

Highlight Tech Corp. and its Subsidiaries

Consolidated Financial Report and
CPA's Review Report
for the Nine Months Ended Sept. 30, 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.

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CPA's Review Report

(2024)-Cai-Shen-Bao-Zi No. 24001952

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 Sept. 30, 2024, the related consolidated statements of comprehensive income for the three and nine months then ended, and consolidated statements of changes in equity and cash flows for the nine 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 Notes 4(3)B and 6(6) to the consolidated financial statements, the financial statements of non-material subsidiaries and investees using the equity method included in the consolidated financial statements above have not been reviewed by us. Their total assets as of Sept. 30, 2024 were NT\$350,298 thousand, accounting for 4.63% of the total consolidated assets; their total liabilities are NT\$26,842 thousand, accounting for 0.68% of the total liabilities; the shares of the profits and losses of the total comprehensive income of associates and joint ventures recognized using the equity method for the three and nine months ended Sept. 30, 2024 were NT\$15,467 thousand and NT\$13,629 thousand, accounting for 19.58% and 4.30% of the total comprehensive income, respectively.

Qualified conclusion

According to our review results and other independent CPAs' review reports, except for the financial statements of non-material subsidiaries and 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 Sept. 30, 2024, consolidated financial performance for the three and nine months ended Sept. 30, 2024, and consolidated cash flows for the nine months ended Sept. 30, 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 nine months ended Sept. 30, 2023 were reviewed by other CPAs, and we, on Nov. 9, 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 Sept. 30, 2024 were NT\$1,136,875 thousand, accounting for 15.04% of the total consolidated assets. The operating revenue for the three and nine months ended Sept. 30, 2024 was NT\$185,323 thousand and NT\$565,845 thousand, accounting for 19.44% and 19.55% of the total consolidated operating revenue, respectively.

PwC Taiwan

Lin, Yung-Chih

Yu, Chih-Fan

Financial Supervisory Commission R.O.C.

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

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

Nov. 8, 2024

Highlight Tech Corp. and its Subsidiaries
Consolidated Balance Sheet
Sept. 30, 2024, Dec. 31, 2023 and Sept. 30, 2023

Unit: NTD thousand

Assets	Notes	Sept. 30, 2024 Amount	%	Dec. 31, 2023 Amount	%	Sept. 30, 2023 Amount	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 906,715	12	\$ 821,990	11	\$ 762,772	10
1136	Financial assets at amortized cost - current	6(3)	21,732	-	47,576	-	77,320	1
1140	Contract assets - current	6(20)	378,560	5	195,147	3	175,935	2
1150	Notes receivable, net	6(4)	34,754	1	131,194	2	44,947	1
1170	Accounts receivable, net	6(4) and 7	739,516	10	796,082	11	1,005,267	14
1200	Other receivables		5,621	-	4,422	-	3,050	-
1220	Current income tax assets		11,182	-	59	-	57	-
130X	Inventories	6(5)	1,357,651	18	1,368,833	19	1,449,173	20
1410	Prepayments		94,184	1	67,891	1	69,713	1
1470	Other current assets		1,718	-	4,948	-	6,059	-
11XX	Total current assets		<u>3,551,633</u>	<u>47</u>	<u>3,438,142</u>	<u>47</u>	<u>3,594,293</u>	<u>49</u>
Non-current assets								
1517	Financial assets at FVTOCI - non-current	6(2)	6,007	-	6,007	-	6,007	-
1535	Financial assets at amortized cost - non-current	6(3) and 8	18,067	-	17,341	-	17,978	-
1550	Investments accounted for using equity method	6(6)	210,605	3	210,286	3	211,185	3
1600	Property, plant and equipment	6(7) and 8	3,426,324	45	3,307,794	46	3,186,458	43
1755	Right-of-use assets	6(8)	99,675	1	64,709	1	59,172	1
1780	Intangible assets	6(9)	101,273	2	103,966	1	105,335	1
1840	Deferred tax assets		50,216	1	40,288	1	44,885	1
1900	Other non-current assets	6(11) and 8	94,985	1	88,343	1	126,375	2
15XX	Total non-current assets		<u>4,007,152</u>	<u>53</u>	<u>3,838,734</u>	<u>53</u>	<u>3,757,395</u>	<u>51</u>
1XXX	Total assets		<u>\$ 7,558,785</u>	<u>100</u>	<u>\$ 7,276,876</u>	<u>100</u>	<u>\$ 7,351,688</u>	<u>100</u>

(Continued on next page)

Highlight Tech Corp. and its Subsidiaries
Consolidated Balance Sheet
Sept. 30, 2024, Dec. 31, 2023 and Sept. 30, 2023

Unit: NTD thousand

Liabilities and equity	Notes	Sept. 30, 2024		Dec. 31, 2023		Sept. 30, 2023		
		Amount	%	Amount	%	Amount	%	
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 143,000	2	\$ 807,000	11	\$ 979,000	13
2110	Short-term notes payable		50,000	1	-	-	50,000	1
2130	Contract liabilities - current	6(20)	134,064	2	130,515	2	120,919	2
2170	Accounts payable	7	446,109	6	442,136	6	519,351	7
2200	Other payables	6(13) and 7	616,624	8	464,072	7	525,900	7
2230	Current income tax liabilities		37,122	1	27,074	-	16,244	-
2250	Current provisions		19,292	-	10,855	-	11,642	-
2280	Lease liabilities - current		22,419	-	18,376	-	14,967	-
2320	Long-term liabilities due within one year or one operating cycle	6(14) and 8	564,634	7	324,121	5	216,407	3
2399	Other current liabilities - others		17,708	-	15,068	-	25,842	1
21XX	Total current liabilities		<u>2,050,972</u>	<u>27</u>	<u>2,239,217</u>	<u>31</u>	<u>2,480,272</u>	<u>34</u>
Non-current liabilities								
2540	Long-term borrowings	6(14) and 8	1,840,753	25	1,421,689	20	1,384,642	19
2570	Deferred tax liabilities		18,620	-	12,450	-	18,587	-
2580	Lease liabilities - non-current		57,820	1	27,626	-	24,526	-
2600	Other non-current liabilities		6,200	-	8,460	-	7,238	-
25XX	Total non-current liabilities		<u>1,923,393</u>	<u>26</u>	<u>1,470,225</u>	<u>20</u>	<u>1,434,993</u>	<u>19</u>
2XXX	Total liabilities		<u>3,974,365</u>	<u>53</u>	<u>3,709,442</u>	<u>51</u>	<u>3,915,265</u>	<u>53</u>
Equity								
Equity attributable to owners of the parent company								
	Share capital	6(17)						
3110	Common stock		945,613	12	1,182,017	16	1,182,017	16
	Capital surplus	6(18)						
3200	Capital surplus		363,558	5	361,290	5	340,146	4
	Retained earnings	6(19)						
3310	Legal reserve		365,125	5	329,441	5	329,441	5
3320	Special reserves		64,768	1	64,768	1	64,768	1
3350	Undistributed earnings		1,221,828	16	1,021,470	14	914,534	12
	Other equity							
3400	Other equity		(15,276)	-	(41,451)	(1)	(15,616)	-
31XX	Total equity attributable to owners of the parent company		<u>2,945,616</u>	<u>39</u>	<u>2,917,535</u>	<u>40</u>	<u>2,815,290</u>	<u>38</u>
36XX	Non-controlling interests		<u>638,804</u>	<u>8</u>	<u>649,899</u>	<u>9</u>	<u>621,133</u>	<u>9</u>
3XXX	Total equity		<u>3,584,420</u>	<u>47</u>	<u>3,567,434</u>	<u>49</u>	<u>3,436,423</u>	<u>47</u>
	Significant Contingent Liabilities and Unrecognized Commitments	9						
3X2X	Total liabilities and equity		<u>\$ 7,558,785</u>	<u>100</u>	<u>\$ 7,276,876</u>	<u>100</u>	<u>\$ 7,351,688</u>	<u>100</u>

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

Chairman: Wu, Sheng-Hsien

Manager: Kou, Chung-Shan

Accounting Manager: Huang, Hsiang-Chun

Highlight Tech Corp. and its Subsidiaries
Consolidated Statements of Comprehensive Income
For the nine months ended Sept. 30, 2024 and 2023

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

Item	Notes	For the three months ended Sept. 30				For the nine months ended Sept. 30				
		2024		2023		2024		2023		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue	6(20) and 7	\$ 953,458	100	\$ 1,099,139	100	\$ 2,894,532	100	\$ 3,276,872	100
5000	Operating costs	6(5)(23) and 7	(626,002)	(66)	(733,098)	(67)	(1,885,554)	(65)	(2,166,399)	(66)
5900	Gross profit		<u>327,456</u>	<u>34</u>	<u>366,041</u>	<u>33</u>	<u>1,008,978</u>	<u>35</u>	<u>1,110,473</u>	<u>34</u>
	Operating expenses	6(23)								
6100	Selling and marketing expenses		(77,232)	(8)	(84,666)	(8)	(221,211)	(8)	(247,119)	(8)
6200	Administrative expenses		(92,717)	(10)	(90,020)	(8)	(285,619)	(10)	(278,054)	(8)
6300	Research and development expenses		(53,246)	(5)	(59,014)	(5)	(159,589)	(5)	(181,963)	(6)
6450	Expected credit impairment gain (loss)	12(2)	(70)	-	(7,840)	(1)	2,283	-	(6,705)	-
6000	Total operating expenses		(223,265)	(23)	(241,540)	(22)	(664,136)	(23)	(713,841)	(22)
6500	Other income and expenses, net		-	-	(312)	-	-	-	(129)	-
6900	Net operating income		<u>104,191</u>	<u>11</u>	<u>124,189</u>	<u>11</u>	<u>344,842</u>	<u>12</u>	<u>396,503</u>	<u>12</u>
	Non-operating income and expenses									
7100	Interest income		1,620	-	1,119	-	6,067	-	4,490	-
7010	Other income		1,583	-	776	-	7,566	-	1,445	-
7020	Other gains or losses	6(21)	(2,891)	-	8,971	1	8,349	1	16,991	1
7050	Financial costs	6(22)	(11,229)	(1)	(9,058)	(1)	(32,141)	(1)	(23,738)	(1)
7060	Share of profit or loss on associates and joint ventures accounted for using equity method	6(6)	<u>2,157</u>	<u>-</u>	<u>182</u>	<u>-</u>	<u>319</u>	<u>-</u>	<u>(12,807)</u>	<u>-</u>
7000	Total non-operating income and expenses		(8,760)	(1)	1,990	-	(9,840)	-	(13,619)	-
7900	Net income before tax		<u>95,431</u>	<u>10</u>	<u>126,179</u>	<u>11</u>	<u>335,002</u>	<u>12</u>	<u>382,884</u>	<u>12</u>
7950	Income tax expense	6(25)	(12,636)	(1)	(24,744)	(2)	(47,034)	(2)	(80,645)	(3)
8200	Profit		<u>\$ 82,795</u>	<u>9</u>	<u>\$ 101,435</u>	<u>9</u>	<u>\$ 287,968</u>	<u>10</u>	<u>\$ 302,239</u>	<u>9</u>
	Other comprehensive income									
	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences on translating the financial statements of foreign operations		(\$ 5,158)	(1)	\$ 33,135	3	\$ 35,340	1	\$ 14,941	1
8399	Income tax related to items that may be reclassified	6(25)	<u>1,373</u>	<u>-</u>	<u>(6,145)</u>	<u>-</u>	<u>(6,170)</u>	<u>-</u>	<u>(2,914)</u>	<u>-</u>
8360	Sum of items that may be reclassified subsequently to profit or loss		(3,785)	(1)	26,990	3	29,170	1	12,027	1
8300	Other comprehensive income (net amount)		<u>(\$ 3,785)</u>	<u>(1)</u>	<u>\$ 26,990</u>	<u>3</u>	<u>\$ 29,170</u>	<u>1</u>	<u>\$ 12,027</u>	<u>1</u>
8500	Total comprehensive income		<u>\$ 79,010</u>	<u>8</u>	<u>\$ 128,425</u>	<u>12</u>	<u>\$ 317,138</u>	<u>11</u>	<u>\$ 314,266</u>	<u>10</u>
	Profit attributable to:									
8610	Owners of the parent company		\$ 69,387	8	\$ 81,319	7	\$ 236,042	8	\$ 250,052	8
8620	Non-controlling interests		<u>13,408</u>	<u>1</u>	<u>20,116</u>	<u>2</u>	<u>51,926</u>	<u>2</u>	<u>52,187</u>	<u>1</u>
	Profit		<u>\$ 82,795</u>	<u>9</u>	<u>\$ 101,435</u>	<u>9</u>	<u>\$ 287,968</u>	<u>10</u>	<u>\$ 302,239</u>	<u>9</u>
	Total comprehensive income attributable to:									
8710	Owners of the parent company		\$ 65,029	7	\$ 105,917	10	\$ 262,217	9	\$ 260,987	8
8720	Non-controlling interests		<u>13,981</u>	<u>1</u>	<u>22,508</u>	<u>2</u>	<u>54,921</u>	<u>2</u>	<u>53,279</u>	<u>2</u>
	Total comprehensive income		<u>\$ 79,010</u>	<u>8</u>	<u>\$ 128,425</u>	<u>12</u>	<u>\$ 317,138</u>	<u>11</u>	<u>\$ 314,266</u>	<u>10</u>
9750	Earnings per share - basic	6(26)	<u>\$ 0.70</u>		<u>\$ 0.69</u>		<u>\$ 2.11</u>		<u>\$ 2.12</u>	
9850	Earnings per share - diluted	6(26)	<u>\$ 0.70</u>		<u>\$ 0.68</u>		<u>\$ 2.10</u>		<u>\$ 2.09</u>	

