other comprehensive income		
Opening and closing balances	$ 6,007	$ 5,985

D. There was no transfer in/out to/from Level 3 fair values during 2024 and 2023.

E. In the Group's valuation process for fair values classified as at Level 3, the finance department is responsible for independent fair value verification for financial instruments, uses data from independent sources to make the valuation results close to the market level, and confirms that the source of the data is independent, reliable, consistent with other resources, and representative of the executable price, while regularly calibrating the valuation model, conducting back-testing, updating the inputs and data required by the valuation model, and making any other necessary fair value adjustments to ensure that the valuation results are reasonable.

F. The quantitative information on the significant unobservable inputs of the valuation model used in the Level 3 fair value measurement and the sensitivity analysis of the significant unobservable input changes are stated as follows:

	Fair value on Mar. 31, 2024	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Non-TWSE/TPEx listed stocks	$ 6,007	Net asset value method	Not applicable	-	Not applicable

	Fair value on Dec. 31, 2023	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Non-TWSE/TPEx listed stocks	$ 6,007	Net asset value method	Not applicable	-	Not applicable

	Fair value on Mar. 31, 2023	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Non-TWSE/TPEx listed stocks	$ 5,985	Net asset value method	Not applicable	-	Not applicable

G. The Group has selected a valuation model and valuation parameters after prudent evaluation, but different valuation results may occur due to the use of different valuation models or valuation parameters. For financial assets and financial liabilities classified as at Level 3, if the valuation parameters change, the effect on the current profit or loss or other comprehensive income is as follows:

			Mar. 31, 2024			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments	Market-to-book ratio; discount for lack of marketability	±1%	$ -	$ -	$ 60	($ 60)

	Input	Change	Dec. 31, 2023 Recognized in profit or loss Favorable change	Dec. 31, 2023 Recognized in profit or loss Unfavorable change	Dec. 31, 2023 Recognized in other comprehensive income Favorable change	Dec. 31, 2023 Recognized in other comprehensive income Unfavorable change
Financial assets						
Equity instruments	Market-to-book ratio; discount for lack of marketability	±1%	$ -	$ -	$ 60	($ 60)

	Input	Change	Mar. 31, 2023 Recognized in profit or loss Favorable change	Mar. 31, 2023 Recognized in profit or loss Unfavorable change	Mar. 31, 2023 Recognized in other comprehensive income Favorable change	Mar. 31, 2023 Recognized in other comprehensive income Unfavorable change
Financial assets						
Equity instruments	Market-to-book ratio; discount for lack of marketability	±1%	$ -	$ -	$ 60	($ 60)

13. Additional Disclosures

(1) Information on Significant Transactions

A. Loaning funds to others: None.

B. Endorsements/Guarantees provided: Please refer to Table 1.

C. Marketable securities held at the end of period (excluding investment in subsidiaries, associates, and joint ventures): Please refer to Table 2.

D. Marketable securities acquired or sold at costs or prices at least NT$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual property at costs of at least NT$300 million or 20% of the paid-in capital: None.

F. Disposal of individual property at costs of at least NT$300 million or 20% of the paid-in capital: None.

G. Disposal of Individual Property at Costs of at Least NT$100 Million or 20% of the Paid-in Capital: None.

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

I. Trading in derivative instruments: Please refer to Notes 6(2) and 12(3).

J. Business relationship and significant transactions between the parent company and its subsidiaries: None.

(2) Information on Investees

Information on names and locations of investees (excluding investees in Mainland China): Please refer to Table 3.

(3) Information on Investments in Mainland China

A. Basic information: Please refer to Table 4.

B. Significant transactions with investees in Mainland China, either directly or indirectly, through a business in a third region: None.

(4) Information on Major Shareholders

Information on Major Shareholders: Please refer to Table 5.

14. Segments Information

(1) General information

The Group's management has identified reportable segments based on the reporting information used by the board of directors in making decisions.

