Highlight Tech Corp. and its Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report 2024 and 2023

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

Highlight Tech Corp. and its Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report in 2024 and 2023

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Highlight Tech Corp.

Representation Letter

Considering that the companies to be included into the consolidated financial statements of associates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under IFRS 10 for 2024 (from Jan. 1, 2024 to Dec. 31, 2024), and the relevant information to be disclosed in the consolidated financial statements of associates has already been disclosed in said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of associates were prepared separately.

It is hereby certified that the information disclosed herein is true and correct.

Highlight Tech Corp.

Person in Charge: Wu, Sheng Hsien

Mar. 4, 2025

Independent Auditor 's Report

(2025)-Cai-Shen-Bao-Zi No. 24004140

To Highlight Tech Corp.,

Audit opinion

We have audited the accompanying consolidated balance sheets of Highlight Tech Corp. (the "Company") and its subsidiaries (collectively, the "Group") as of Dec. 31, 2024 and the relevant consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended Dec. 31, 2024, and notes to the consolidated financial statement, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of Dec. 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China, based on our audit results and the audit reports of other certified public accountants (CPAs) (refer to the section of "Other matters").

Basis for opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other accountants, we are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the consolidated financial statements of the Group for the year ended Dec. 31, 2024 based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the consolidated financial statements of the Group for the year ended Dec. 31, 2024 are as follows:

Key audit matters - revenue recognition

Description of matters

Please refer to Note 4 (28) of the consolidated financial statements for detailed accounting policies on revenue recognition; Please refer to Note 6 (20) of the consolidated financial statements for detailed information on income.

The operating revenue of the Company mainly comes from the manufacturing of vacuum components and the sales and maintenance of vacuum equipment. It has significant impact on the consolidated financial statements, and in accordance with relevant provisions of the Statements on Auditing Standards, the predetermined revenue is recognized as a significant risk. Therefore, our accountant has listed the authenticity of maintenance income as a key audit matter.

Corresponding audit procedures

The specific procedures implemented by our accountant in response to the key audit matters mentioned above are summarized as follows:

1. Understand and evaluate the effectiveness of the design and implementation of the internal control system for the recognition of revenue.
2. Inspect the breakdown of revenue from specific customer for maintenance, and review the customer orders, delivery confirmation, and proof of payment to confirm the authenticity of the maintenance revenue.

Key audit matters -business combination

Description of matters

Please refer to Note 4 (29) of the consolidated financial statements for detailed accounting policies on business combination; Please refer to Note 6 (28) of the consolidated financial statements for detailed information on business combination.

The Group acquired 100% equity of Litho Med Trading Co., Ltd. in July 2024, and the transaction consideration is significant to the financial statements. Therefore, our accountant has listed the business combination as a key audit matter.

Corresponding audit procedures

The specific procedures implemented by our accountant in response to the key audit matters mentioned above are summarized as follows:

1. Obtain the transaction contract and the auditor's audit report of Litho Med Trading Co., Ltd. dated Jun. 30, 2024, and understand its contents.
2. Obtain the acquisition price allocation report of Litho Med Trading Co., Ltd., and understand and test the major calculation parameters.
3. Understand and evaluate the accounting treatment and adjustments related to business combination, and confirm that appropriate treatment has been made.

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

Consolidated financial statements of the Group for the year 2023 were audited by other accountants, and an audit report containing their unqualified opinion was issued on Mar. 8, 2024.

Other matters - parent company only financial statements

The Company has prepared parent company only financial statements for 2024, and we have issued an audit report containing our unqualified opinion for reference.

Other matters - reference to audits by other CPAs

The financial statements of some subsidiaries included in the consolidated financial statements of the Group have not been audited by our accountant, but have been audited by other accountants. 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 audited reports by other CPAs. As of Dec. 31, 2024, the total assets of the aforementioned company recognized in consolidated financial statements of the Group was NT$1,432,897 thousand, accounting for 18.01% of the total consolidated assets. From Jan. 1 to Dec. 31, 2024, the comprehensive income recognized for the aforementioned company was NT$105,259 thousand, accounting for 24.87% of the total comprehensive income.

Responsibilities of the management and governing bodies for the consolidated financial statements

The responsibilities of the management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and regulations of IFRS and IAS as well as IFRIC and SIC interpretations endorsed and issued into effect by the FSC, and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

When the consolidated financial statements are prepared, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The governing bodies of the Group (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement can arise from fraud or error. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

As part of an audit in accordance with auditing standards, we exercise professional judgment and professional skepticism throughout the audit. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the consolidated financial statements; design and execute appropriate countermeasures in response to said risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists for said events or conditions, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However,

future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Group.

The matters communicated between us and the governing bodies include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governance bodies, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended Dec. 31, 2024. We have clearly indicated such matters in the auditors' report unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

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

Mar. 4, 2025

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

Unit: NTD thousand

	Assets	Notes	Dec. 31, 2024			Dec. 31, 2023		
				Amount	%		Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	1,232,128	16	$	821,990	11
1136	Financial assets at amortized cost - current	6(3)		21,942	-		47,576	-
1140	Contract assets - current	6(20)		403,088	5		195,147	3
1150	Notes receivable, net	6(4)		37,861	-		131,194	2
1170	Accounts receivable, net	6(4) and 7		807,215	10		796,082	11
1200	Other receivables			5,088	-		4,422	-
1220	Current income tax assets			60	-		59	-
130X	Inventories	6(5)		1,325,040	17		1,368,833	19
1410	Prepayments			85,031	1		67,891	1
1470	Other current assets			1,673	-		4,948	-
11XX	**Total current assets**			3,919,126	49		3,438,142	47
	Non-current assets							
1517	Financial assets at FVTOCI - non-current	6(2)		6,007	-		6,007	-
1535	Financial assets at amortized cost - non-current	6(3) and 8		18,243	-		17,341	-
1550	Investments accounted for using equity method	6(6)		215,723	3		210,286	3
1600	Property, plant and equipment	6(7) and 8		3,476,393	44		3,307,794	46
1755	Right-of-use assets	6(8)		103,009	1		64,709	1
1780	Intangible assets	6(9)		97,735	1		103,966	1
1840	Deferred tax assets	6(25)		49,430	1		40,288	1
1900	Other non-current assets	6(11) and 8		70,739	1		88,343	1
15XX	**Total non-current assets**			4,037,279	51		3,838,734	53
1XXX	**Total assets**		$	7,956,405	100	$	7,276,876	100

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

Unit: NTD thousand

	Liabilities and equity	Notes	Dec. 31, 2024 Amount	%	Dec. 31, 2023 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 277,000	4	$ 807,000	11
2110	Short-term notes payable		40,000	1	-	-
2130	Contract liabilities - current	6(20)	189,729	2	130,515	2
2170	Accounts payable	7	425,087	5	442,136	6
2200	Other payables	6(13) and 7	404,612	5	464,072	7
2230	Current income tax liabilities		40,157	1	27,074	-
2250	Current provisions		18,680	-	10,855	-
2280	Lease liabilities - current		24,166	-	18,376	-
2320	Long-term liabilities due within one year or one operating cycle	6(14) and 8	641,028	8	324,121	5
2399	Other current liabilities - others		10,953	-	15,068	-
21XX	**Total current liabilities**		2,071,412	26	2,239,217	31
	Non-current liabilities					
2540	Long-term borrowings	6(14) and 8	1,865,258	24	1,421,689	20
2570	Deferred tax liabilities	6(25)	20,592	-	12,450	-
2580	Lease liabilities - non-current		59,521	1	27,626	-
2600	Other non-current liabilities		5,426	-	8,460	-
25XX	**Total non-current liabilities**		1,950,797	25	1,470,225	20
2XXX	**Total liabilities**		4,022,209	51	3,709,442	51
	Equity					
	Equity attributable to owners of the parent company					
	Share capital	6(17)				
3110	Common stock		945,613	12	1,182,017	16
	Capital surplus	6(18)				
3200	Capital surplus		410,684	5	361,290	5
	Retained earnings	6(19)				
3310	Legal reserve		365,125	5	329,441	5
3320	Special reserves		64,768	1	64,768	1
3350	Undistributed earnings		1,309,105	16	1,021,470	14
	Other equity					
3400	Other equity		(7,270)	-	(41,451)	(1)
31XX	**Total equity attributable to owners of the parent company**		3,088,025	39	2,917,535	40
36XX	**Non-controlling interests**	4(3)	846,171	10	649,899	9
3XXX	**Total equity**		3,934,196	49	3,567,434	49
	Significant contingent liabilities and unrecognized commitments	9				
	Material events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 7,956,405	100	$ 7,276,876	100