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

Chairman: Wu, Sheng-Hsien

Manager: Kou, Chung-Shan

Accounting Manager: Huang, Hsiang-Chun

Highlight Tech Corp. and its Subsidiaries
Income Consolidated Statements of Changes in Equity
For the nine months ended Sept. 30, 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 nine months ended Sept. 30, 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	-	-	-	-	250,052	-	-	-	250,052	52,187	302,239
	Other comprehensive income	-	-	-	-	-	10,935	-	-	10,935	1,092	12,027
	Total comprehensive income	-	-	-	-	250,052	10,935	-	-	260,987	53,279	314,266
	Earnings appropriation and allocation for 2022											
	Legal reserve	-	-	48,789	-	(48,789)	-	-	-	-	-	-
	Issue of cash dividends	-	-	-	-	(217,491)	-	-	-	(217,491)	(63,756)	(281,247)
	Cash dividends paid out from capital surplus	-	(101,654)	-	-	-	-	-	-	(101,654)	-	(101,654)
	Cash capital increase from subsidiaries	-	-	-	-	-	-	-	-	-	105,442	105,442
	Changes in associates accounted for using the equity method	-	(11,844)	-	-	-	-	-	-	(11,844)	-	(11,844)
	Changes in ownership interests of subsidiaries	-	-	-	-	(153)	-	-	-	(153)	(543)	(696)
	New shares issued by subsidiary from employee compensation	-	8,227	-	-	-	-	-	456	8,683	34,106	42,789
	Share-based payment of subsidiary	-	-	-	-	-	-	-	-	-	12,958	12,958
	Balance at Sept. 30, 2023	\$ 1,182,017	\$ 340,146	\$ 329,441	\$ 64,768	\$ 914,534	(\$ 20,448)	\$ 4,890	(\$ 58)	\$ 2,815,290	\$ 621,133	\$ 3,436,423
For the nine months ended Sept. 30, 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	-	-	-	-	236,042	-	-	-	236,042	51,926	287,968
	Other comprehensive income	-	-	-	-	-	26,175	-	-	26,175	2,995	29,170
	Total comprehensive income	-	-	-	-	236,042	26,175	-	-	262,217	54,921	317,138
	Earnings appropriation and allocation for 2023											
	Legal reserve	-	-	35,684	-	(35,684)	-	-	-	-	-	-
	Cash capital reduction	(236,404)	-	-	-	-	-	-	-	(236,404)	-	(236,404)
	Cash dividends paid out by subsidiary	-	-	-	-	-	-	-	-	-	(57,159)	(57,159)
	Changes in ownership interests of subsidiaries	-	2,268	-	-	-	-	-	-	2,268	(3,853)	(1,585)
	Share-based payment of subsidiary	-	-	-	-	-	-	-	-	-	6,568	6,568
	Cash capital reduction by subsidiary	-	-	-	-	-	-	-	-	-	(11,572)	(11,572)
	Balance at Sept. 30, 2024	\$ 945,613	\$ 363,558	\$ 365,125	\$ 64,768	\$ 1,221,828	(\$ 20,248)	\$ 5,030	(\$ 58)	\$ 2,945,616	\$ 638,804	\$ 3,584,420

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

Chairman: Wu, Sheng Hsien

Manager: Kou, Chung-Shan

Accounting Manager: Huang, Hsiang-Chun

Highlight Tech Corp. and its Subsidiaries
Consolidated Statements of Cash Flows
For the nine months ended Sept. 30, 2024 and 2023

Unit: NTD thousand

	Notes	For the nine months ended Sept. 30	
		2024	2023
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 335,002	\$ 382,884
Adjustments			
Income and expenses			
Depreciation expenses	6(23)	170,295	143,670
Amortization expenses	6(23)	14,142	19,545
Expected credit impairment (gain) loss	12(2)	(2,283)	6,705
Valuation gains (losses) on financial assets at fair value through profit or loss		-	(116)
Interest expense	6(22)	32,141	23,738
Gains from lease modification	6(8)	-	(823)
Share-based payment	6(16)	6,568	12,958
Interest income		(6,067)	(4,490)
Dividend income		-	(1)
Other income		-	(22)
Share of profit or loss on associates and joint ventures accounted for using equity method	6(6)	(319)	12,807
(Gain) loss on disposal of property, plant and equipment	6(21)	(1,275)	129
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets - current		(183,413)	(159,460)
Notes receivable		96,440	(33,054)
Accounts receivable (including related parties)		66,443	(462,498)
Other receivables		(809)	1,864
Inventories		7,984	32,443
Prepayments		(25,761)	139,804
Other current assets		3,274	(4,776)
Changes in operating liabilities			
Contract liabilities - current		3,549	(112,225)
Accounts payable (including related parties)		(2,226)	(125,679)
Other payables		(100,824)	17,809
Current provisions		8,437	966
Other current liabilities		2,623	21,058
Net defined benefit liabilities		(71)	(68)
Other non-current liabilities		(2,163)	4,590
Cash inflow (outflow) from operations		421,687	(82,242)
Interest received		6,501	4,128
Interest paid		(29,976)	(23,243)
Dividend received		-	5,950
Income tax paid		(52,760)	(171,878)
Income tax refund		7,958	-
Net cash inflow (outflow) from operating activities		353,410	(267,285)

(Continued on next page)

Highlight Tech Corp. and its Subsidiaries
Consolidated Statements of Cash Flows
For the nine months ended Sept. 30, 2024 and 2023

Unit: NTD thousand

	Notes	For the nine months ended Sept. 30	
		2024	2023
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at fair value through profit or loss		\$ -	(\$ 10,000)
Sales of financial assets at fair value through profit or loss		-	43,300
Acquisition of financial assets at amortized cost		(16,584)	(116,990)
Disposal of financial assets at amortized cost		42,597	87,563
Acquisition of property, plant and equipment	6(29)	(119,581)	(266,707)
Proceeds from disposal of property, plant and equipment		2,554	1,815
Acquisition of intangible assets	6(9)	(11,315)	(15,437)
Increase in refundable deposits		(1,011)	(2,459)
Decrease in refundable deposits		2,496	1,343
Increase in prepayment for land and equipment		(53,983)	(136,916)
Net cash outflow from disposal of subsidiary	6(29)	-	(764)
Acquisition of subsidiaries (net of cash received)	6(28)	(60,042)	-
Net cash outflow from investing activities		(214,869)	(415,252)
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings		820,000	5,252,000
Decrease in short-term borrowings		(1,489,000)	(4,713,000)
Increase in short-term notes payable		50,000	50,000
New long-term borrowings		873,790	552,140
Repayment of long-term borrowings		(222,453)	(107,403)
Issue of cash dividends		-	(319,145)
Cash dividends paid out by subsidiary		(57,159)	(63,756)
Principal repayment of lease liabilities	6(30)	(17,227)	(15,467)
Increase in guarantee deposits		21	822
Decrease in guarantee deposits		(80)	(52)
Non-controlling interests acquired	6(27)	(1,585)	(448)
Cash capital increase from subsidiaries		-	105,442
Cash capital reduction by subsidiary		(11,572)	-
Net cash (outflow) inflow from financing activities		(55,265)	741,133
Effect of changes in exchange rates on cash and cash equivalents		1,449	13,702
Increase in cash and cash equivalents during the period		84,725	72,298
Opening balance of cash and cash equivalents		821,990	690,474
Ending balance of cash and cash equivalents		<u>\$ 906,715</u>	<u>\$ 762,772</u>

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

Chairman: Wu, Sheng-Hsien

Manager: Kou, Chung-Shan

Accounting Manager: Huang, Hsiang-Chun

Highlight Tech Corp. and its Subsidiaries
Notes to Consolidated Financial Statements
Nine Months Ended Sept. 30, 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 Nov. 8, 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:

<u>New/ Revised/ Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
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

The table below summarizes the new, revised, and amended IFRSs endorsed by the FSC, applicable to 2025:

<u>New/ Revised/ Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	Jan. 1, 2025

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

(3) The effect of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

<u>New/ Revised/ Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	Jan. 1, 2026
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
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	Jan. 1, 2027
Annual Improvements to IFRS Accounting Standards - Volume 11	Jan. 1, 2026

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. Summary of Significant Accounting Policies

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) Statement of compliance

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) Basis of preparation

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:

Name of Investor	Name of subsidiary	Nature of business	Shareholding percentage			Notes
			Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023	
Highlight Tech Corp.	Finesse Technology Co., Ltd.	Electronic components, mechanical equipment maintenance and sales of related components	33.29	33.29	35.51	Notes 1, 7
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	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 parts and retail of mechanical appliances and electronic materials	100.00	100.00	100.00	Note 3
Highlight Tech Corp.	Schmidt Scientific Taiwan Ltd.	Sales of medical equipment, electronic components, optical instruments, and automatic solar combined tabbers and stringers	60.96	57.17	57.17	Note 6
Finesse Technology Co., Ltd.			15.18	15.18	15.18	
Highlight Tech Corp.	Litho Med Trading Co., Ltd.	Wholesale and retail of medical instruments and machinery	100.00	-	-	Notes 5, 8
Finesse Technology Co., Ltd.	Finesse Technology Co., Ltd.	Semiconductor key subsystem development, material sourcing, manufacturing, assembly, testing, sales, and repair and maintenance services.	100.00	100.00	100.00	Notes 4, 7

Name of Investor	Name of subsidiary	Nature of business	Shareholding percentage			Notes
			Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023	
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 7
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 7
Highlight Tech System International Limited	Highlight Tech System (Shanghai) Corp.	Mechanical equipment manufacturing, electronic component design, manufacturing wholesale and retail.	100.00	100.00	100.00	Note 7

Note 1: As the Company is the single largest shareholder of Finesse Technology Co., Ltd., and both parties' number of board directorships and key management are the same, Finesse Technology is listed as a subsidiary. In 2023, the Group's shareholding ratio decreased from 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(27) for more descriptions.