The Group as a whole belongs to an operating segment for manufacturing, maintaining, and trading electronic components. The information provided to chief operating decision makers to allocate resources and evaluate segment performance is focused on the operating results of the Group. The information on the Group's segment assets and liabilities is not provided to the main management for decision-making purposes, so there is no need to disclose segment assets and liabilities.

(2) Evaluation of segment information

The Group's board of directors evaluates the performance of each operating segment based on its profit and loss. Interest income and expenses were not apportioned to the operating segments as this task is managed by the finance department, which is responsible for the Company's cash position.

(3) Information on segment profit or loss, assets, and liabilities

The information on reportable segments provided to the chief operating decision-maker is as follows:

For the three months ended Mar. 31, 2024	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its subsidiaries	Others	Reconciliation and write-off	Consolidated
External revenue	$ 519,193	$ 241,696	$ 178,938	$ 31,420	$ -	$ 971,247
Inter-segment revenue	60,292	1,546	3,784	2,058	(67,680)	-
Segment revenue	$ 579,485	$ 243,242	$ 182,722	$ 33,478	($ 67,680)	$ 971,247
Segment profit or loss	$ 61,266	$ 32,586	$ 23,447	($ 2,715)	$ 1,301	$ 115,885

For the three months ended Mar. 31, 2023	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its subsidiaries	Others	Reconciliation and write-off	Consolidated
External revenue	$ 606,748	$ 203,418	$ 146,329	$ 93,989	$ -	$ 1,050,484
Inter-segment revenue	50,336	11,490	5,949	40,794	(108,569)	-
Segment revenue	$ 657,084	$ 214,908	$ 152,278	$ 134,783	($ 108,569)	$ 1,050,484
Segment profit or loss	$ 90,650	$ 29,950	$ 26,994	$ 2,270	($ 10,775)	$ 139,089

Segment profit (loss) refers to the profit earned by each segment, excluding non-operating income and expenditures and income tax expenses. The amounts measured are provided to the chief operating decision maker to allocate resources to the segment and measure its performance.

(4) Information on the reconciliation of segment profit or loss

Inter-segment sales are conducted on an arm’s length basis. The external revenue that the Company presented to the chief operating decision-maker is measured in the same manner as used for the revenue in the income statement.

The reconciliation of segment profit or loss and pre-tax profit or loss of continuing operations for the three months ended Mar. 31, 2024 and 2023 is as follows:

	For the three months ended Mar. 31	
	2024	2023
Segment income	$ 115,885	$ 139,089
Interest income	1,155	987
Other income	1,854	335
Other gains or losses	8,226	3,646
Financial costs	(10,404)	(6,027)
Share of profit or loss on associates accounted for using equity method	(762)	(8,330)
Net income before tax	$ 115,954	$ 129,700

Highlight Tech Corp. and its Subsidiaries

Endorsement/Guarantee Provided

Mar. 31, 2024

Table 1

Unit: NTD thousand (Unless otherwise specified)

No. (Note 1)	Endorsement/ Guarantee Provider	Party Endorsed/Guaranteed		Limit of Endorsement/ Guarantee for Single Enterprise (Note 3)	Maximum Endorsement/ Guarantee Balance in this Period (Note 4)	Ending Balance of Endorsements/ Guarantees Provided (Note 5)	Amount Drawn (Note 6)	Amount of Endorsements/ Guarantees with Assets Pledged	Ratio of Accumulated Endorsement/ Guarantee Amount to the Net Worth as Shown Through Financial Statement of the Most Recent Term	Upper Limit on Endorsements/ Guarantees (Note 3)	Parent Company to Subsidiary (Note 7)	Subsidiary to Parent Company (Note 7)	To Entity in Mainland China (Note 7)	Remarks
		Company Name	Relationship (Note 2)											
0	Highlight Tech Corp.	HIGHLIGHT TECH JAPAN Co., Ltd	3	$ 905,657	$ 63,450	$ 63,450	$ -	$ -	2.10	$ 1,509,428	Y	N	N	-
0	Highlight Tech Corp.	Highlight Tech (Shanghai) Co., Ltd.	3	905,657	31,571	-	-	-	-	1,509,428	Y	N	Y	-

Note 1: How the fields should be entered is stated below:

(1) The issuer is coded “0”.