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 Years Ended Dec. 31, 2024 and 2023

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

	Item	Notes	2024 Amount	2024 %	2023 Amount	2023 %
4000	Operating revenue	6(20) and 7	$ 3,934,267	100	$ 4,205,436	100
5000	Operating costs	6(5)(23) and 7	(2,574,463)	(65)	(2,767,895)	(66)
5900	Gross profit		1,359,804	35	1,437,541	34
	Operating expenses	6(23)				
6100	Selling and marketing expenses		(300,356)	(8)	(314,917)	(8)
6200	Administrative expenses		(383,015)	(10)	(333,103)	(8)
6300	Research and development expenses		(221,261)	(5)	(229,470)	(5)
6450	Expected credit impairment losses	12(2)	(896)	-	(8,357)	-
6000	Total operating expenses		(905,528)	(23)	(885,847)	(21)
6500	Other income and expenses, net		-	-	(919)	-
6900	Net operating income		454,276	12	550,775	13
	Non-operating income and expenses					
7100	Interest income		8,851	-	8,415	-
7010	Other income		10,129	-	2,992	-
7020	Other gains or losses	6(21)	16,955	1	9,559	-
7050	Financial costs	6(22)	(45,435)	(1)	(33,809)	(1)
7060	Share of profit or loss on associates and joint ventures accounted for using equity method	6(6)	4,116	-	(14,296)	-
7000	Total non-operating income and expenses		(5,384)	-	(27,139)	(1)
7900	**Net income before tax**		448,892	12	523,636	12
7950	Income tax expense	6(25)	(63,018)	(2)	(105,409)	(2)
8200	**Net income**		$ 385,874	10	$ 418,227	10
	Other comprehensive income					
	Items that will not be reclassified subsequently to profit or loss					
8311	Re-measurement of the defined benefit plan		$ 757	-	$ 225	-
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating the financial statements of foreign operations		43,175	1	(18,101)	-
8370	Share of other comprehensive income of associates and joint ventures recognized using the equity method - items that may be reclassified subsequently to profit or loss	6(6)	1,321	-	(695)	-
8399	Income tax related to items that may be reclassified	6(25)	(7,806)	-	2,559	-
8360	Sum of items that may be reclassified subsequently to profit or loss		36,690	1	(16,237)	-
8300	**Other comprehensive income (net amount)**		$ 37,447	1	($ 16,012)	-
8500	**Total comprehensive income**		$ 423,321	11	$ 402,215	10
	Net income attributable to:					
8610	Owners of the parent company		$ 323,319	8	$ 356,988	9
8620	Non-controlling interests		62,555	2	61,239	1
	Net income		$ 385,874	10	$ 418,227	10
	Total comprehensive income attributable to:					
8710	Owners of the parent company		$ 357,500	9	$ 342,088	9
8720	Non-controlling interests		65,821	2	60,127	1
	Total comprehensive income		$ 423,321	11	$ 402,215	10
	Earnings per share - basic					
9750	Earnings per share - basic	6(26)	$	3.01	$	3.02
	Earnings per share - diluted					
9850	Earnings per share - diluted	6(26)	$	2.98	$	2.98

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 Changes in Equity
For the Years Ended Dec. 31, 2024 and 2023

Unit: NTD thousand

		Equity attributable to owners of the parent company										
				Retained earnings			Other equity					
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	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 Year Ended Dec. 31, 2023												
Balance at Jan. 1, 2023		$ 1,182,017	$445,417	$ 280,652	$ 64,768	$ 930,915	($ 31,383)	$ 4,890	($ 514)	$ 2,876,762	$ 479,647	$ 3,356,409
Net income		-	-	-	-	356,988	-	-	-	356,988	61,239	418,227
Other comprehensive income		-	-	-	-	-	(15,040)	140	-	(14,900)	(1,112)	(16,012)
Total comprehensive income		-	-	-	-	356,988	(15,040)	140	-	342,088	60,127	402,215
Earnings appropriation and allocation for 2022	6(19)											
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)
Changes in associates accounted for using the equity method	6(18)	-	(11,900)	-	-	-	-	-	-	(11,900)	-	(11,900)
Changes in ownership interests of subsidiaries		-	20,200	-	-	(153)	-	-	-	20,047	125,319	145,366
New shares issued by subsidiary from employee compensation	6(18)	-	9,227	-	-	-	-	-	456	9,683	33,106	42,789
Share-based payment of subsidiaries	6(16)	-	-	-	-	-	-	-	-	-	15,456	15,456
Balance at Dec. 31, 2023		$ 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
For the Year Ended Dec. 31, 2024												
Balance at Jan. 1, 2024		$ 1,182,017	$361,290	$ 329,441	$ 64,768	$ 1,021,470	($ 46,423)	$ 5,030	($ 58)	$ 2,917,535	$ 649,899	$ 3,567,434
Net income		-	-	-	-	323,319	-	-	-	323,319	62,555	385,874
Other comprehensive income		-	-	-	-	-	33,637	544	-	34,181	3,266	37,447
Total comprehensive income		-	-	-	-	323,319	33,637	544	-	357,500	65,821	423,321
Earnings appropriation and allocation for 2023	6(19)											
Legal reserve		-	-	35,684	-	(35,684)	-	-	-	-	-	-
Cash capital reduction	6(17)	(236,404)	-	-	-	-	-	-	-	(236,404)	-	(236,404)
Cash dividends paid out by subsidiaries		-	-	-	-	-	-	-	-	-	(57,159)	(57,159)
Changes in ownership interests of subsidiaries	6(18)(27)	-	2,268	-	-	-	-	-	-	2,268	(3,853)	(1,585)
Cash capital increase from subsidiaries	6(18)	-	47,126	-	-	-	-	-	-	47,126	189,227	236,353
Cash capital reduction from subsidiaries		-	-	-	-	-	-	-	-	-	(11,572)	(11,572)
Share-based payment of subsidiaries	6(16)	-	-	-	-	-	-	-	-	-	13,808	13,808
Balance at Dec. 31, 2024		$ 945,613	$410,684	$ 365,125	$ 64,768	$ 1,309,105	($ 12,786)	$ 5,574	($ 58)	$ 3,088,025	$ 846,171	$ 3,934,196

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 Years Ended Dec. 31, 2024 and 2023