Note 4: The Group established Finesse Technology Co., Ltd. on Jul. 28, 2023 with capital injection made in same month. The incorporation registration has been completed.

Note 5: The Group acquired 100% of equity and gained control over Litho Med Trading Co., Ltd. in July 2024. Please refer to the details in Note 6(28).

Note 6: During the third quarter of 2024, the Company acquired non-controlling interests in its subsidiary, Schmidt Scientific Taiwan Ltd., in cash, so its shareholding increased from 57.17% to 60.96%. Please refer to Note 6(27) for details.

Note 7: The financial statements of Finesse Technology Co., Ltd. and its subsidiaries for the nine months ended Sept. 30, 2024 were reviewed by other CPAs.

Note 8: The financial statements of Litho Med Trading Co., Ltd. for the nine months ended Sept. 30, 2024 were not reviewed by a CPA.

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 Sept. 30, 2024, Dec. 31, 2023, and Sept. 30, 2023 were \$638,804, \$649,899, and \$621,133 respectively. The information on the non-controlling interests that are material to the Group and its subsidiaries is as follows:

Name of subsidiary	Principal business premises	Non-controlling interests					
		Sept. 30, 2024		Dec. 31, 2023		Sept. 30, 2023	
		Amount	Shareholding (%)	Amount	Shareholding (%)	Amount	Shareholding (%)
Finesse Technology Co., Ltd.	Taiwan	\$ 614,111	66.71%	\$ 610,749	66.71%	\$ 582,306	64.49%

Aggregate financial information of subsidiaries:

Balance sheet

	Finesse Technology Co., Ltd. and its Subsidiaries	
	Sept. 30, 2024	Sept. 30, 2023
Current assets	\$ 828,771	\$ 844,574
Non-current assets	345,718	349,842
Current liabilities	(237,853)	(224,637)
Non-current liabilities	(19,361)	(68,744)
Total net assets	<u>\$ 917,275</u>	<u>\$ 901,035</u>

Statement of comprehensive income

	Finesse Technology Co., Ltd. and its Subsidiaries	
	For the nine months ended Sept. 30	
	2024	2023
Revenue	\$ 574,093	\$ 559,149
Net income before tax	93,775	106,587
Income tax expense	(17,397)	(19,062)
Profit	76,378	87,525
Current period other comprehensive income (net amount after tax)	4,490	1,672
Total comprehensive income	<u>\$ 80,868</u>	<u>\$ 89,197</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 53,947</u>	<u>\$ 57,523</u>
Payment of dividends to non-controlling interests	<u>\$ 57,159</u>	<u>\$ 63,756</u>

Statement of cash flows

	Finesse Technology Co., Ltd. and its Subsidiaries	
	For the nine months ended Sept. 30	
	2024	2023
Net cash inflow from operating activities	\$ 81,238	\$ 65,017
Net cash (outflow) inflow from investing activities	(18,548)	(5,109)
Net cash (outflow) inflow from financing activities	(91,643)	2,527
Effect of changes in exchange rates on cash and cash equivalents	3,636	1,332
Increase (decrease) in cash and cash equivalents during the period	(25,317)	63,767
Opening balance of cash and cash equivalents	324,021	268,227
Ending balance of cash and cash equivalents	\$ 298,704	\$ 331,994

(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) Liabilities 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 fair value through profit or loss

- 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) Lessor's lease transactions – lease receivables/operating leases

Lease income from operating leases, net of any incentives given to the lessee, is amortized on a straight-line basis over the lease term and recognized as current profit or loss.

(14) 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.

(15) 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.

(16) 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

(17) 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.

(18) 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.

(19) 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.

(20) 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.

(21) 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.

(22) Derecognition of financial liabilities

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

(23) 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.

(24) 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.

(25) 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.

(26) 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.

(27) 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.

(28) 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.

(29) Business combination

A. The Group adopts the acquisition method for business combinations. The consideration for business combinations is calculated at the fair values of the assets transferred, liabilities incurred or assumed, and equity instruments issued. The consideration for transfer includes the fair values of any assets and liabilities arising from contingent consideration agreements. Acquisition-related costs are recognized as expenses when incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values on the date of acquisition. The Group takes individual acquisition transactions as the basis; if the components of the non-controlling interests are part of the present ownership interests and the holder is entitled to the net assets of the acquiree on a pro rata basis when liquidation occurs, the non-controlling interests are measured at fair value on the acquisition date or as a ratio of non-controlling interests to the acquiree's identifiable net assets; all other components of non-controlling interests are measured at fair value on the acquisition date.

B. If the total fair value of the consideration for transfer, the non-controlling interests of the acquiree, and the previously held interests in the acquiree exceeds that of the identifiable assets acquired and liabilities assumed, it is recognized as goodwill on the acquisition date.

If the latter exceeds the former, the difference is recognized as current profit or loss on the acquisition date.

(30) 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 Sept. 30, 2024, the carrying amount of the Group's inventory was \$1,357,651.

6. Summary of Significant Accounting Titles

(1) Cash and cash equivalents

	Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023
Cash on hand and petty cash	\$ 768	\$ 804	\$ 836
Check deposits and demand deposits	885,947	801,186	741,936
Time deposits	20,000	20,000	20,000
	<u>\$ 906,715</u>	<u>\$ 821,990</u>	<u>\$ 762,772</u>

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 at fair value through other comprehensive income

Item	Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023
Non-current items:			
Equity instruments			
Non-TWSE/TPEX listed stocks and stocks not listed on the emerging stock market	\$ 6,007	\$ 6,007	\$ 6,007

(3) Financial assets at amortized cost

Item	Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023
Current items:			
Time deposits with original maturity date of more than 3 months	\$ 21,732	\$ 47,576	\$ 77,320

Non-current items:

Time deposits with original maturity date of more than 1 year	\$ 18,067	\$ 17,341	\$ 17,978
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- 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 Sept. 30, 2024, Dec. 31, 2023, and Sept. 30, 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.

(4) Notes and accounts receivable

	Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023
Notes receivable	\$ 34,754	\$ 131,194	\$ 44,947
Accounts receivable	\$ 762,574	\$ 821,006	\$ 1,029,003
Less: Allowance for uncollectible amounts	(23,058)	(24,924)	(23,736)
	<u>\$ 739,516</u>	<u>\$ 796,082</u>	<u>\$ 1,005,267</u>

- 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 Sept. 30, 2024, Dec. 31, 2023, and Sept. 30, 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 Sept. 30, 2024, Dec. 31, 2023, and Sept. 30, 2023 were equivalent to their carrying amounts, respectively.

(5) Inventories

	<u>Sept. 30, 2024</u>	<u>Dec. 31, 2023</u>	<u>Sept. 30, 2023</u>
Raw materials	\$ 422,717	\$ 409,806	\$ 432,014
Work in progress	247,424	152,744	192,981
Finished goods	519,651	598,743	625,616
Merchandise	<u>167,859</u>	<u>207,540</u>	<u>198,562</u>
	<u>\$ 1,357,651</u>	<u>\$ 1,368,833</u>	<u>\$ 1,449,173</u>

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

	<u>For the three months ended Sept. 30</u>	
	<u>2024</u>	<u>2023</u>
Cost of inventory sold	\$ 536,427	\$ 623,866
Inventory valuation losses (gain from inventory price recovery)	(772)	(1,800)
Others	<u>90,347</u>	<u>111,032</u>
	<u>\$ 626,002</u>	<u>\$ 733,098</u>
	<u>For the nine months ended Sept. 30</u>	
	<u>2024</u>	<u>2023</u>
Cost of inventory sold	\$ 1,471,372	\$ 1,771,403
Inventory valuation losses	16,465	2,168
Others	<u>397,717</u>	<u>392,828</u>
	<u>\$ 1,885,554</u>	<u>\$ 2,166,399</u>

The Group already provided allowances for inventory valuation losses, thus resulting in gains on inventory value recovery.

(6) Investments accounted for using equity method

	<u>2024</u>		<u>2023</u>
Jan. 1	\$ 210,286	\$	243,126
Share of investment income and loss using the equity method	319	(	12,807)
Issue of cash dividends	-	(	5,949)
Changes in capital surplus	-	(	11,844)
Changes in other equity interests	-	(	1,341)
Sept. 30	<u>\$ 210,605</u>	<u>\$</u>	<u>211,185</u>
	<u>Sept. 30, 2024</u>	<u>Dec. 31, 2023</u>	<u>Sept. 30, 2023</u>
Associate:			
Htc & Solar Tech Service Limited	<u>\$ 210,605</u>	<u>\$ 210,286</u>	<u>\$ 211,185</u>

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.

(7) Property, plant and equipment

	2024								Total
	Land	Buildings, and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	Equipment to be inspected	
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)
	<u>\$ 1,169,343</u>	<u>\$ 1,682,693</u>	<u>\$ 325,947</u>	<u>\$ 3,587</u>	<u>\$ 16,455</u>	<u>\$ 8,768</u>	<u>\$ 92,924</u>	<u>\$ 8,077</u>	<u>\$ 3,307,794</u>
Jan. 1	\$ 1,169,343	\$ 1,682,693	\$ 325,947	\$ 3,587	\$ 16,455	\$ 8,768	\$ 92,924	\$ 8,077	\$ 3,307,794
Additions	-	4,067	22,977	691	2,654	-	29,647	68,316	128,352
Acquired through business combinations	-	-	-	-	-	-	70,000	-	70,000
Disposal	-	-	(521)	(756)	(2)	-	-	-	(1,279)
Transfer	-	5,807	50,504	149	1,639	-	16,198	(7,695)	66,602
Depreciation expenses	-	(63,704)	(59,701)	(853)	(4,066)	(1,189)	(23,333)	-	(152,846)
Net exchange difference	-	4,112	815	125	113	-	1,026	1,510	7,701
Sept. 30	<u>\$ 1,169,343</u>	<u>\$ 1,632,975</u>	<u>\$ 340,021</u>	<u>\$ 2,943</u>	<u>\$ 16,793</u>	<u>\$ 7,579</u>	<u>\$ 186,462</u>	<u>\$ 70,208</u>	<u>\$ 3,426,324</u>
Sept. 30									
Costs	\$ 1,169,343	\$ 2,257,291	\$ 762,626	\$ 6,670	\$ 49,025	\$ 18,034	\$ 308,463	\$ 70,208	\$ 4,641,660
Accumulated depreciation	-	(624,316)	(422,605)	(3,727)	(32,232)	(10,455)	(122,001)	-	(1,215,336)
	<u>\$ 1,169,343</u>	<u>\$ 1,632,975</u>	<u>\$ 340,021</u>	<u>\$ 2,943</u>	<u>\$ 16,793</u>	<u>\$ 7,579</u>	<u>\$ 186,462</u>	<u>\$ 70,208</u>	<u>\$ 3,426,324</u>