(2) The investees are coded sequentially beginning from “1” by each individual company.

Note 2: (1) A company with which it does business.

(2) A company in which the Company directly or indirectly holds more than fifty percent (50%) of the voting shares.

(3) A company that directly or indirectly holds more than fifty percent (50%) of the voting shares in the Company.

(4) A company in which the Company directly or indirectly holds more than ninety percent (90%) of the voting shares.

Note 3: The limit of endorsement/guarantee for a single enterprise is 20% of the net worth of the Company or any of its subsidiaries at the end of the period, but for a single overseas associate, it shall not exceed 30% of the net worth of the Company or any of its subsidiaries at the end of the period.

Note 4: The upper limit of endorsements/guarantees provided to external entities is 50% of the Company’s net worth at the end of the period.

Note 5: The upper limit of endorsements/guarantees provided to external entities by a subsidiary is 50% of the subsidiary’s net worth at the end of the period.

Note 6: The total external endorsements/guarantees provided by the Company and its subsidiaries are limited to no more than 50% of the net consolidated worth at the end of the period, and the total endorsements/guarantees provided to a single enterprise is limited to no more than 20% of the net consolidated worth at the end of the period, except for a single overseas associate, which shall not exceed 30% of the net consolidated worth at the end of the period.

Highlight Tech Corp. and its Subsidiaries

Marketable Securities Held at the End of Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures)

Mar. 31, 2024

Table 2

Unit: NTD thousand (Unless otherwise specified)

Holding Company	Type and Name of Marketable Securities (Note 1)		Marketable Securities Relationship with Securities Issuer (Note 2)	Classification	End of Period				Remarks (Note 4)
	Type	Name			Number of shares (par value)/Number of units (share)	Carrying Amount (Note 3)	Shareholding Ratio	Fair Value	
Shanorm Tech Co., Ltd.	Stocks	ProMOS Technologies Inc.	-	Financial assets at FVTOCI - non-current	2,210	$ 22	-	$ 22	-
Schmidt Scientific Taiwan Ltd.	Stocks	Syntec Scientific Corporation	-	Financial assets at FVTOCI - non-current	598,500	5,985	4.52%	5,985	-

Highlight Tech Corp. and its Subsidiaries

Information on Investees

For the three months ended Mar. 31, 2024

Table 3

Unit: NTD thousand (Unless otherwise specified)

Name of Investor	Name of Investee (Notes 1 & 2)	Location	Main Business Activities	Initial Investment Amount		Held at the End of Period			Current Profit or Loss of Investee (Note 2(2))	Investment Income or Loss Recognized in This Period (Note 2(3))	Remarks
				End of Current Period	End of Last Year	Number of Shares	Percentage (%)	Carrying Amount			
Highlight Tech Corp.	Highlight Tech International Corp.	British Virgin Islands	A holding company that invests in businesses in Mainland China	$ 1,019,200 (USD 31,850 thousand)	$ 1,019,200 (USD 31,850 thousand)	27,414,695	100.00	$ 780,604	$ 25,825	$ 25,825	Subsidiaries
Highlight Tech Corp.	Htc & Solar Tech Service Limited	Hsinchu County	Equipment maintenance and cleaning business	117,024	117,024	12,322,052	35.81	209,524	(2,130)	(762)	Investees accounted for using the equity method
Highlight Tech Corp.	Schmidt Scientific Taiwan Ltd.	Taipei City	Sales and maintenance of medical equipment, electronic parts, optical instruments, semiconductor and optoelectronic process facilities, testing equipment, and automatic solar cell stringer machines	19,000	19,000	4,785,014	57.17	80,655	(514)	(294)	Subsidiaries
Highlight Tech Corp.	Shanorm Tech Co., Ltd.	Hsinchu County	Maintenance of mechanical equipment and electronic parts and retail of mechanical appliances and electronic materials	114,831	114,831	11,080,800	100.00	111,043	1,456	1,456	Subsidiaries
Highlight Tech Corp.	Finesse Technology Co., Ltd.	Hsinchu County	Electronic components, mechanical equipment maintenance and sales of related components	190,861	190,861	10,189,353	33.29	350,862	22,566	7,512	Subsidiaries
Highlight Tech Corp.	HIGHLIGHT TECH JAPAN Co.,Ltd.	Japan	Sales of electronic equipment, manufacturing of vacuum components, and sales and maintenance of vacuum equipment	21,150 (JPY 100,000 thousand)	21,150 (JPY 100,000 thousand)	5,050	100.00	11,734	(2,447)	(2,447)	Subsidiaries