Unit: NTD thousand

	Notes	For the Years Ended Dec. 31 2024	2023
Cash flows from operating activities			
Net income before tax		$ 448,892	$ 523,636
Adjustments			
Income and expenses			
Depreciation expenses	6(23)	230,957	199,258
Amortization expenses	6(23)	20,155	26,808
Expected credit impairment losses	12(2)	896	8,357
Valuation gains (losses) on financial assets at fair value through profit or loss		-	(116)
Interest expense	6(22)	45,435	33,809
Gains from lease modification	6(8)	-	(825)
Share-based payment	6(16)	13,808	15,456
Interest income		(8,851)	(8,415)
Dividend income		-	(958)
Other income		-	(22)
Share of profit or loss on associates and joint ventures accounted for using equity method	6(6)	(4,116)	14,296
(Gain) loss on disposal of property, plant and equipment	6(21)	(1,252)	919
Changes in operating assets and liabilities			
Net changes in operating assets			
Contract assets - current		(207,941)	(178,672)
Notes receivable		93,333	(119,301)
Accounts receivable (including related parties)		(4,080)	(254,507)
Other receivables		(586)	554
Inventories		24,876	111,201
Prepayments		(16,608)	124,137
Other current assets		3,319	(3,665)
Other non-current assets		-	(329)
Net changes in operating liabilities			
Contract liabilities - current		59,214	(102,629)
Accounts payable (including related parties)		(23,248)	(202,894)
Other payables		(62,713)	5,909
Current provisions		7,825	179
Other current liabilities		(4,132)	10,284
Net defined benefit liabilities		(96)	(90)
Other non-current liabilities		(2,273)	6,084
Cash inflow from operations		612,814	208,464
Interest received		8,771	7,991
Interest paid		(42,487)	(33,377)
Dividend received		-	6,907
Income tax paid		(52,826)	(180,904)
Income tax refund		7,598	-
Net cash inflow from operating activities		533,870	9,081

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Highlight Tech Corp. and its Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended Dec. 31, 2024 and 2023

Unit: NTD thousand

	Notes	For the Years Ended Dec. 31 2024	2023
Cash flows from investing activities			
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		(22,000)	(127,539)
Disposal of financial assets at amortized cost		47,105	127,575
Acquisition of property, plant and equipment	6(29)	(180,850)	(466,541)
Proceeds from disposal of property, plant and equipment		2,536	1,845
Acquisition of intangible assets	6(9)	(13,784)	(21,433)
Increase in refundable deposits		(2,074)	(3,404)
Decrease in refundable deposits		3,491	3,463
Increase in prepayment for land and equipment		(51,754)	(105,968)
Net cash outflow from disposal of subsidiaries	6(29)	-	(764)
Acquisition of subsidiaries (net of cash received)	6(28)	(60,042)	-
Net cash outflow from investing activities		(277,372)	(559,466)
Cash flows from financing activities			
Increase in short-term borrowings		1,423,000	6,696,000
Decrease in short-term borrowings		(1,958,000)	(6,329,000)
Increase in short-term notes payable		90,000	50,000
Decrease in short-term notes payable		(50,000)	(50,000)
New long-term borrowings		1,079,160	738,510
Repayment of long-term borrowings		(326,924)	(149,012)
Issue of cash dividends		-	(319,145)
Cash dividends paid out by subsidiaries		(57,159)	(63,756)
Repayment of lease liabilities	6(30)	(24,177)	(21,795)
Increase in guarantee deposits		266	826
Decrease in guarantee deposits		(81)	(52)
Acquisition of non-controlling interests	6(27)	(1,585)	(448)
Cash capital increase from subsidiaries		236,353	105,442
Proceeds from partial disposal of interests in subsidiaries		-	40,620
Cash capital reduction from subsidiaries		(11,572)	-
Cash capital reduction	6(17)	(236,404)	-
Net cash inflow from financing activities		162,877	698,190
Effect of changes in exchange rates on cash and cash equivalents		(9,237)	(16,289)
Increase in cash and cash equivalents during the period		410,138	131,516
Opening balance of cash and cash equivalents		821,990	690,474
Ending balance of cash and cash equivalents		$ 1,232,128	$ 821,990

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
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 Mar. 4, 2025.

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 IFRS Accounting Standards endorsed by the FSC, applicable to 2024:

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

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

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

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

New/ Revised/ Amended Standards and Interpretations	Effective date announced by IASB
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:

New/ Revised/ Amended Standards and Interpretations	Effective date announced by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	Jan. 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments on Contracts Involving Natural Electricity"	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 regulations of IFRS and IAS as well as IFRIC and SIC interpretations endorsed and issued into effect by the FSC (hereinafter referred to as “IFRSs”).

(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:

			Shareholding percentage		
Name of Investor	Name of subsidiary	Nature of business	Dec. 31, 2024	Dec. 31, 2023	Description
Highlight Tech Corp.	Finesse Technology Co., Ltd.	Electronic components, mechanical equipment maintenance and sales of related components	30.32	33.29	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	Note 2
Highlight Tech Corp.	Highlight Tech International Corp.	A holding company that invests in businesses in Mainland China	100.00	100.00	-

Name of Investor	Name of subsidiary	Nature of business	Shareholding percentage Dec. 31, 2024	Shareholding percentage Dec. 31, 2023	Description
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	-
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	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	Note 6
Finesse Technology Co., Ltd.			15.18	15.18	
Highlight Tech Corp.	Litho Med Trading Co., Ltd.	Wholesale and retail of medical equipment and machinery	100.00	-	Notes 5, 7
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	Notes 4, 7
Finesse Technology Co., Ltd.	Finesse Technology (Shanghai) Co., Ltd.	Electronic components, mechanical and electrical equipment maintenance and sales	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	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	Note 7

Note 1: As the Company is the single largest shareholder of Finesse Technology Co., Ltd., and both parties' majority of board directorships and key management are the same, Finesse Technology is listed as a subsidiary. In 2024, Finesse Technology Co., Ltd. Made several capital increases in cash, but the Company did not subscribe according to the shareholding ratio, resulting in a decrease in the Company's shareholding ratio from 33.29% to 30.32%.

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 \$50,000 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 for the year 2024 were audited by other accountants.

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 Dec. 31, 2024 and 2023 were \$846,171 and \$649,899, respectively. The information on the non-controlling interests that are material to the Group and its subsidiaries is as follows:

		Non-controlling interests			
		Dec. 31, 2024		Dec. 31, 2023	
Name of subsidiary	Principal business premises	Amount	Shareholding (%)	Amount	Shareholding (%)
Finesse Technology Co., Ltd.	Taiwan	\$ 818,121	69.68%	\$ 610,749	66.71%

Aggregate financial information of subsidiaries:

Balance sheet

	Finesse Technology Co., Ltd. and its Subsidiaries	
	Dec. 31, 2024	Dec. 31, 2023
Current assets	$ 1,034,599	$ 778,669
Non-current assets	353,294	349,917
Current liabilities	(194,017)	(184,960)
Non-current liabilities	(19,765)	(28,098)
Total net assets	$ 1,174,111	$ 915,528

Statement of comprehensive income

	Finesse Technology Co., Ltd. and its Subsidiaries	
	For the Years Ended Dec. 31	
	2024	2023
Revenue	$ 760,258	$ 727,750
Net income before tax	109,671	124,745
Income tax expense	(20,123)	(21,827)
Net income	89,548	102,918
Other comprehensive income (net amount after tax)	4,563	(1,726)
Total comprehensive income	$ 94,111	$ 101,192
Total comprehensive income attributable to non-controlling interests	$ 62,781	$ 65,259
Payment of dividends to non-controlling interests	$ 57,159	$ 63,756

Statement of cash flows

	Finesse Technology Co., Ltd. and its Subsidiaries	
	For the Years Ended Dec. 31	
	2024	2023
Net cash inflow from operating activities	$ 101,288	$ 107,921
Net cash outflow from investing activities	(23,288)	(10,572)
Net cash inflow (outflow) from financing activities	142,880	(39,851)
Effect of changes in exchange rates on cash and cash equivalents	3,511	(1,704)

Increase in cash and cash equivalents during the period	224,391	55,794
Opening balance of cash and cash equivalents	324,021	268,227
Ending balance of cash and cash equivalents	$ 548,412	$ 324,021

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) Cash equivalents

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

(7) Financial assets at 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 months 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% 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.

E. When the Group disposes of an associate, if it loses significant impact on the associate, the capital surplus related to the associate will be transferred to profit or loss; If it still has a significant impact on the associate, it shall be transferred to profit or loss according to the proportion of disposal.