		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		-	(573,590)	(412,072)	(7,318)	(34,917)	(61,012)	(95,422)	-	(1,184,331)
	\$	<u>1,127,124</u>	<u>\$ 1,463,397</u>	<u>\$ 239,244</u>	<u>\$ 4,051</u>	<u>\$ 10,134</u>	<u>\$ 3,596</u>	<u>\$ 52,373</u>	<u>\$ 219,568</u>	<u>\$ 3,119,487</u>
Jan. 1		\$ 1,127,124	\$ 1,463,397	\$ 239,244	\$ 4,051	\$ 10,134	\$ 3,596	\$ 52,373	\$ 219,568	\$ 3,119,487
Additions		-	15,152	27,915	636	1,974	3,265	34,817	66,006	149,765
Disposal		-	-	(194)	(936)	(810)	-	(4)	-	(1,944)
Reclassification		42,219	49,938	46,306	1,498	2,240	5,689	9,906	(113,998)	43,798
Depreciation expenses		-	(54,156)	(50,261)	(1,226)	(3,353)	(1,628)	(16,982)	-	(127,606)
Net exchange difference		-	2,079	424	32	31	-	392	-	2,958
Sept. 30	\$	<u>1,169,343</u>	<u>\$ 1,476,410</u>	<u>\$ 263,434</u>	<u>\$ 4,055</u>	<u>\$ 10,216</u>	<u>\$ 10,922</u>	<u>\$ 80,502</u>	<u>\$ 171,576</u>	<u>\$ 3,186,458</u>
Sept. 30										
Costs	\$	1,169,343	\$ 2,019,667	\$ 661,367	\$ 7,581	\$ 42,524	\$ 20,074	\$ 184,672	\$ 171,576	\$ 4,276,804
Accumulated depreciation		-	(543,257)	(397,933)	(3,526)	(32,308)	(9,152)	(104,170)	-	(1,090,346)
	\$	<u>1,169,343</u>	<u>\$ 1,476,410</u>	<u>\$ 263,434</u>	<u>\$ 4,055</u>	<u>\$ 10,216</u>	<u>\$ 10,922</u>	<u>\$ 80,502</u>	<u>\$ 171,576</u>	<u>\$ 3,186,458</u>

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

	For the nine months ended Sept. 30	
	2024	2023
Capitalized amount	\$ -	\$ 2,062
Capitalized interest rate range	-	1.194%~1.5024%

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 nine months ended Sept. 30, 2024 was from prepayments for equipment (under other non-current assets).

(8) 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:

	Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 23,791	\$ 23,249	\$ 24,368
Buildings	52,532	14,159	8,008
Transportation equipment (company cars)	21,949	27,301	26,796
Other equipment	1,403	-	-
	<u>\$ 99,675</u>	<u>\$ 64,709</u>	<u>\$ 59,172</u>

	For the three months ended Sept. 30	
	2024	2023
	Depreciation expenses	Depreciation expenses
Land	\$ 316	\$ 398
Buildings	3,691	981
Transportation equipment (company cars)	2,589	3,267
Other equipment	40	-
	<u>\$ 6,636</u>	<u>\$ 4,646</u>

	For the nine months ended Sept. 30	
	2024	2023
	Depreciation expenses	Depreciation expenses
Land	\$ 1,217	\$ 1,278
Buildings	6,551	4,958
Transportation equipment (company cars)	9,641	9,828
Other equipment	40	-
	<u>\$ 17,449</u>	<u>\$ 16,064</u>

- C. The additions of the Group's right-of-use assets during the nine months ended Sept. 30, 2024 and 2023 were \$55,039 and \$21,722, respectively.

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

	For the three months ended Sept. 30	
	2024	2023
<u>Items affecting current profit or loss</u>		
Interest expense on lease liability	\$ 460	\$ 122
Expenses related to short-term lease contracts	821	4,348
Expenses related to leasing of low-value assets	836	641
Gains from lease modification	-	1

	For the nine months ended Sept. 30	
	2024	2023
<u>Items affecting current profit or loss</u>		
Interest expense on lease liability	\$ 1,468	\$ 472
Expenses related to short-term lease contracts	4,114	13,475
Expenses related to leasing of low-value assets	1,986	2,300
Gains from lease modification	-	823

E. The Group's total cash outflows from leases during the nine months ended Sept. 30, 2024 and 2023 were \$23,327 and \$31,714, respectively.

(9) Intangible assets

	2024					
	<u>Goodwill</u>	<u>Customer relations</u>	<u>Computer software</u>	<u>Professional technologies</u>	<u>Royalties</u>	<u>Total</u>
Jan. 1						
Costs	\$ 51,471	\$ 56,047	\$ 70,217	\$ 7,500	\$ 500	\$ 185,735
Accumulated amortization	<u>-</u>	<u>(49,844)</u>	<u>(24,653)</u>	<u>(6,772)</u>	<u>(500)</u>	<u>(81,769)</u>
	<u>\$ 51,471</u>	<u>\$ 6,203</u>	<u>\$ 45,564</u>	<u>\$ 728</u>	<u>\$ -</u>	<u>\$ 103,966</u>
Jan. 1	\$ 51,471	\$ 6,203	\$ 45,564	\$ 728	\$ -	\$ 103,966
Additions	-	-	11,315	-	-	11,315
Amortization expenses	-	(775)	(12,981)	(386)	-	(14,142)
Net exchange difference	<u>-</u>	<u>-</u>	<u>134</u>	<u>-</u>	<u>-</u>	<u>134</u>
Sept. 30	<u>\$ 51,471</u>	<u>\$ 5,428</u>	<u>\$ 44,032</u>	<u>\$ 342</u>	<u>\$ -</u>	<u>\$ 101,273</u>
Sept. 30						
Costs	\$ 51,471	\$ 56,047	\$ 79,820	\$ 7,500	\$ 500	\$ 195,338
Accumulated amortization	<u>-</u>	<u>(50,619)</u>	<u>(35,788)</u>	<u>(7,158)</u>	<u>(500)</u>	<u>(94,065)</u>
	<u>\$ 51,471</u>	<u>\$ 5,428</u>	<u>\$ 44,032</u>	<u>\$ 342</u>	<u>\$ -</u>	<u>\$ 101,273</u>
	2023					
	<u>Goodwill</u>	<u>Customer relations</u>	<u>Computer software</u>	<u>Professional technologies</u>	<u>Royalties</u>	<u>Total</u>
Jan. 1						
Costs	\$ 51,471	\$ 56,047	\$ 78,374	\$ 7,500	\$ 500	\$ 193,892
Accumulated amortization	<u>-</u>	<u>(41,192)</u>	<u>(36,615)</u>	<u>(6,483)</u>	<u>(500)</u>	<u>(84,790)</u>
	<u>\$ 51,471</u>	<u>\$ 14,855</u>	<u>\$ 41,759</u>	<u>\$ 1,017</u>	<u>\$ -</u>	<u>\$ 109,102</u>
Jan. 1	\$ 51,471	\$ 14,855	\$ 41,759	\$ 1,017	\$ -	\$ 109,102
Additions	-	-	15,437	-	-	15,437
Reclassification	-	-	290	-	-	290
Amortization expenses	-	(6,489)	(12,767)	(289)	-	(19,545)
Net exchange difference	<u>-</u>	<u>-</u>	<u>51</u>	<u>-</u>	<u>-</u>	<u>51</u>
Sept. 30	<u>\$ 51,471</u>	<u>\$ 8,366</u>	<u>\$ 44,770</u>	<u>\$ 728</u>	<u>\$ -</u>	<u>\$ 105,335</u>
Sept. 30						
Costs	\$ 51,471	\$ 56,047	\$ 66,218	\$ 7,500	\$ 500	\$ 181,736
Accumulated amortization	<u>-</u>	<u>(47,681)</u>	<u>(21,448)</u>	<u>(6,772)</u>	<u>(500)</u>	<u>(76,401)</u>
	<u>\$ 51,471</u>	<u>\$ 8,366</u>	<u>\$ 44,770</u>	<u>\$ 728</u>	<u>\$ -</u>	<u>\$ 105,335</u>

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

	For the three months ended Sept. 30	
	2024	2023
Operating costs	\$ 1,500	\$ 1,543
Selling and marketing expenses	451	586
Administrative expenses	1,046	3,167
Research and development expenses	317	1,522
	<u>\$ 3,314</u>	<u>\$ 6,818</u>

	For the nine months ended Sept. 30	
	2024	2023
Operating costs	\$ 5,114	\$ 4,908
Selling and marketing expenses	1,484	1,593
Administrative expenses	3,336	9,191
Research and development expenses	4,208	3,853
	<u>\$ 14,142</u>	<u>\$ 19,545</u>

B. The goodwill generated by the Group's acquisition of Finesse Technology Co., Ltd. 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 Co., Ltd. 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 nine months ended Sept. 30, 2024 and 2023.

(11) Other non-current assets

	Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023
Prepayment for land and equipment	\$ 78,393	\$ 76,500	\$ 113,670
Refundable deposits	16,364	11,514	12,705
Others	228	329	-
	<u>\$ 94,985</u>	<u>\$ 88,343</u>	<u>\$ 126,375</u>

(12) Short-term borrowings

<u>Category of borrowings</u>	<u>Sept. 30, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	\$ <u>143,000</u>	1.86% - 3.33%	-
<u>Category of borrowings</u>	<u>Dec. 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	\$ <u>807,000</u>	1.61% - 2.22%	-
<u>Category of borrowings</u>	<u>Sept. 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	\$ <u>979,000</u>	1.61% - 2.05%	-

(13) Other payables

	<u>Sept. 30, 2024</u>	<u>Dec. 31, 2023</u>	<u>Sept. 30, 2023</u>
Salaries and bonuses payable	\$ 142,184	\$ 168,058	\$ 225,476
Remuneration payable to directors, supervisors and employees	72,700	118,288	92,251
Equipment payable	47,600	38,829	64,193
Travel allowances payable to employees	13,334	17,849	43,414
Unused annual leave payable	19,337	18,878	18,107
Pension payable	4,413	4,406	4,336
Payable for capital reduction	236,404	-	-
Others	<u>80,652</u>	<u>97,764</u>	<u>78,123</u>
	<u>\$ 616,624</u>	<u>\$ 464,072</u>	<u>\$ 525,900</u>

(14) Long-term borrowings

<u>Category of borrowings</u>	<u>Borrowing period and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>Sept. 30, 2024</u>
Long-term bank borrowings				
Secured borrowings	From Feb. 26, 2020 through Feb. 26, 2040, and interest will be paid monthly.	1.375% - 2.075%	Land and buildings	\$ 1,892,944
Credit borrowings	From Nov. 1, 2023 through Oct. 31, 2028, and interest will be paid monthly.	1.71% - 3.36%	-	<u>512,443</u>
				2,405,387
Less: Long-term borrowings due within one year or one operating cycle				(<u>564,634</u>)
				<u>\$ 1,840,753</u>

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% - 1.95%	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%	-	<u>153,933</u>
				1,745,810
Less: Long-term borrowings due within one year or one operating cycle				<u>(324,121)</u>
				<u>\$ 1,421,689</u>

Category of borrowings	Borrowing period and repayment method	Interest rate range	Collateral	Sept. 30, 2023
Long-term bank borrowings				
Secured borrowings	From Feb. 26, 2020 through Feb. 26, 2040, and interest will be paid monthly.	1.25% - 2.00%	Land and buildings	\$ 1,601,049
Less: Long-term borrowings due within one year or one operating cycle				<u>(216,407)</u>
				<u>\$ 1,384,642</u>

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 and nine months ended Sept. 30, 2024 and 2023 were \$4, \$5, \$11, and \$15, 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 and nine months ended Sept. 30, 2024 and 2023 were \$10,746, \$9,796, \$30,906, and \$27,665, respectively.