Name of Investor	Name of Investee (Notes 1 & 2)	Location	Main Business Activities	Initial Investment Amount		Held at the End of Period			Current Profit or Loss of Investee (Note 2(2))	Investment Income or Loss Recognized in This Period (Note 2(3))	Remarks
				End of Current Period	End of Last Year	Number of Shares	Percentage (%)	Carrying Amount			
Finesse Technology Co., Ltd.	Schmidt Scientific Taiwan Ltd.	Taipei City	Sales and maintenance of medical equipment, electronic components, optical instruments, semiconductor and optoelectronic manufacturing equipment, testing equipment and automatic solar combined tabbers and stringers	$ 4,955	$ 4,955	1,270,541	15.18	$ 21,416	($ 514)	($ 78)	Subsidiaries
Finesse Technology Co., Ltd.	Highlight Tech System International Limited	Samoa	Holding company of indirect investment in Mainland China	30,400 (USD 950 thousand)	30,400 (USD 950 thousand)	950,000	100.00	73,018	162	162	Subsidiaries
Finesse Technology Co., Ltd.	Finesse Technology Co., Ltd.	Japan	Key subsystem development, material sourcing, manufacturing, assembly, testing, sales and maintenance services for semiconductor equipment.	19,035 (JPY 90,000 thousand)	19,035 (JPY 90,000 thousand)	9,000	100.00	17,676	(162)	(162)	Subsidiaries

Note 1: If a public issuer has a foreign holding company and takes the consolidated financial statements as the main financial report in accordance with local laws and regulations, it may disclose relevant information only on the holding company as for the requirement for the disclosure of information on the foreign investees.

Note 2: If the situation is not as stated in Note 1, please enter the fields according to the rules below:

(1) The fields “Name of investee”, “Location”, “Main business activities”, “Initial investment amount”, and “Shareholding at the end of the period” should be entered in order according to the investments by the company (public issuer) and investments by each directly or indirectly controlled investee; and the relationship between each investee and the company (public issuer) (such as a subsidiary or sub-subsidiary) should be indicated in the Remarks field.

(2) As for the field “Current profit or loss of investee”, current profit or loss of each investee should be entered.

(3) As for the field “Investment income or loss recognized in this period”, it is only necessary to enter the amount of profit and loss of each subsidiary recognized by the company (public issuer) as a direct investment and each investees accounted for using the equity method. As for the field “Current profit or loss of each subsidiary recognized as a direct investment”, it is necessary to confirm that the amount of current profit and loss of each subsidiary has included the investment income and loss from such subsidiaries’ investments that should be recognized in accordance with regulations.

Note 3: Please refer to Table 4 for relevant information on investees in mainland China.

Note 4: It is only necessary to list the amount of profit and loss of each subsidiary recognized by the Company as a direct reinvestment and each subsidiaries accounted for using the equity method.