(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.

B. Lease liabilities are recognized at the present value of unpaid lease payments discounted at the Group's incremental borrowing rate on the lease commencement date, and the lease payment includes fixed payments.

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.

C. 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.

D. 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 1 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.

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.

(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) <u>Business combination</u>

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) <u>Operating segments</u>

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 Dec. 31, 2024, the carrying amount of the Group’s inventory was $1,325,040.

6. Summary of Significant Accounting Titles

(1) Cash and cash equivalents

	Dec. 31, 2024	Dec. 31, 2023
Cash on hand and petty cash	$ 1,064	$ 804
Check deposits and demand deposits	1,201,064	801,186
Time deposits	30,000	20,000
	$ 1,232,128	$ 821,990

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

(3) Financial assets at amortized cost

Item	Dec. 31, 2024	Dec. 31, 2023
Current items:		
Time deposits with original maturity date of more than 3 months	$ 21,942	$ 47,576
Non-current items:		
Time deposits with original maturity date of more than 1 year	$ 18,243	$ 17,341

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 Dec. 31, 2024 and 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

	Dec. 31, 2024	Dec. 31, 2023
Notes receivable	$ 37,861	$ 131,194
Accounts receivable	$ 833,097	$ 821,006
Less: Allowance for uncollectible amounts	(25,882)	(24,924)
	$ 807,215	$ 796,082

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

(5) Inventories

	Dec. 31, 2024	Dec. 31, 2023
Raw materials	$ 425,764	$ 409,806
Work in progress	271,742	152,744
Finished goods	456,725	598,743
Merchandise	170,809	207,540
	$ 1,325,040	$ 1,368,833

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

	For the Years Ended Dec. 31	
	2024	2023
Cost of inventory sold	$ 2,513,687	$ 2,759,852
Inventory valuation losses	36,225	8,043
Others	24,551	-
	$ 2,574,463	$ 2,767,895

(6) Investments accounted for using equity method

	2024	2023
Jan. 1	$ 210,286	$ 243,126
Share of investment income and loss using the equity method	4,116	(14,296)
Issue of cash dividends	-	(5,949)
Changes in capital surplus	-	(11,900)
Changes in other equity interests	1,321	(695)
Dec. 31	$ 215,723	$ 210,286

	Dec. 31, 2024	Dec. 31, 2023
Associate:		
Htc & Solar Tech Service Limited	$ 215,723	$ 210,286

The above associates are not material to the Group.

Investments using the equity method were calculated based on financial statements that have been reviewed by other CPAs as of Dec. 31, 2023.

(7) Property, plant and equipment

	2024								
	Land	Buildings, and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	Equipment to be inspected	Total
Jan. 1									
Costs	$1,169,343	$ 2,226,309	$ 719,714	$ 7,396	$ 45,380	$ 18,034	$ 194,033	$ 8,077	$4,388,286
Accumulated depreciation	-	(543,616)	(393,767)	(3,809)	(28,925)	(9,266)	(101,109)	-	(1,080,492)
	$1,169,343	$ 1,682,693	$ 325,947	$ 3,587	$ 16,455	$ 8,768	$ 92,924	$ 8,077	$3,307,794
Jan. 1	$1,169,343	$ 1,682,693	$ 325,947	$ 3,587	$ 16,455	$ 8,768	$ 92,924	$ 8,077	$3,307,794
Additions	-	10,700	58,878	692	3,382	150	31,813	89,458	195,073
Acquired through business combinations	-	-	-	-	-	-	70,000	-	70,000
Disposal	-	-	(526)	(756)	(2)	-	-	-	(1,284)
Transfer	-	7,376	67,907	149	1,678	-	40,977	(13,742)	104,345
Depreciation expenses	-	(85,034)	(80,024)	(1,120)	(5,335)	(1,586)	(33,449)	-	(206,548)
Net exchange difference	-	4,912	984	148	177	-	1,269	(477)	7,013
Dec. 31	$1,169,343	$ 1,620,647	$ 373,166	$ 2,700	$ 16,355	$ 7,332	$ 203,534	$ 83,316	$3,476,393
Dec. 31									
Costs	$1,169,343	$ 2,270,620	$ 812,019	$ 6,732	$ 49,824	$ 18,184	$ 335,633	$ 83,316	$4,745,671
Accumulated depreciation	-	(649,973)	(438,853)	(4,032)	(33,469)	(10,852)	(132,099)	-	(1,269,278)
	$1,169,343	$ 1,620,647	$ 373,166	$ 2,700	$ 16,355	$ 7,332	$ 203,534	$ 83,316	$3,476,393

	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)
	$1,127,124	$ 1,463,397	$ 239,244	$ 4,051	$ 10,134	$ 3,596	$ 52,373	$ 219,568	$3,119,487
Jan. 1	$1,127,124	$ 1,463,397	$ 239,244	$ 4,051	$ 10,134	$ 3,596	$ 52,373	$ 219,568	$3,119,487
Additions	-	75,672	91,808	637	9,366	3,265	46,909	96,578	324,235
Disposal	-	(816)	(2,661)	(936)	(811)	-	2,460	-	(2,764)
Reclassification	42,219	221,730	67,128	1,445	2,383	3,932	15,024	(308,052)	45,809
Depreciation expenses	-	(75,653)	(69,196)	(1,587)	(4,617)	(2,025)	(23,529)	-	(176,607)
Net exchange difference	-	(1,637)	(376)	(23)	-	-	(313)	(17)	(2,366)
Dec. 31	$1,169,343	$ 1,682,693	$ 325,947	$ 3,587	$ 16,455	$ 8,768	$ 92,924	$ 8,077	$3,307,794
Dec. 31									
Costs	$1,169,343	$ 2,226,309	$ 719,714	$ 7,396	$ 45,380	$ 18,034	$ 194,033	$ 8,077	$4,388,286
Accumulated depreciation	-	(543,616)	(393,767)	(3,809)	(28,925)	(9,266)	(101,109)	-	(1,080,492)
	$1,169,343	$ 1,682,693	$ 325,947	$ 3,587	$ 16,455	$ 8,768	$ 92,924	$ 8,077	$3,307,794

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

	For the Years Ended Dec. 31	
	2024	2023
Capitalized amount	$ -	$ 2,350
Capitalized interest rate range	-	1.194%~1.618%

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 in 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 1 to 10 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:

	Dec. 31, 2024	Dec. 31, 2023
	Carrying amount	Carrying amount
Land	$ 23,564	$ 23,249
Buildings	50,161	14,159
Transportation equipment (company cars)	27,941	27,301
Other equipment	1,343	-
	$ 103,009	$ 64,709

	For the Years Ended Dec. 31	
	2024	2023
	Depreciation expenses	Depreciation expenses
Land	$ 1,642	$ 1,677
Buildings	9,009	8,043
Transportation equipment (company cars)	13,658	12,931
Other equipment	100	-
	$ 24,409	$ 22,651

C. The additions of the Group's right-of-use assets in 2024 and 2023 were $65,989 and $35,371, respectively.

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

	For the Years Ended Dec. 31	
	2024	2023
Items affecting current profit or loss		
Interest expense on lease liability	$ 1,747	$ 679
Expenses related to short-term lease contracts	4,574	16,298
Expenses related to leasing of low-value assets	2,794	3,051
Gains from lease modification	-	825