(16) Share-based payment

- A. The share-based payment agreement of the subsidiary, Finesse Technology Co., Ltd., during the nine months ended Sept. 30, 2024 and 2023 is as follows:

Type of agreement	Grant date	Quantity granted	Vesting conditions
Employee stock option plan	2022.5.12	2,000	-
Employee stock option plan	2023.4.3	600	-
Employee stock option plan	2023.4.3	2,000	-
Restricted stock awards plan (Note)	2022.5.12	300 thousand shares	Performance conditions

Note: Rights that are restricted after allotment of new shares but before vesting conditions are met for restricted stock awards:

- (A) Employees should hand over the restricted stock awards they subscribed to a custodian and may not sell, pledge, transfer, give away to others, set duties on, or otherwise dispose of the awards before meeting the vesting conditions.
- (B) After the restricted stock awards are issued, they should be immediately handed over to the custodian and no request may be made to the trustee for the return of the restricted stock awards for any reason or in any manner before the vesting conditions are met.
- (C) During the vesting period, one with the restricted stock awards can participate in allotments of shares and distribution of dividends.

(D) The voting rights of the shareholders' meeting should be exercised by the custodian in accordance with applicable laws and regulations.

B. An employee stock option plan issued on May 12, 2022:

	<u>For the nine months ended Sept. 30, 2023</u>	
	<u>Number of stock options</u>	<u>Weighted average strike price (NTD)</u>
Stock options outstanding at the beginning of the period	995	\$ 32
Stock options lost in this period	(23)	32.2
Stock options exercised in this period	(968)	26.44
Stock options expiring in this period	(4)	-
Stock options outstanding at the end of the period	<u>-</u>	-
Exercisable stock options at the end of the period	<u>-</u>	-

C. An employee stock option plan with 600 units was issued on Apr. 3, 2023:

	<u>For the nine months ended Sept. 30, 2023</u>	
	<u>Number of stock options</u>	<u>Weighted average strike price (NTD)</u>
Stock options outstanding at the beginning of the period	-	\$ -
Stock options granted in this period	600	40
Stock options exercised in this period	(600)	33.84
Stock options outstanding at the end of the period	<u>-</u>	-
Exercisable stock options at the end of the period	<u>-</u>	-

D. An employee stock option plan with 2,000 units was issued on Apr. 3, 2023:

	For the nine months ended Sept. 30			
	2024		2023	
	Number of stock options	Weighted average strike price (NTD)	Number of stock options	Weighted average strike price (NTD)
Stock options outstanding at the beginning of the period	2,000	\$ 45.00	-	\$ -
Stock options granted in this period	-	-	2,000	45.00
Stock options outstanding at the end of the period	2,000	-	2,000	45.00
Exercisable stock options at the end of the period	-	-	-	-

E. The restricted stock awards issued on May 12, 2022:

	For the nine months ended Sept. 30, 2023	
	Quantity (in thousands of shares)	
Restricted stock awards at the beginning of the period		300
Number of awards vested in this period	(	300)
Restricted stock awards at the end of the period		-

F. As for the above share-based payment - employee stock options, the Black-Scholes model was adopted to estimate the fair value of the stock options. The relevant information is as follows:

Type of agreement	Grant date	Stock price (Note)	Strike price	Expected volatility	Expected duration	Expected dividends	Risk-free rate	Fair value per unit
Employee stock option plan	2022.5.12	-	32.20	43.83% - 45.21%	0.43 - 1.09 years	-	0.67% - 0.75%	49.67
Employee stock option plan	2023.4.3	-	40.00	21.81%	0.173 years	-	1.154%	42.60
Employee stock option plan	2023.4.3	-	45.00	40.92% - 41.94%	3 - 3.5 years	-	1.0626% - 1.0839%	42.60

Note: Finesse Technology Co., Ltd. undertook a public offering on Sept. 22, 2023.

G. The expenses incurred for share-based payment are as follows:

	For the nine months ended Sept. 30	
	2024	2023
Employee stock options	\$ 6,568	\$ 11,813
Restricted stock awards	-	1,145
Total	<u>\$ 6,568</u>	<u>\$ 12,958</u>

(17) Share capital

A. As of Sept. 30, 2024, the Group's authorized capital was \$2,500 thousand and paid-in capital was \$945,613, totaling 94,561,343 shares, at a par value of \$10 per share. The Company has received all the capital payments for the shares issued.

The number of outstanding shares of the Company's common stock at the beginning and end of the period is adjusted as follows:

	2024	2023
Jan. 1	\$ 118,201,679	\$ 118,201,679
Reduced capital	(23,640,336)	-
Sept. 30	<u>\$ 94,561,343</u>	<u>\$ 118,201,679</u>

B. To increase the return on shareholders' equity and adjust the capital structure, the shareholders' meeting approved a cash capital reduction on Jun. 7, 2024 to return shareholders' shares. The amount of capital reduction was \$236,404 and with 23,640 thousand shares canceled and a capital reduction ratio of 20%. The above-mentioned capital reduction proposal has been approved by the competent authority and taken effect on Jul. 18, 2024, with the record date of capital reduction on Jul. 19, 2024.

(18) 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.

	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	Total
Jan. 1, 2024	\$ 297,538	\$ 2,765	\$ 45,537	\$ 215	\$ 15,235	\$ 361,290
Changes in ownership interests in subsidiaries and associates recognized in proportion to shareholdings	-	-	2,268	-	-	2,268
Sept. 30, 2024	<u>\$ 297,538</u>	<u>\$ 2,765</u>	<u>\$ 47,805</u>	<u>\$ 215</u>	<u>\$ 15,235</u>	<u>\$ 363,558</u>

	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	Total
Jan. 1, 2023	\$ 399,192	\$ 2,765	\$ 28,010	\$ 215	\$ 15,235	\$ 445,417
Restricted stock awards issued by subsidiaries	-	-	8,227	-	-	8,227
Cash dividends distributed from capital surplus	(101,654)	-	-	-	-	(101,654)
Changes in ownership interests in subsidiaries and associates recognized in proportion to shareholdings	-	-	(11,844)	-	-	(11,844)
Sept. 30, 2023	<u>\$ 297,538</u>	<u>\$ 2,765</u>	<u>\$ 24,393</u>	<u>\$ 215</u>	<u>\$ 15,235</u>	<u>\$ 340,146</u>

(19) 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(24).
- 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	<u>\$ 35,684</u>	<u>\$ -</u>	<u>\$ 367,934</u>	<u>\$ 2.70</u>

The above earnings distribution proposals have been approved as resolved by the board of directors on Mar. 8, 2024 and Feb. 23, 2023, respectively, and approved as resolved by the annual shareholders' meeting on Jun. 7, 2024 and Jun. 8, 2023, respectively.

(20) Operating revenue

	For the three months ended Sept. 30	
	2024	2023
Merchandise sales revenue	\$ 595,820	\$ 797,102
Service income	356,261	199,332
Others	1,377	102,705
	<u>\$ 953,458</u>	<u>\$ 1,099,139</u>

	For the nine months ended Sept. 30	
	2024	2023
Merchandise sales revenue	\$ 1,842,277	\$ 1,992,456
Service income	1,048,033	920,976
Others	4,222	363,440
	<u>\$ 2,894,532</u>	<u>\$ 3,276,872</u>

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 Sept. 30, 2024	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Total
Segment revenue	\$ 535,969	\$ 176,252	\$ 251,769	\$ 98,802	\$ 1,062,792
Income from inter-segment transactions	(37,909)	(1,928)	(66,446)	(3,051)	(109,334)
Revenue from contracts with external customers	<u>\$ 498,060</u>	<u>\$ 174,324</u>	<u>\$ 185,323</u>	<u>\$ 95,751</u>	<u>\$ 953,458</u>
Timing of revenue recognition					
Revenue recognized at a point in time	\$ 248,737	\$ 173,779	\$ 96,239	\$ 78,442	\$ 597,197
Revenue recognized gradually over time	<u>249,323</u>	<u>545</u>	<u>89,084</u>	<u>17,309</u>	<u>356,261</u>
	<u>\$ 498,060</u>	<u>\$ 174,324</u>	<u>\$ 185,323</u>	<u>\$ 95,751</u>	<u>\$ 953,458</u>

For the three months ended Sept. 30, 2023	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Total
Segment revenue	\$ 651,889	\$ 277,961	\$ 251,786	\$ 36,748	\$ 1,182,384
Income from inter-segment transactions	(47,487)	(2,333)	(32,971)	(454)	(83,245)
Revenue from contracts with external customers	<u>\$ 604,402</u>	<u>\$ 275,628</u>	<u>\$ 182,815</u>	<u>\$ 36,294</u>	<u>\$ 1,099,139</u>
Timing of revenue recognition					
Revenue recognized at a point in time	\$ 510,565	\$ 275,628	\$ 95,465	\$ 18,149	\$ 899,807
Revenue recognized gradually over time	<u>93,837</u>	<u>-</u>	<u>87,350</u>	<u>18,145</u>	<u>199,332</u>
	<u>\$ 604,402</u>	<u>\$ 275,628</u>	<u>\$ 182,815</u>	<u>\$ 36,294</u>	<u>\$ 1,099,139</u>

For the nine months ended Sept. 30, 2024	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Total
Segment revenue	\$ 1,722,641	\$ 603,811	\$ 639,817	\$ 173,643	\$ 3,139,912
Income from inter-segment transactions	(153,961)	(5,220)	(73,972)	(12,227)	(245,380)
Revenue from contracts with external customers	<u>\$ 1,568,680</u>	<u>\$ 598,591</u>	<u>\$ 565,845</u>	<u>\$ 161,416</u>	<u>\$ 2,894,532</u>
Timing of revenue recognition					
Revenue recognized at a point in time	\$ 823,740	\$ 596,742	\$ 317,927	\$ 108,090	\$ 1,846,499
Revenue recognized gradually over time	<u>744,940</u>	<u>1,849</u>	<u>247,918</u>	<u>53,326</u>	<u>1,048,033</u>
	<u>\$ 1,568,680</u>	<u>\$ 598,591</u>	<u>\$ 565,845</u>	<u>\$ 161,416</u>	<u>\$ 2,894,532</u>

For the nine months ended Sept. 30, 2023	Finesse Technology Co., Ltd. and its Subsidiaries				Total
	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Others		
Segment revenue	\$ 2,005,104	\$ 725,169	\$ 662,406	\$ 184,232	\$ 3,576,911
Income from inter-segment transactions	(162,971)	(14,415)	(112,944)	(9,709)	(300,039)
Revenue from contracts with external customers	<u>\$ 1,842,133</u>	<u>\$ 710,754</u>	<u>\$ 549,462</u>	<u>\$ 174,523</u>	<u>\$ 3,276,872</u>
Timing of revenue recognition					
Revenue recognized at a point in time	\$ 1,215,223	\$ 710,754	\$ 317,090	\$ 112,829	\$ 2,355,896
Revenue recognized gradually over time	<u>626,910</u>	<u>-</u>	<u>232,372</u>	<u>61,694</u>	<u>920,976</u>
	<u>\$ 1,842,133</u>	<u>\$ 710,754</u>	<u>\$ 549,462</u>	<u>\$ 174,523</u>	<u>\$ 3,276,872</u>

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:

	Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023	Jan. 1, 2023
Contract assets	<u>\$ 378,560</u>	<u>\$ 195,147</u>	<u>\$ 175,935</u>	<u>\$ 16,475</u>
Contract liabilities	<u>\$ 134,064</u>	<u>\$ 130,515</u>	<u>\$ 120,919</u>	<u>\$ 233,144</u>

The opening balances of contract liabilities on Jan. 1, 2024 and 2023 were recognized in revenue of \$123,610 and \$209,217 for the nine months ended Sept. 30, 2024 and 2023, respectively.