Highlight Tech Corp. and its Subsidiaries

Information on investments in Mainland China - Basic Information

For the three months ended Mar. 31, 2024

Table 4

Unit: NTD thousand (Unless otherwise specified)

Name of Investee	Main Business Activities	Paid-in Capital (Note 3)	Method of Investments (Note 1)	Cumulative Amount of Remittance from Taiwan to Mainland China, Beginning of Current Period	Amount Remitted from Taiwan to Mainland China/Amount Remitted Back to Taiwan for Current Period		Cumulative Amount of Remittance from Taiwan to Mainland China, End of Current Period	Current Profit or Loss on Investees	Shareholding of the Company (Direct or Indirect)	Investment Income or Loss Recognized in the Current Period (Note 2)	Carrying Amount of Investments at the End of the Period	Cumulative Amount of Investment Income Repatriated to Taiwan as of the Current Period	Remarks
					Outflow	Inflow							
Highlight Tech (Shanghai) Corp.	Sales of electronic equipment, manufacturing of vacuum components, and sales and maintenance of vacuum equipment	$ 936,000 (USD 29,250 thousand)	Highlight Tech International Corp.	$ 936,000 (USD 29,250 thousand)	-	-	$ 936,000 (USD 29,250 thousand)	$ 25,825	100%	$ 25,825	$ 787,748	-	Note 1(2) Note 2(2)
Highlight Tech System (Shanghai) Corp.	Surface treatment, automatic control equipment engineering, mechanical equipment manufacturing, electronic component design, manufacturing wholesale and retail.	28,800 (USD 900 thousand)	Highlight Tech System International Limited	28,800 (USD 900 thousand)	-	-	28,800 (USD 900 thousand)	126	100%	126	72,116	-	Note 1(2) Note 2(1)
Finesse Technology (Shanghai) Co., Ltd.	Electronic components, mechanical and electrical equipment maintenance and sales.	9,600 (USD 300 thousand)	Finesse Technology Co., Ltd.	9,600 (USD 300 thousand)	-	-	9,600 (USD 300 thousand)	1,175	100%	1,175	29,846	-	Note 1(1) Note 2(1)

Company Name	Cumulative Amount of Remittance from Taiwan to Mainland China, End of Current Period	Investment Amount Approved by the Investment Commission of MOEA	Limit on Investments in Mainland China Imposed by the Investment Commission
The Company	$ 936,000 (USD 29,250 thousand)	$ 1,204,800 (USD 37,650 thousand)	$ 1,811,313
Finesse Technology Co., Ltd.	38,400 (USD 1,200 thousand)	38,400 (USD 1,200 thousand)	566,159 (Note 4)

Note 1: Investment methods are divided into the following three types, just enter the code:

(1) Direct investment in Mainland China.

(2) Indirect investment in mainland China through third-region companies (please indicate the investment companies in the third regions).

(3) Other methods.

Note 2: The basis of recognizing investment income or loss is divided into the three types below, which should be indicated.

(1) Financial statements reviewed by an international accounting firm with a partnership with an accounting firm in the Republic of China.

(2) Financial statements reviewed by CPAs appointed by the parent company in Taiwan.

(3) Others.

Note 3: Relevant figures in this table should be presented in NTD, and USD were translated into NTD at an exchange rate of US$1 to NT$32.

Note 4: For Finesse Technology Co., Ltd., based on the newly amended Principles for the Review of Investment or Technical Cooperation in Mainland China on Aug. 29, 2008, the investment limit for small- and medium-sized enterprises is $80 thousand or 60% of net worth, whichever is higher.

Highlight Tech Corp. and its Subsidiaries

Information on Major Shareholders

Mar. 31, 2024

Table 5

Name of Major Shareholders	Shares	
	Quantity of Shareholding	Shareholding Ratio
Ming-Tien, Wu	6,606,037	5.58%
Sherng Tar Industrial Co., Ltd.	6,540,728	5.53%

(1) The major shareholders in this table are shareholders, each holding at least 5% of the ordinary and preference shares (including treasury shares), with dematerialized registration and delivery completed on the last business day of each quarter, as compiled by the Taiwan Depository & Clearing Corporation. Share capital, as shown in the financial statements, may differ from the number of shares that have been delivered via book entry due to differences in the preparation basis.

(2) For shareholders who have placed shareholding under trust, the above information shall be provided based on trust accounts created by the trustee. In which case, these shareholders may be required under the Securities and Exchange Act to make regulatory reporting on insiders with more than 10% ownership interest, which include shares held in own name and shares placed under trust that the shareholder has control over. Refer to Market Observation Post System for information on the reporting of insider shareholding.