E. The Group's total cash outflows from leases in 2024 and 2023 were $31,545 and $41,823, respectively.

(9) Intangible assets

	2024				
	Goodwill	Customer relations	Computer software	Professional technologies	Total
Jan. 1					
Costs	$ 51,471	$ 56,047	$ 70,217	$ 7,500	$ 185,235
Accumulated amortization	-	(49,844)	(24,653)	(6,772)	(81,269)
	$ 51,471	$ 6,203	$ 45,564	$ 728	$ 103,966
Jan. 1	$ 51,471	$ 6,203	$ 45,564	$ 728	$ 103,966
Additions	-	-	13,784	-	13,784
Amortization expenses	-	(1,033)	(18,640)	(482)	(20,155)
Net exchange difference	-	-	140	-	140
Dec. 31	$ 51,471	$ 5,170	$ 40,848	$ 246	$ 97,735
Dec. 31					
Costs	$ 51,471	$ 56,047	$ 82,250	$ 7,500	$ 197,268
Accumulated amortization	-	(50,877)	(41,402)	(7,254)	(99,533)
	$ 51,471	$ 5,170	$ 40,848	$ 246	$ 97,735

	2023				
	Goodwill	Customer relations	Computer software	Professional technologies	Total
Jan. 1					
Costs	$ 51,471	$ 56,047	$ 78,374	$ 7,500	$ 193,392
Accumulated amortization	-	(41,192)	(36,615)	(6,483)	(84,290)
	$ 51,471	$ 14,855	$ 41,759	$ 1,017	$ 109,102
Jan. 1	$ 51,471	$ 14,855	$ 41,759	$ 1,017	$ 109,102
Additions	-	-	21,433	-	21,433
Reclassification	-	-	290	-	290
Amortization expenses	-	(8,652)	(17,867)	(289)	(26,808)
Net exchange difference	-	-	(51)	-	(51)
Dec. 31	$ 51,471	$ 6,203	$ 45,564	$ 728	$ 103,966
Dec. 31					
Costs	$ 51,471	$ 56,047	$ 70,217	$ 7,500	$ 185,235
Accumulated amortization	-	(49,844)	(24,653)	(6,772)	(81,269)
	$ 51,471	$ 6,203	$ 45,564	$ 728	$ 103,966

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

	For the Years Ended Dec. 31	
	2024	2023
Operating costs	$ 6,757	$ 7,305
Selling and marketing expenses	1,885	4,400
Administrative expenses	4,366	5,828
Research and development expenses	7,147	9,275
	$ 20,155	$ 26,808

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 years ended Dec. 31, 2024 and 2023.

(10) Other non-current assets

	Dec. 31, 2024	Dec. 31, 2023
Prepayment for land and equipment	$ 54,202	$ 76,500
Refundable deposits	16,305	11,514
Others	232	329
	$ 70,739	$ 88,343

(11) Short-term borrowings

Category of borrowings	Dec. 31, 2024	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 277,000	1.91%～2.231%	-

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

(12) Other payables

	Dec. 31, 2024	Dec. 31, 2023
Salaries and bonuses payable	$ 138,534	$ 168,058
Remuneration payable to directors, supervisors and employees	74,377	118,288
Equipment payable	53,052	38,829
Travel allowances payable to employees	13,960	17,849
Unused annual leave payable	20,173	18,878
Pension payable	4,505	4,406
Others	100,011	97,764
	$ 404,612	$ 464,072

(13) Long-term borrowings

Category of borrowings	Borrowing period and repayment method	Interest rate range	Collateral	Dec. 31, 2024
Long-term bank borrowings				
Secured borrowings	From Feb. 26, 2020 through Feb. 26, 2040, and interest will be paid monthly.	1.375%～2.075%	Land and buildings	$ 1,806,673
Credit borrowings	From Nov. 1, 2023 through Jul. 19, 2029, and interest will be paid monthly.	1.7136%～2.036%	-	699,613
				2,506,286
Less: Long-term borrowings due within one year or one operating cycle				(641,028)
				$ 1,865,258

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

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

(14) 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 6 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 amounts recognized on the balance sheet are as follows:

	Dec. 31, 2024	Dec. 31, 2023
Present value of defined benefit obligations	$ 5,304	$ 5,730
Fair value of plan asset	(5,050)	(4,488)
Net defined benefit liabilities	$ 254	$ 1,242

(C) Changes in net defined benefit liabilities are as follows:

	2024		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liabilities
Jan. 1	$ 5,730	($ 4,488)	$ 1,242
Interest (expense) income	68	(54)	14
	5,798	(4,542)	1,256
Re-measurement:			
Return on plan asset	-	(398)	(398)

Effect of changes in financial assumptions	(203)	-	(203)
Experience adjustments	(291)	-	(291)
	(494)	(398)	(892)
Contribution of pension fund	-	(110)	(110)
Dec. 31	$ 5,304	($ 5,050)	$ 254

	2023		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liabilities
Jan. 1	$ 5,840	($ 4,283)	$ 1,557
Interest (expense) income	75	(55)	20
	5,915	(4,338)	1,577
Re-measurement:			
Return on plan asset	-	(40)	(40)
Effect of changes in financial assumptions	48	-	48
Experience adjustments	(233)	-	(233)
	(185)	(40)	(225)
Contribution of pension fund	-	(110)	(110)
Dec. 31	$ 5,730	($ 4,488)	$ 1,242

(D) The actuarial assumptions regarding pension fund are summarized as follows:

	For the Years Ended Dec. 31	
	2024	2023
Discount rate	1.65%	1.20%
Future salary increase rate	2.00%	2.00%

The assumption of future mortality rate is based on published statistics and empirical estimates from various countries.

The analysis of the present value of determined benefit obligations affected by changes in the main actuarial assumptions used is as follows:

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
Dec. 31, 2024				
Effect on present value of defined benefit obligations	($ 109)	$ 112	$ 111	($ 109)
Dec. 31, 2023				
Effect on present value of defined benefit obligations	($ 119)	$ 122	$ 121	($ 118)

The sensitivity analysis mentioned above is based on analyzing the impact of a single assumption change while keeping other assumptions constant. In practice, many assumption changes may be interconnected. Sensitivity analysis method is consistent with the method used to calculate net pension fund liabilities on the balance sheet.

The methods and assumptions used for sensitivity analysis in this period are the same as those in the previous period.

(E) As of Dec. 31, 2024, the weighted average duration of this pension plan is 8 years. The maturity analysis of pension payments is as follows:

Less than 1 year	$ 164
1-2 years	164
2-5 years	486
Over 5 years	5,184
	$ 5,998

(F) The Group’s pension costs under the above pension plan for 2024 and 2023 were $14 and $20, respectively.

(G) The Group’s estimated contributions to the pension plan for the year ended Dec. 31, 2025 amount to $114.

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 2024 and 2023 were $42,006 and $37,880, respectively.

(15) Share-based payment

A. The share-based payment agreement of the subsidiary, Finesse Technology Co., Ltd. in 2024 and 2023 is as follows:

Type of agreement	Grant date	Quantity granted	Vesting conditions
Employee stock option plan	May 12, 2022	2,000	-
Employee stock option plan	Apr. 3, 2023	600	-
Employee stock option plan	Apr. 3, 2023	2,000	2-3 years of service
Restricted stock awards plan (Note)	May 12, 2022	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:

(1) 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.

(2) 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.

(3) During the vesting period, one with the restricted stock awards can participate in allotments of shares and distribution of dividends.

(4) 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:

	For the Years Ended Dec. 31, 2023	
	Number of stock options	Weighted average strike price (NTD)
Stock options outstanding at the beginning of the period	995	$ 32.20
Stock options lost in this period	(23)	32.20
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	-	-
Exercisable stock options at the end of the period	-	-

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

	For the Years Ended Dec. 31, 2023	
	Number of stock options	Weighted average strike price (NTD)
Stock options outstanding at the beginning of the period	-	$ -
Stock options granted in this period	600	40.00
Stock options exercised in this period	(600)	33.84
Stock options outstanding at the end of the period	-	-
Exercisable stock options at the end of the period	-	-

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

	For the Years Ended Dec. 31			
	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 Years Ended Dec. 31, 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	May 12, 2022	-	32.20	43.83%~ 45.21%	0.43-1.09 years	-	0.67%~ 0.75%	49.67
Employee stock option plan	Apr. 3, 2023	-	40.00	21.81%	0.173 years	-	1.154%	42.60
Employee stock option plan	Apr. 3, 2023	-	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. On Nov. 6, 2024, the Board of Directors of Finesse Technology Co., Ltd. decided to conduct a cash capital increase before the initial TWSE/TPEx listing, retaining 390 thousand shares for employees to subscribe to. The compensation cost for the Company's cash capital increase and retained employee stock options for the year 2024 was NT$4,884 thousand on Nov. 28, 2024.