(21) Other gains or losses

	For the three months ended Sept. 30	
	2024	2023
Gain (loss) on disposal of property, plant and equipment	\$ 1,125	(\$ 312)
Foreign currency exchange gains (loss)	(2,346)	10,593
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(134)	-
Others	(1,536)	(1,310)
	<u>(\$ 2,891)</u>	<u>\$ 8,971</u>
	For the nine months ended Sept. 30	
	2024	2023
Gain (loss) on disposal of property, plant and equipment	\$ 1,275	(\$ 129)
Foreign currency exchange gains	15,203	15,023
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(430)	116
Others	(7,699)	1,981
	<u>\$ 8,349</u>	<u>\$ 16,991</u>

(22) Financial costs

	For the three months ended Sept. 30	
	2024	2023
Interest on bank borrowings	\$ 10,769	\$ 9,673
Interest on lease liabilities	460	122
Less: Capitalized interest	-	(737)
	<u>\$ 11,229</u>	<u>\$ 9,058</u>

	For the nine months ended Sept. 30	
	2024	2023
Interest on bank borrowings	\$ 30,673	\$ 25,328
Interest on lease liabilities	1,468	472
Less: Capitalized interest	-	(2,062)
	<u>\$ 32,141</u>	<u>\$ 23,738</u>

(23) Depreciation and amortization

	For the three months ended t. 30	
	2024	2023
An analysis of depreciation expenses by function		
Operating costs	\$ 36,162	\$ 31,039
Operating expenses	23,590	17,203
	<u>\$ 59,752</u>	<u>\$ 48,242</u>

An analysis of amortization expenses by function		
Operating costs	\$ 2,317	\$ 1,543
Operating expenses	997	5,275
	<u>\$ 3,314</u>	<u>\$ 6,818</u>

	For the nine months ended Sept. 30	
	2024	2023
An analysis of depreciation expenses by function		
Operating costs	\$ 109,810	\$ 93,797
Operating expenses	60,485	49,873
	<u>\$ 170,295</u>	<u>\$ 143,670</u>

An analysis of amortization expenses by function		
Operating costs	\$ 5,114	\$ 4,908
Operating expenses	9,028	14,637
	<u>\$ 14,142</u>	<u>\$ 19,545</u>

(24) Employee benefits expenses

	For the three months ended Sept. 30	
	2024	2023
Salaries and wages expenses	\$ 188,823	\$ 179,522
Labor and health insurance expenses	16,425	15,756
Pension expense	10,750	9,801
Other personnel expenses	11,880	11,779
	<u>\$ 227,878</u>	<u>\$ 216,858</u>

	For the nine months ended Sept. 30	
	2024	2023
Salaries and wages expenses	\$ 575,038	\$ 620,321
Labor and health insurance expenses	46,277	45,511
Pension expense	30,917	27,680
Other personnel expenses	34,275	33,177
	<u>\$ 686,507</u>	<u>\$ 726,689</u>

- 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 and nine months ended Sept. 30, 2024 and 2023, the Company's estimated employee compensation amounted to \$5,756, \$12,268, \$29,802, and \$37,638, respectively; estimated director remuneration amounted to \$1,608, \$2,152, \$5,947, and \$6,603, 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.

(25) Income tax

A. Income tax expense

(A) Components of income tax expenses:

	For the three months ended Sept. 30	
	2024	2023
Current income tax:		
Income tax from current income	\$ 17,151	\$ 26,757
A surtax on unappropriated retained earnings	(834)	-
Income tax underestimates (overestimates) for prior years	<u>-</u>	<u>2</u>
Total current income tax	<u>16,317</u>	<u>26,759</u>
Deferred tax:		
Initial arising and reversal of temporary differences	(3,681)	(2,015)
Income tax expense	<u>\$ 12,636</u>	<u>\$ 24,744</u>

	For the nine months ended Sept. 30	
	2024	2023
Current income tax:		
Income tax from current income	\$ 50,757	\$ 78,940
A surtax on unappropriated retained earnings	12,651	-
Income tax underestimates (overestimates) for prior years	(18,786)	<u>4</u>
Total current income tax	<u>44,622</u>	<u>78,944</u>
Deferred tax:		
Initial arising and reversal of temporary differences	<u>2,412</u>	<u>1,701</u>
Income tax expense	<u>\$ 47,034</u>	<u>\$ 80,645</u>

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

	For the three months ended Sept. 30	
	2024	2023
Exchange differences on translating foreign operations	<u>\$ 1,373</u>	<u>(\$ 6,145)</u>

	For the nine months ended Sept. 30	
	2024	2023
Exchange differences on translating foreign operations	<u>(\$ 6,170)</u>	<u>(\$ 2,914)</u>

- B. The profit-seeking enterprise income tax returns filed by the Company and its subsidiaries: Finesse Technology Co., Ltd., Shanorm Tech Co., Ltd., and Schmidt Scientific Taiwan Ltd. up to 2022 have been approved by the tax authority.

(26) Earnings per share

	<u>For the three months ended Sept. 30, 2024</u>		
	<u>Amount after tax</u>	<u>Weighted average number of issued shares (in thousands)</u>	<u>Earnings per share (NTD)</u>
<u>Earnings per share - basic</u>			
Current net income attributable to ordinary shareholders of the parent company	\$ 69,387	99,187	\$ 0.70
<u>Earnings per share - diluted</u>			
Effect of potentially dilutive ordinary shares			
Employee compensation	-	446	
Current net income attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	\$ 69,387	99,633	\$ 0.70
<u>For the three months ended Sept. 30, 2023</u>			
	<u>Amount after tax</u>	<u>Weighted average number of issued shares (in thousands)</u>	<u>Earnings per share (NTD)</u>
<u>Earnings per share - basic</u>			
Current net income attributable to ordinary shareholders of the parent company	\$ 81,319	118,202	\$ 0.69
<u>Earnings per share - diluted</u>			
Effect of potentially dilutive ordinary shares			
Employee compensation	-	783	
Current net income attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	\$ 81,319	118,985	\$ 0.68

For the nine months ended Sept. 30, 2024		
	Weighted average number of issued shares (in thousands)	Earnings per share (NTD)
<u>Amount after tax</u>	<u>(in thousands)</u>	<u>(NTD)</u>
<u>Earnings per share - basic</u>		
Current net income attributable to ordinary shareholders of the parent company	111,817	\$ 2.11
<u>Earnings per share - diluted</u>		
Effect of potentially dilutive ordinary shares		
Employee compensation	668	
Current net income attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	112,485	\$ 2.10

For the nine months ended Sept. 30, 2023		
	Weighted average number of issued shares (in thousands)	Earnings per share (NTD)
<u>Amount after tax</u>	<u>(in thousands)</u>	<u>(NTD)</u>
<u>Earnings per share - basic</u>		
Current net income attributable to ordinary shareholders of the parent company	118,202	\$ 2.12
<u>Earnings per share - diluted</u>		
Effect of potentially dilutive ordinary shares		
Employee compensation	1,185	
Current net income attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	119,387	\$ 2.09

(27) Transactions with non-controlling interests

Acquisition of additional equity in subsidiary

- A. During the third quarter of 2024, the Company acquired non-controlling interests in its subsidiary, Schmidt Scientific Taiwan Ltd., in cash, so its shareholding increased from 57.17% to 60.96%. With this transaction, the non-controlling interests decreased by \$2,268 and the equity attributable to the parent company increased by \$2,268. The effect of the changes in the equity of Schmidt Scientific Taiwan Ltd. on the equity attributable to owners of the parent company for the nine months ended Sept. 30, 2024 is as follows:

	For the nine months ended Sept. 30, 2024	
Cash	(\$	1,585)
Carrying amount of non-controlling interests		<u>3,853</u>
Capital surplus recognized	\$	<u><u>2,268</u></u>

- B. In February 2023, the Company increased the capital of the subsidiary, Shanorm Tech Co., Ltd., in cash not in proportion to the shareholding and purchased shares from non-controlling interests in the second quarter of 2023, resulting in an increase in the Company's total shareholding from 99.26% to 100%, and the non-controlling interests increased by \$153 and the equity attributable to parent company decreased by \$153 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 nine months ended Sept. 30, 2023 is as follows:

	For the nine months ended Sept. 30, 2023	
Cash	(\$	448)
Carrying amount of non-controlling interests		<u>295</u>
Undistributed earnings recognized	(\$	<u><u>153</u></u>

(28) Business combination

- A. The Group acquired 100% of the equity of Litho Med Trading Co., Ltd. on Jul. 1, 2024, at an acquisition price \$100 thousand, in cash and gained control over Litho Med Trading Co., Ltd.

- B. The information on the consideration paid for the acquisition of Litho Med Trading Co., Ltd. and the assets acquired and the liabilities assumed at the fair value on the acquisition date is as follows:

	<u>Jun. 30, 2024</u>
Consideration received	
Cash	\$ 100,000
Fair value of identifiable assets acquired and liabilities assumed	
Cash	39,958
Accounts receivable	8,011
Current income tax assets	6
Inventories	10,880
Prepayments	532
Other current assets	44
Property, plant and equipment	70,000
Other non-current assets	6,300
Short-term borrowings	(5,000)
Notes payable	(1,621)
Accounts payable	(4,578)
Other payables	(16,275)
Long-term liabilities due within one year or one operating cycle	(5,888)
Other current liabilities	(17)
Long-term borrowings	(2,352)
Total identifiable net assets	<u>100,000</u>
	<u>\$ -</u>

- C. The fair value of the identifiable assets acquired and liabilities assumed was tentatively determined as the above amount, which is subject to retrospective adjustment after an appraisal report is received.
- D. Since the Group merged Litho Med Trading Co., Ltd. on Jul. 1, 2024, the operating revenue and the net income before tax contributed by the company were \$44,476 and \$9,548, respectively. If it is assumed that Litho Med Trading Co., Ltd. has been merged into the Group since January 1, 2024, the Group's operating revenue and net income before tax would have been \$2,942,196 and \$205,740, respectively.

(29) Supplementary information on cash flows

A. Investing activities with partial cash payment:

	For the nine months ended Sept. 30	
	2024	2023
Purchase of property, plant and equipment	\$ 128,352	\$ 149,765
Add: Equipment payable at the beginning of the period	38,829	181,135
Less: Equipment payable at the end of the period	(47,600)	(64,193)
Cash paid in this period	<u>\$ 119,581</u>	<u>\$ 266,707</u>

B. The Group's board of directors, on Mar. 10, 2023, approved by resolution the disposal of Finesse Lifecare Co., Ltd., and the Group completed the disposal in May, 2023, thus losing control over the subsidiary:

	Amount
Consideration received	
Cash	<u>\$ 135</u>
Carrying amount of assets and liabilities of Finesse Lifecare Co., Ltd.	
Cash	\$ 899
Accounts payable	(516)
Total net assets	<u>\$ 383</u>
Net cash outflow from disposal of subsidiary	
Consideration received in cash	\$ 135
Less: Balance of cash and cash equivalents from disposal	(899)
	<u>(\$ 764)</u>

(30) Changes in liabilities from financing activities

	For the nine months ended Sept. 30, 2024				
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits	Total
Jan. 1	\$ 807,000	\$ 1,745,810	\$ 46,002	\$ 1,134	\$ 2,599,946
Changes in cash flows of financing activities	(669,000)	651,337	(17,227)	(59)	(34,949)
Acquired through business combinations	5,000	8,240	-	-	13,240
Other non-cash changes	-	-	(3,896)	-	(3,896)
Acquisition of right-of-use assets	-	-	55,039	-	55,039
Impact from change in exchange rate	-	-	321	35	356
Sept. 30	<u>\$ 143,000</u>	<u>\$ 2,405,387</u>	<u>\$ 80,239</u>	<u>\$ 1,110</u>	<u>\$ 2,629,736</u>

	For the nine months ended Sept. 30, 2023				
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits	Total
Jan. 1	\$ 440,000	\$ 1,156,312	\$ 63,155	\$ 380	\$ 1,659,847
Changes in cash flows of financing activities	539,000	444,737	(15,467)	770	969,040
Acquisition of right-of-use assets	-	-	21,722	-	21,722
Impact from change in exchange rate	-	-	281	-	281
Other non-cash changes	-	-	(30,198)	9	(30,189)
Sept. 30	<u>\$ 979,000</u>	<u>\$ 1,601,049</u>	<u>\$ 39,493</u>	<u>\$ 1,159</u>	<u>\$ 2,620,701</u>

7. Related Party Transactions

(1) Name of related parties and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
Htc & Solar Tech Service Limited	Associate

(2) Significant transactions with related parties

A. Operating revenue

	For the three months ended Sept. 30	
	2024	2023
Sales revenue:		
Associate	\$ 68	\$ 15

	For the nine months ended Sept. 30	
	2024	2023
Sales revenue:		
Associate	\$ 664	\$ 94

(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 Sept. 30	
	2024	2023
Merchandise purchase:		
Associate	\$ 431	\$ 94

	For the nine months ended Sept. 30	
	2024	2023
Merchandise purchase:		
Associate	\$ 1,027	\$ 730

(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

	Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023
Accounts receivable:			
Associate	\$ 72	\$ 326	\$ 15

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

	Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023
Accounts payable:			
Associate	\$ 6,198	\$ 6,945	\$ 6,604
Other payables:			
Associate	\$ 1,422	\$ 249	\$ 152

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 and nine months ended Sept. 30, 2024 and 2023 were \$3,947, \$3,631, \$11,861, and \$12,120, respectively, which were recognized in production overheads.

(4) Information on remuneration of key management personnel

	For the three months ended Sept. 30	
	2024	2023
Short-term employee benefits	\$ 14,276	\$ 16,578
Post-employment benefits	261	205
	<u>\$ 14,537</u>	<u>\$ 16,783</u>
	For the nine months ended Sept. 30	
	2024	2023
Short-term employee benefits	\$ 44,378	\$ 52,038
Post-employment benefits	620	602
	<u>\$ 44,998</u>	<u>\$ 52,640</u>

8. Pledged assets

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

Asset	Book value			Purpose
	Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023	
Land	\$ 960,580	\$ 960,582	\$ 1,050,397	Long-term borrowings
Buildings, and structures	1,464,302	1,507,908	1,363,050	Long-term borrowings
Financial assets at amortized cost - non-current	7,035	3,008	3,000	Customs guarantee
Refundable deposits				Leases and golf club membership certificates
	<u>16,364</u>	<u>11,514</u>	<u>12,705</u>	
	<u>\$ 2,448,281</u>	<u>\$ 2,483,012</u>	<u>\$ 2,429,152</u>	

9. Significant Contingent Liabilities and Unrecognized Commitments

As of Sept. 30, 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.

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

	<u>Sept. 30, 2024</u>	<u>Dec. 31, 2023</u>	<u>Sept. 30, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income			
Designated equity instrument investments selected	\$ 6,007	\$ 6,007	\$ 6,007
Financial assets at amortized cost			
Cash and cash equivalents	\$ 906,715	\$ 821,990	\$ 762,772
Financial assets at amortized cost	39,799	64,917	95,298
Notes receivable	34,754	131,194	44,947
Accounts receivable (including related parties)	739,516	796,082	1,005,267
Other receivables	5,621	4,422	3,050
Refundable deposits	16,364	11,514	12,705
	<u>\$ 1,742,769</u>	<u>\$ 1,830,119</u>	<u>\$ 1,924,039</u>
	<u>Sept. 30, 2024</u>	<u>Dec. 31, 2023</u>	<u>Sept. 30, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 143,000	\$ 807,000	\$ 979,000
Short-term notes payable	50,000	-	50,000
Accounts payable (including related parties)	446,109	442,136	519,351
Other payables	616,624	464,072	525,900
Long-term borrowings (due within one year or one operating cycle)	2,405,387	1,745,810	1,601,049
Guarantee deposits	1,110	1,134	1,159
	<u>\$ 3,662,230</u>	<u>\$ 3,460,152</u>	<u>\$ 3,676,459</u>
Lease liabilities	<u>\$ 80,239</u>	<u>\$ 46,002</u>	<u>\$ 39,493</u>

B. Risk management policy

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 through a forecast of highly probable USD and CNY expenditures 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:

		Sept. 30, 2024		
		Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency:				
Functional currency)				
<u>Financial assets</u>				
<u>Monetary item</u>				
USD: NTD	\$	5,317	31.6500	\$ 168,283
USD: CNY		497	7.0074	15,730
CNY: NTD		6,744	4.5167	30,461
JPY: NTD		108,967	0.2223	24,223
<u>Financial liabilities</u>				
<u>Monetary item</u>				
USD: NTD	\$	797	31.6500	\$ 25,225
JPY: NTD		103,384	0.2223	22,982

		Dec. 31, 2023		
		Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary item</u>				
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
<u>Financial liabilities</u>				
<u>Monetary item</u>				
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
		Sept. 30, 2023		
		Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary item</u>				
USD: NTD	\$	7,756	32.2700	\$ 250,300
USD: CNY		749	7.1556	24,099
CNY: NTD		22,718	4.4946	102,109
JPY: NTD		278,633	0.2162	60,240
JPY: CNY		11,254	0.0502	2,539
<u>Financial liabilities</u>				
<u>Monetary item</u>				
USD: NTD	\$	2,103	32.2700	\$ 67,871
USD: CNY		37	7.1798	1,164
CNY: NTD		2,763	4.4946	12,421
JPY: NTD		74,283	0.2162	16,060

- d. The aggregate amounts of (realized and unrealized) exchange gains or losses of the Group's monetary items recognized for the nine months ended Sept. 30, 2024 and 2023 due to the significant impact of exchange rate fluctuations were \$15,203 and \$15,023, respectively.

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

		Sept. 30, 2024		
		Sensitivity analysis		
		Movement (%)	Impact on profit or loss	Impact on other comprehensive income
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary item</u>				
USD: NTD	±1%	\$	1,683 \$	-
USD: CNY	±1%		157	-
CNY: NTD	±1%		305	-
JPY: NTD	±1%		242	-
<u>Financial liabilities</u>				
<u>Monetary item</u>				
USD: NTD	±1%	\$	252 \$	-
JPY: NTD	±1%		230	-
		Dec. 31, 2023		
		Sensitivity analysis		
		Movement (%)	Impact on profit or loss	Impact on other comprehensive income
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary item</u>				
USD: NTD	±1%	\$	2,306 \$	-
USD: CNY	±1%		407	-
CNY: NTD	±1%		1,066	-
JPY: NTD	±1%		362	-
JPY: CNY	±1%		29	-
<u>Financial liabilities</u>				
<u>Monetary item</u>				
USD: NTD	±1%	\$	807 \$	-
USD: CNY	±1%		8	-
CNY: NTD	±1%		23	-
JPY: NTD	±1%		129	-

		Sept. 30, 2023		
		Sensitivity analysis		
		Movement (%)	Impact on profit or loss	Impact on other comprehensive income
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary item</u>				
USD: NTD	±1%	\$	2,503	\$ -
USD: CNY	±1%		241	-
CNY: NTD	±1%		1,021	-
JPY: NTD	±1%		602	-
JPY: CNY	±1%		25	-
<u>Financial liabilities</u>				
<u>Monetary item</u>				
USD: NTD	±1%	\$	679	\$ -
USD: CNY	±1%		12	-
CNY: NTD	±1%		124	-
JPY: NTD	±1%		161	-

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 nine months ended Sept. 30, 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 Sept. 30, 2024, Dec. 31, 2023, and Sept. 30, 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
<u>Sept. 30, 2024</u>					
Expected loss ratio	0% - 0.27%	0% - 11.59%	0.68% - 100%	38.74% - 100%	
Total book value	\$ 714,215	\$ 51,373	\$ 13,706	\$ 18,034	\$ 797,328
Allowance for losses	\$ 941	\$ 1,335	\$ 3,010	\$ 17,772	\$ 23,058
	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
<u>Dec. 31, 2023</u>					
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
	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
<u>Sept. 30, 2023</u>					
Expected loss ratio	0% - 0.14%	0.87% - 30%	0.575% - 8.97%	33.36% - 100%	
Total book value	\$ 879,854	\$ 153,351	\$ 10,770	\$ 29,975	\$ 1,073,950
Allowance for losses	\$ 863	\$ 6,163	\$ 2,848	\$ 13,862	\$ 23,736

- 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 nine months ended Sept. 30	
	2024	2023
	Accounts receivable	Accounts receivable
Jan. 1	\$ 24,924	\$ 34,189
Provision for impairment loss (reversed)	(2,283)	6,705
Amounts written off due to irrecoverability	-	(17,367)
Effect of exchange rate changes	417	209
Sept. 30	<u>\$ 23,058</u>	<u>\$ 23,736</u>

(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 Sept. 30, 2024, Dec. 31, 2023, and Sept. 30, 2023, the Group's undrawn bank financing commitment amounted to \$1,829,856, \$1,552,146, and \$959,958 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.