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

	For the Years Ended Dec. 31	
	2024	2023
Employee stock options	$ 8,924	$ 7,412
Restricted stock awards	-	1,145
Total	$ 8,924	$ 8,557

(16) Share capital

A. As of Dec. 31, 2024, the Company’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)	-
Dec. 31	$ 94,561,343	$ 118,201,679

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.

(17) Capital surplus

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

	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 of subsidiaries	-	-	2,268	-	-	2,268
Cash capital increase from subsidiaries	-	-	47,126	-	-	47,126
Dec. 31, 2024	$ 297,538	$ 2,765	$ 94,931	$ 215	$ 15,235	$ 410,684

	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
New shares issued by subsidiary from employee compensation	-	-	9,227	-	-	9,227
Cash dividends distributed from capital surplus	(101,654)	-	-	-	-	(101,654)
Changes in ownership interests in subsidiaries and associates recognized in proportion to shareholdings	-	-	8,300	-	-	8,300
Dec. 31, 2023	$ 297,538	$ 2,765	$ 45,537	$ 215	$ 15,235	$ 361,290

(18) Retained earnings

A. The Company’s profit distribution is made after the end of each half of the fiscal year. If there is a surplus in the final accounts of each half of the fiscal year, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, the Company will estimate the retained employee compensation and director remuneration before setting aside 10% 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 10% 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:

	For the Years Ended Dec. 31			
	2023		2022	
	Amount	Dividends per share (NTD)	Amount	Dividends per share (NTD)
Legal reserve provided	$ 35,684		$ 48,789	
Cash dividends distributed from capital surplus	-	$ -	101,654	$ 0.86
Cash dividends distributed from earnings	-	-	217,491	1.84
Total	$ 35,684	$ -	$ 367,934	$ 2.70

The above-mentioned surplus distribution plans for the fiscal years 2023 and 2022, except for the cash dividends which were resolved by the board of directors on Mar. 8, 2024 and Feb. 23, 2023 respectively and only required to be reported to the Shareholders' Meeting, were approved by the Shareholders' Meeting on Jun. 7, 2024 and Jun. 8, 2023, respectively.

G. The 2024 earnings distribution proposal put forth by the Company's board of directors on Mar. 4, 2025 is as follows:

	For the Years Ended Dec. 31, 2024	
	Amount	Dividends per share (NTD)
Legal reserve provided	$ 32,332	
Cash dividends distributed from capital surplus	75,649	$ 0.80
Cash dividends distributed from earnings	113,474	1.20
Total	$ 221,455	$ 2.00

As for the surplus distribution plans for the fiscal year 2024, except for the cash dividend which has been resolved by the Board of Directors on Mar. 4, 2025 and only required to be reported to the shareholders' meeting, the remaining surplus distribution plans haven't been resolved by the Shareholders' Meeting.

(19) Operating revenue

	For the Years Ended Dec. 31	
	2024	2023
Merchandise sales revenue	$ 2,530,585	$ 2,382,295
Service income	1,396,195	1,349,316
Others	7,487	473,825
	$ 3,934,267	$ 4,205,436

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:

2024	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Total
Segment revenue	$ 2,343,794	$ 795,388	$ 760,258	$ 263,742	$ 4,163,182
Income from inter-segment transactions	(197,179)	(7,421)	(9,223)	(15,092)	(228,915)
Revenue from contracts with external customers	$ 2,146,615	$ 787,967	$ 751,035	$ 248,650	$ 3,934,267
Timing of revenue recognition					
Revenue recognized at a point in time	$ 1,165,120	$ 786,120	$ 425,310	$ 161,522	$ 2,538,072
Revenue recognized gradually over time	981,495	1,847	325,725	87,128	1,396,195
	$ 2,146,615	$ 787,967	$ 751,035	$ 248,650	$ 3,934,267

2023	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its subsidiaries	Others	Total
Segment revenue	$ 2,565,013	$ 962,461	$ 727,750	$ 223,823	$ 4,479,047
Income from inter-segment transactions	(233,084)	(17,265)	(12,990)	(10,272)	(273,611)
Revenue from contracts with external customers	$ 2,331,929	$ 945,196	$ 714,760	$ 213,551	$ 4,205,436
Timing of revenue recognition					
Revenue recognized at a point in time	$ 1,358,522	$ 945,195	$ 421,684	$ 130,719	$ 2,856,120
Revenue recognized gradually over time	973,407	-	293,076	82,833	1,349,316
	$ 2,331,929	$ 945,195	$ 714,760	$ 213,552	$ 4,205,436

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:

	Dec. 31, 2024	Dec. 31, 2023	Jan. 1, 2023
Contract assets	$ 403,088	$ 195,147	$ 16,475
Contract liabilities	$ 189,729	$ 130,515	$ 233,144

The opening balances of contract liabilities on Jan. 1, 2024 and 2023 were recognized in revenue of $130,515 and $233,144 in 2024 and 2023, respectively.

(20) Other gains or losses

	For the Years Ended Dec. 31	
	2024	2023
Gain (loss) on disposal of property, plant and equipment	$ 1,252	($ 919)
Foreign currency exchange gains	24,114	5,522
Gains on financial assets (liabilities) at fair value through profit or loss	-	116
Others	(8,411)	4,840
	$ 16,955	$ 9,559

(21) Financial costs

	For the Years Ended Dec. 31	
	2024	2023
Interest on bank borrowings	$ 43,688	$ 35,480
Interest on lease liabilities	1,747	679
Less: Capitalized interest	-	(2,350)
	$ 45,435	$ 33,809

(22) Depreciation and amortization

	For the Years Ended Dec. 31	
	2024	2023
An analysis of depreciation expenses by function		
Operating costs	$ 157,467	$ 129,619
Operating expenses	73,490	69,639
	$ 230,957	$ 199,258
An analysis of amortization expenses by function		
Operating costs	$ 6,757	$ 6,577
Operating expenses	13,398	20,231
	$ 20,155	$ 26,808

(23) Employee benefits expenses

	For the Years Ended Dec. 31	
	2024	2023
Salaries and wages expenses	$ 758,610	$ 698,945
Labor and health insurance expenses	64,811	65,459
Pension expense	42,020	37,900
Other personnel expenses	46,924	46,957
	$ 912,365	$ 849,261

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. In 2024 and 2023, the Company's estimated employee compensation amounted to $40,985 and $54,573, respectively; estimated director remuneration amounted to $8,197 and $9,574, respectively, and the aforementioned amounts were recognized in salaries and wages.

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

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

(24) Income tax

A. Income tax expense

(A) Components of income tax expenses:

	For the Years Ended Dec. 31	
	2024	2023
Current income tax:		
Income tax from current income	$ 80,334	$ 103,376
A surtax on unappropriated retained earnings	10,232	-
Income tax overestimates for prior years	(18,742)	(3,601)

Total current income tax	71,824	99,775
Deferred tax:		
Initial arising and reversal of temporary differences	(8,806)	5,634
Income tax expense	$ 63,018	$ 105,409

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

	For the Years Ended Dec. 31	
	2024	2023
Exchange differences on translating foreign operations	$ 7,806	($ 2,559)

B. Relationship between income tax expense and accounting profit

	For the Years Ended Dec. 31	
	2024	2023
Income tax calculated based on statutory tax rate for pre-tax income (Note)	$ 109,209	$ 134,922
Expenses that should be excluded according to tax laws	1,223	506
Income exempted from taxation according to tax laws	(13,309)	(9,869)
Temporary differences not recognized as deferred tax assets	(11,736)	(15,157)
Tax losses not recognized as deferred tax assets	(324)	(1,392)
Effect of income tax on investment deduction	(12,889)	-
Changes in the feasibility evaluation of deferred income tax assets	(646)	-
Income tax overestimates for prior years	(18,742)	(3,601)
A surtax on unappropriated retained earnings	10,232	-
Income tax expense	$ 63,018	$ 105,409

Note: The applicable tax rate is calculated based on the tax rate applicable to income in the relevant country.