Sept. 30, 2024	Less than 1 year	More than 1 year
<u>Non-derivative financial liabilities:</u>		
Non-interest-bearing liabilities	\$ 1,062,733	\$ 1,110
Lease liabilities	24,183	60,270
Floating interest rate instruments	796,847	2,335,595
Instruments at fixed rates	50,148	-

Dec. 31, 2023	<u>Less than 1 year</u>	<u>More than 1 year</u>
<u>Non-derivative financial liabilities:</u>		
Non-interest-bearing liabilities	\$ 906,208	\$ 1,134
Lease liabilities	19,072	28,773
Floating interest rate instruments	1,148,436	1,443,450
Sept. 30, 2023	<u>Less than 1 year</u>	<u>More than 1 year</u>
<u>Non-derivative financial liabilities:</u>		
Non-interest-bearing liabilities	\$ 1,045,251	\$ 1,159
Lease liabilities	15,586	22,929
Floating interest rate instruments	1,211,548	1,403,339
Instruments at fixed rates	50,786	-

(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:

Sept. 30, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 6,007	\$ 6,007

Dec. 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 6,007	\$ 6,007
Sept. 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 6,007	\$ 6,007

(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 nine months ended Sept. 30, 2024 and 2023:

	For the nine months ended Sept. 30	
	2024	2023
	Equity securities	Equity securities
Equity instrument investments at fair value through other comprehensive income		
Opening and closing balances	\$ 6,007	\$ 6,007

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:

	<u>Fair value on Sept. 30, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between input and fair value</u>
Non-derivative equity instruments:					
Non-TWSE/TPEX listed stocks	\$ 6,007	Net asset value method	Not applicable	-	Not applicable
	<u>Fair value on Dec. 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between input and fair value</u>
Non-derivative equity instruments:					
Non-TWSE/TPEX listed stocks	\$ 6,007	Net asset value method	Not applicable	-	Not applicable
	<u>Fair value on Sept. 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between input and fair value</u>
Non-derivative equity instruments:					
Non-TWSE/TPEX listed stocks	\$ 6,007	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:

		<u>Sept. 30, 2024</u>			
		<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>	
<u>Input</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets					
Equity instruments	Market-to-book ratio; discount for lack of marketability	±1%	\$ -	\$ -	\$ 60 (\$ 60)

		Dec. 31, 2023					
				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)
		Sept. 30, 2023					
				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)

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 or more: None.
- E. Acquisition of individual property at costs of at least NT\$300 million or 20% of the paid-in capital or more: None.
- F. Disposal of individual property at costs of at least NT\$300 million or 20% of the paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 3.
- H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital or more: None.
- I. Trading in derivative instruments: None.
- J. Business relationship and significant transactions between the parent company and its subsidiaries: Please refer to Table 4.

(2) Information on investees

Information on names and locations of investees (excluding investees in Mainland China): Please refer to Table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to Table 6.

B. Significant transactions with investees in Mainland China, either directly or indirectly, through a business in a third region: Please refer to Note 13(1).

(4) Information on Major Shareholders

Information on Major Shareholders: Please refer to Table 7.

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 nine months ended Sept. 30, 2024	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Reconciliation and write-off	Consolidated
External revenue	\$ 1,568,680	\$ 598,591	\$ 565,845	\$ 161,416	\$ -	\$ 2,894,532
Inter-segment revenue	153,961	5,220	73,972	12,227	(245,380)	-
Segment revenue	<u>\$ 1,722,641</u>	<u>\$ 603,811</u>	<u>\$ 639,817</u>	<u>\$ 173,643</u>	<u>(\$ 245,380)</u>	<u>\$ 2,894,532</u>
Segment profit or loss	<u>\$ 189,166</u>	<u>\$ 49,919</u>	<u>\$ 87,197</u>	<u>\$ 26,445</u>	<u>(\$ 7,885)</u>	<u>\$ 344,842</u>

For the nine months ended Sept. 30, 2023	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Reconciliation and write-off	Consolidated
External revenue	\$ 1,842,133	\$ 710,754	\$ 549,462	\$ 174,523	\$ -	\$ 3,276,872
Inter-segment revenue	162,971	14,415	112,944	9,709	(300,039)	-
Segment revenue	<u>\$ 2,005,104</u>	<u>\$ 725,169</u>	<u>\$ 662,406</u>	<u>\$ 184,232</u>	<u>(\$ 300,039)</u>	<u>\$ 3,276,872</u>
Segment profit or loss	<u>\$ 208,078</u>	<u>\$ 88,375</u>	<u>\$ 100,634</u>	<u>\$ 287</u>	<u>(\$ 871)</u>	<u>\$ 396,503</u>

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 nine months ended Sept. 30, 2024 and 2023 is as follows:

	For the nine months ended Sept.30	
	2024	2023
Segment income	\$ 344,842	\$ 396,503
Interest income	6,067	4,490
Other income	7,566	1,445
Other gains or losses	8,349	16,991
Financial costs	(32,141)	(23,738)
Share of profit or loss on associates accounted for using equity method	319	(12,807)
Net income before tax	<u>\$ 335,002</u>	<u>\$ 382,884</u>

Highlight Tech Corp. and its Subsidiaries

Endorsement/Guarantee Provided

Sept. 30, 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	Ending Balance of Endorsements/ Guarantees Provided	Amount Actually Drawn	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 (Notes 4 & 5)	Parent Company to Subsidiary	Subsidiary to Parent Company	To Entity in Mainland China	Remarks
		Company Name	Relationship (Note 2)												
0	Highlight Tech Corp.	HIGHLIGHT TECH JAPAN Co., Ltd	3	\$ 883,685	\$ 88,920	\$ 88,920	\$ -	\$ -	3.02%	\$ 1,472,808	Y	N	N	-	
0	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	3	883,685	31,872	-	-	-	-	1,472,808	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)

Sept. 30, 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
Purchases or Sales of Goods from or to Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More
For the nine months ended Sept. 30, 2024

Table 3

Unit: NTD thousand (unless otherwise specified)

Buyer/Seller	Related Party	Relationship	Transaction Details			Credit Period	Circumstances and Reasons that Transaction Conditions are Different from General Ones	Credit Period	Notes or Accounts Receivable (payable)		Remarks
			Purchases/ Sales	Amount	As a Percentage of Total Purchases (Sales)				Ending Balance	As a Percentage of Total Notes or Accounts Receivable (Payable)	
Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Sub-subsidiary of the Company	(Sales)	(\$ 105,942)	(3.66%)	Open account (O/A) with net 60 days	There is no major difference in the unit price of 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.	No major difference	\$ 14,563	1.88%	-
Highlight Tech (Shanghai) Corp.	Highlight Tech Corp.	The Company	Purchases	105,942	8.93%	Open account (O/A) with net 60 days	There is no major difference in the unit price of 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.	No major difference	(14,563)	(3.26%)	-

Note 1: If the transaction conditions for related parties are different from the general ones, the differences and reasons should be stated in the unit price and the credit period fields.

Note 2: If there is an advance receipt (prepayment), the reason, contract terms, amount, and differences from general transactions should be stated in the remarks field.

Note 3: "Paid-in capital" refers to the paid-in capital of the parent company. If the issuer's stock is no-par-value stock, or the par value per share is not NT\$10, regarding the requirement that the transaction amount shall not exceed 20% of the paid-in capital, 10% of the equity attributable to the owner of the parent company on the balance sheet shall prevail.

Highlight Tech Corp. and its Subsidiaries
Business Relationship and Significant Transactions Between the Parent Company and its Subsidiaries
For the nine months ended Sept. 30, 2024

Table 4

Unit: NTD thousand (unless otherwise specified)

No. (Note 1)	Name of Company	Transaction Counterparty	Relations with Company (Note 2)	Transaction Details			As a Percentage of the Total Consolidated Revenue or Total Assets (Note 3)
				Classification	Amount	Transaction Conditions	
0	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	1	Sales revenue	\$ 105,942	Agreed upon by both parties	3.66%
0	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	1	Accounts receivable	14,563	Agreed upon by both parties	0.19%
0	Highlight Tech Corp.	Shanorm Tech Co., Ltd.	1	Sales revenue	48,002	Agreed upon by both parties	1.66%
0	Highlight Tech Corp.	Shanorm Tech Co., Ltd.	1	Accounts receivable	17,092	Agreed upon by both parties	0.23%
0	Highlight Tech Corp.	Shanorm Tech Co., Ltd.	1	Contract assets	18,826	Agreed upon by both parties	0.25%

Note 1: Information on business transactions between the parent company and its subsidiaries should be indicated in the number field. The number should be entered as follows:

- (1) Enter 0 for the parent company.
- (2) Subsidiaries are numbered sequentially according to company name from Arabic numeral 1.

Note 2: There are the three types of "Relations with company", just indicate the type (if it is the same transaction between a parent company and a subsidiary of its or between its subsidiaries, there is no need to disclose it repeatedly. For example, as for a transaction between the parent company and a subsidiary of its, if the parent company has disclosed it, the subsidiary does not need to disclose it again; as for a transaction between its subsidiaries, if one subsidiary has disclosed it, the other one does not need to disclose it again):

- (1) Parent company to subsidiary
- (2) Subsidiary to parent company
- (3) Subsidiary to subsidiary

Note 3: The calculation of a transaction as a percentage of the total consolidated revenue or total assets. If it is an asset and a liability, the ending balance should be divided by the consolidated total assets; if it is a profit or a loss, the interim cumulative amount should be divided by the total consolidated revenue.

Note 4: The Company may decide whether the important transactions in this table need to be listed based on the principle of materiality.

Highlight Tech Corp. and its Subsidiaries
Information on Investees
For the nine months ended Sept. 30, 2024

Table 5

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	Holding company of indirect investment in Mainland China	\$ 1,008,053 (USD 31,850 thousand)	\$ 1,008,053 (USD 31,850 thousand)	27,414,695	100.00	825,501	\$ 57,442	\$ 57,442	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	210,605	891	319	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	1,586	19,000	2,551,120	60.96	63,090	3,752	2,214	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	8,600,000	100.00	113,513	4,443	4,443	Subsidiaries
Highlight Tech Corp.	Finesse Technology Co., Ltd.	Hsinchu County	Electronic components, mechanical equipment maintenance and sales of related components	217,061	217,061	10,189,353	33.29	339,902	76,379	25,421	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	22,230 (JPY 100,000 thousand)	22,230 (JPY 100,000 thousand)	5,050	100.00	7,277 (	6,939) (	6,939)	Subsidiaries
Highlight Tech Corp.	Litho Med Trading Co., Ltd.	Tainan City	Wholesale and retail of medical equipment and machinery	50,000	-	5,000,000	100.00	60,550	52,253	10,550	Subsidiaries
Finesse Technology Co., Ltd.	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	-	4,955	635,270	15.18	15,711	3,752	570	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.	Highlight Tech System International Limited	Samoa	Holding company of indirect investment in Mainland China	\$ 30,068 (USD 950 thousand)	\$ 30,068 (USD 950 thousand)	950,000	100.00	\$ 78,223	\$ 5,254	\$ 5,254	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.	20,007 (JPY 90,000 thousand)	20,007 (JPY 90,000 thousand)	9,000	100.00	18,528 (	211) (	211)	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 6 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 nine months ended Sept. 30, 2024

Table 6

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	\$ 925,763 (USD 29,250 thousand)	Highlight Tech International Corp.	\$ 925,763 (USD 29,250 thousand)	-	-	\$ 925,763 (USD 29,250 thousand)	\$ 57,379	100%	\$ 57,379	820,283	-	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.	28,485 (USD 900 thousand)	Highlight Tech System International Limited	28,485 (USD 900 thousand)	-	-	28,485 (USD 900 thousand)	5,253	100%	5,253	77,357	-	Note 1(2) Note 2(1)
Finesse Technology (Shanghai) Co., Ltd.	Electronic components, mechanical and electrical equipment maintenance and sales.	9,495 (USD 300 thousand)	Finesse Technology Co., Ltd.	9,495 (USD 300 thousand)	-	-	9,495 (USD 300 thousand)	3,407	100%	3,407	32,105	-	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	\$ 925,763 (USD 29,250 thousand)	\$ 1,191,623 (USD 37,650 thousand)	\$ 1,767,370										
Finesse Technology Co., Ltd.	37,980 (USD 1,200 thousand)	37,980 (USD 1,200 thousand)	550,365										

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\$31.65.

Highlight Tech Corp. and its Subsidiaries
Information on Major Shareholders
Sept. 30, 2024

Table 7

Name of Major Shareholders	Shares	
	Quantity of Shareholding	Shareholding Ratio
Wu, Ming-Tien	5,655,482	5.98%
Sherng Tar Industrial Co., Ltd.	5,440,582	5.75%

- (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. Please refer to Market Observation Post System for information on the reporting of insider shareholding.