C. The amounts of deferred tax assets or liabilities arising from temporary differences, tax losses, and investment deductions are as follows:

	2024			
	Jan. 1	Recognized in profit or loss	Recognized in other comprehensive income	Dec. 31
Deferred tax assets:				
- Temporary differences:				
Inventory valuation losses	$ 20,205	$ 4,791	$ -	$ 24,996
Bad debts loss	3,712	830	-	4,542
Others	16,371	3,521	-	19,892
Subtotal	$ 40,288	$ 9,142	$ -	$ 49,430
- Deferred tax liabilities:				
Exchange differences on translating foreign operations	(4,362)	-	(7,806)	(12,168)
Provisions for land value increment tax	(8,041)	-	-	(8,041)
Others	(47)	(336)	-	(383)
Subtotal	($ 12,450)	($ 336)	($ 7,806)	($ 20,592)
Total	$ 27,838	$ 8,806	($ 7,806)	$ 28,838

	2023			
	Jan. 1	Recognized in profit or loss	Recognized in other comprehensive income	Dec. 31
Deferred tax assets:				
- Temporary differences:				
Inventory valuation losses	$ 18,275	$ 1,930	$ -	$ 20,205
Bad debts loss	7,044	(3,332)	-	3,712
Others	20,891	(4,520)	-	16,371
Subtotal	$ 46,210	($ 5,922)	$ -	$ 40,288
- Deferred tax liabilities:				
Exchange differences on translating foreign operations	(6,921)	-	2,559	(4,362)
Provisions for land value increment tax	(8,041)	-	-	(8,041)
Others	(335)	288	-	(47)
Subtotal	($ 15,297)	$ 288	$ 2,559	($ 12,450)
Total	$ 30,913	($ 5,634)	$ 2,559	$ 27,838

D. Deductible temporary differences not recognized as deferred tax assets

	Dec. 31, 2024	Dec. 31, 2023
Deductible temporary differences	$ 259,303	$ 317,983

E. 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.

(25) Earnings per share

	For the Years Ended Dec. 31, 2024		
	Amount after tax	Weighted average number of issued shares (in thousands)	Earnings per share (NTD)
Earnings per share - basic			
Current net income attributable to ordinary shareholders of the parent company	$ 323,319	107,480	$ 3.01
Earnings per share - diluted			
Effect of potentially dilutive ordinary shares			
Employee compensation	-	986	
Current net income attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	$ 323,319	108,466	$ 2.98

	For the Years Ended Dec. 31, 2023		
	Amount after tax	Weighted average number of issued shares (in thousands)	Earnings per share (NTD)
Earnings per share - basic			
Current net income attributable to ordinary shareholders of the parent company	$ 356,988	118,202	$ 3.02
Earnings per share - diluted			
Effect of potentially dilutive ordinary shares			
Employee compensation	-	1,526	
Current net income attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	$ 356,988	119,728	$ 2.98

(26) 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 year 2024 is as follows:

	For the Years Ended Dec. 31, 2024
Cash	($ 1,585)
Carrying amount of non-controlling interests	3,853
Capital surplus recognized	$ 2,268

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 year 2023 is as follows:

	For the Years Ended Dec. 31, 2023
Cash	($ 448)
Carrying amount of non-controlling interests	295
Undistributed earnings recognized	($ 153)

(27) Business combination

A. The Group acquired 100% of the equity of Litho Med Trading Co., Ltd. on Jul. 1, 2024, at an acquisition price $100,000, 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:

	Jun. 30, 2024
Acquisition consideration	
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	100,000
	$ -

C. 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 $68,225 and $18,988, respectively. If it is assumed that Litho Med Trading Co., Ltd. has been merged into the Group since Jan. 1, 2024, the Group's operating revenue and net income before tax would have been $3,981,931 and $490,633, respectively.

(28) Supplementary information on cash flows

A. Investing activities with partial cash payment:

	For the Years Ended Dec. 31	
	2024	2023
Purchase of property, plant and equipment	$ 195,073	$ 324,235
Add: Equipment payable at the beginning of the period	38,829	181,135
Less: Equipment payable at the end of the period	(53,052)	(38,829)
Cash paid in this period	$ 180,850	$ 466,541

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

(29) Changes in liabilities from financing activities

	2024					
	Short-term borrowings	Short-term notes payable	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	(535,000)	40,000	752,236	(24,177)	185	233,244
Acquired through business combinations	5,000	-	8,240	-	-	13,240
Acquisition of right-of-use assets	-	-	-	65,989	-	65,989
Impact from change in exchange rate	-	-	-	135	42	177
Other non-cash changes	-	-	-	(4,262)	-	(4,262)
Dec. 31	$ 277,000	$ 40,000	$ 2,506,286	$ 83,687	$ 1,361	$ 2,908,334

	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	367,000	589,498	(21,795)	774	935,477
Acquisition of right-of-use assets	-	-	35,371	-	35,371
Impact from change in exchange rate	-	-	(162)	(20)	(182)
Other non-cash changes	-	-	(30,567)	-	(30,567)
Dec. 31	$ 807,000	$ 1,745,810	$ 46,002	$ 1,134	$ 2,599,946

7. Related Party Transactions

(1) Name of related parties and relationship

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

(2) Significant transactions with related parties

A. Operating revenue

	For the Years Ended Dec. 31	
	2024	2023
Sales revenue:		
Associate	$ 691	$ 404

(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 Years Ended Dec. 31	
	2024	2023
Merchandise purchase:		
Associate	$ 1,157	$ 853

(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

	Dec. 31, 2024	Dec. 31, 2023
Accounts receivable:		
Associate	$ 28	$ 326

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

	Dec. 31, 2024	Dec. 31, 2023
Accounts payable:		
Associate	$ 5,962	$ 6,945

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 in 2024 and 2023 were $15,627 and $16,582, respectively, which were recognized in production overheads.

(4) Information on remuneration of key management personnel

	For the Years Ended Dec. 31	
	2024	2023
Short-term employee benefits	$ 59,858	$ 74,494
Post-employment benefits	827	808
	$ 60,685	$ 75,302

8. Pledged Assets

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

	Book value		
Asset	Dec. 31, 2024	Dec. 31, 2023	Purpose
Land	$ 960,580	$ 960,582	Long-term borrowings
Buildings, and structures	1,450,209	1,507,908	Long-term borrowings
Financial assets at amortized cost - current	7,041	3,008	Short-term borrowings and customs guarantee
Refundable deposits	16,305	11,514	Leases and golf club membership certificates
	$ 2,434,135	$ 2,483,012	

9. Significant Contingent Liabilities and Unrecognized Commitments

As of Dec. 31, 2024, the amount of the performance guarantees provided by the banks entrusted by the Group for the purchase of goods from suppliers was $10,000.

10. Major Disaster Loss

None.

11. Material Events After the Balance Sheet Date

Please refer to Note 6 (19) 7. for the detailed profit distribution plan of the Company for the year 2024.

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

	Dec. 31, 2024	Dec. 31, 2023
Financial assets		
Financial assets at fair value through other comprehensive income		
Designated equity instrument investments selected	$ 6,007	$ 6,007
Financial assets at amortized cost		
Cash and cash equivalents	$ 1,232,128	$ 821,990
Financial assets at amortized cost	40,185	64,917
Notes receivable	37,861	131,194
Accounts receivable (including related parties)	807,215	796,082
Other receivables	5,088	4,422
Refundable deposits	16,305	11,514
	$ 2,138,782	$ 1,830,119

	Dec. 31, 2024	Dec. 31, 2023
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 277,000	$ 807,000
Short-term notes payable	40,000	-
Accounts payable (including related parties)	425,087	442,136
Other payables	404,612	464,072
Long-term borrowings (due within one year or one operating cycle)	2,506,286	1,745,810
Guarantee deposits	1,361	1,134
	$ 3,654,346	$ 3,460,152
Lease liabilities	$ 83,687	$ 46,002

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:

	Dec. 31, 2024		
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary item			
USD: NTD	$ 6,615	32.7850	$ 216,873
USD: CNY	538	7.1884	17,649
CNY: NTD	7,480	4.4780	33,495
JPY: NTD	98,969	0.2099	20,774
Financial liabilities			
Monetary item			
USD: NTD	$ 327	32.7850	$ 10,721
JPY: NTD	72,089	0.2099	15,131

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

d. The aggregate amounts of (realized and unrealized) exchange gains or losses of the Group’s monetary items recognized for the years ended Dec. 31, 2024 and 2023 due to the significant impact of exchange rate fluctuations were $24,114 and $5,522, respectively.

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

	Dec. 31, 2024				
	Sensitivity analysis				
	Movement (%)	Impact on profit or loss		Impact on other comprehensive income	
(Foreign currency: Functional currency)					
Financial assets					
Monetary item					
USD: NTD	±1%	$	2,169	$	-
USD: CNY	±1%		176		-
CNY: NTD	±1%		335		-
JPY: NTD	±1%		208		-
Financial liabilities					
Monetary item					
USD: NTD	±1%	$	107	$	-
JPY: NTD	±1%		151		-

	Dec. 31, 2023		
	Sensitivity analysis		
	Movement (%)	Impact on profit or loss	Impact on other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary item			
USD: NTD	±1%	$ 2,306	$ -
USD: CNY	±1%	407	-
CNY: NTD	±1%	1,066	-
JPY: NTD	±1%	362	-
JPY: CNY	±1%	29	-
Financial liabilities			
Monetary item			
USD: NTD	±1%	$ 807	$ -
USD: CNY	±1%	8	-
CNY: NTD	±1%	23	-
JPY: NTD	±1%	129	-

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 in 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 Dec. 31, 2024 and 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
Dec. 31, 2024					
Expected loss ratio	0%-0.27%	0%-11.59%	0.68%~100%	38.74%~100%	
Total book value	$ 759,023	$ 81,454	$ 9,707	$ 20,774	$ 870,958
Allowance for losses	$ 1,382	$ 2,143	$ 2,260	$ 20,097	$ 25,882

	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
Dec. 31, 2023					
Expected loss ratio	0%~0.37%	0%~11.59%	5.79%~50%	38.74%~100%	
Total book value	$ 778,661	$ 137,112	$ 17,225	$ 19,202	$ 952,200
Allowance for losses	$ 1,256	$ 4,217	$ 1,668	$ 17,783	$ 24,924

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 Years Ended Dec. 31	
	2024	2023
	Accounts receivable	Accounts receivable
Jan. 1	$ 24,924	$ 34,189
Provision for impairment loss	896	8,357
Amounts written off due to irrecoverability	(477)	(17,505)
Effect of exchange rate changes	539	(117)
Dec. 31	$ 25,882	$ 24,924

(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 Dec. 31, 2024 and 2023, the Group's undrawn bank financing commitment amounted to $1,553,243, and $1,552,146, 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.

Dec. 31, 2024	Less than 1 year	More than 1 year
Non-derivative financial liabilities:		
Non-interest-bearing liabilities	$ 829,699	$ 1,361
Lease liabilities	25,910	60,254
Floating interest rate instruments	957,147	1,911,880

Instruments at fixed rates	40,783	-

Dec. 31, 2023	Less than 1 year	More than 1 year
Non-derivative financial liabilities:		
Non-interest-bearing liabilities	$ 906,208	$ 1,134
Lease liabilities	19,072	28,773
Floating interest rate instruments	1,148,436	1,443,450

(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:

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

Dec. 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Fair value on a recurring basis				

Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 6,007	$ 6,007

(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 in 2024 and 2023:

	For the Years Ended Dec. 31	
	2024	2023
	Equity securities	Equity securities
Equity instrument investments at fair value through other comprehensive income		
Opening and ending 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:

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

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

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:

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

			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)

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:

2024	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Reconciliation and write-off	Consolidated
External revenue	$ 2,146,615	$ 787,967	$ 751,035	$ 248,650	$ -	$ 3,934,267
Inter-segment revenue	197,179	7,421	9,223	15,092	(228,915)	-
Segment revenue	$ 2,343,794	$ 795,388	$ 760,258	$ 263,742	($ 228,915)	$ 3,934,267
Segment profit or loss	$ 275,481	$ 47,395	$ 98,493	$ 35,622	($ 2,715)	$ 454,276
Depreciation and amortization	$ 173,176	$ 29,547	$ 23,801	$ 23,554	$ 1,034	$ 251,112

2023	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Reconciliation and write-off	Consolidated
External revenue	$ 2,331,929	$ 945,196	$ 714,760	$ 213,551	$ -	$ 4,205,436
Inter-segment revenue	233,084	17,265	12,990	10,272	(273,611)	-
Segment revenue	$ 2,565,013	$ 962,461	$ 727,750	$ 223,823	($ 273,611)	$ 4,205,436
Segment profit or loss	$ 331,649	$ 90,048	$ 124,159	($ 2,196)	$ 7,115	$ 550,775
Depreciation and amortization	$ 150,926	$ 27,386	$ 21,604	$ 17,498	$ 8,652	$ 226,066

Segment profit or 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 years ended Dec. 31, 2024 and 2023 is as follows:

	For the Years Ended Dec. 31	
	2024	2023
Segment income	$ 454,276	$ 550,775
Interest income	8,851	8,415
Other income	10,129	2,992
Other gains or losses	16,955	9,559
Financial costs	(45,435)	(33,809)
Share of profit or loss on associates accounted for using equity method	4,116	(14,296)
Net income before tax	$ 448,892	$ 523,636

(5) Information on product and service categories

Please refer to Note 6 (20) for details.

The detailed composition of income balance is as follows:

	For the Years Ended Dec. 31	
	2024	2023
Revenue from merchandise sales	$ 2,530,585	$ 2,382,295
Service income	1,396,195	1,349,316
Others	7,487	473,825
Total	$ 3,934,267	$ 4,205,436

(6) Segment by geographical location

Information of the Group for the years 2024 and 2023 by region is as follows:

	For the Years Ended Dec. 31			
	2024		2023	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 3,025,770	$ 3,451,265	$ 3,116,207	$ 3,558,888
China	908,497	209,911	1,089,229	204,696
Japan	-	86,700	-	-
Total	$ 3,934,267	$ 3,747,876	$ 4,205,436	$ 3,763,584

(7) Information on important customers

Information on important customers of the Group for the years 2024 and 2023 is as follows:

	For the Years Ended Dec. 31	
	2024	2023
	Revenue	Revenue
Company A	$ 851,855	$ 772,851

Highlight Tech Corp. and its Subsidiaries
Endorsement/Guarantee Provided
Dec. 31, 2024

Table 1

Unit: NTD thousand (unless otherwise specified)

No. (Note 1)	Endorsement/ Guarantee Provider	Party Endorsed/Guaranteed		Limit of Endorsement/ Guarantee for Single Enterprise (Note 3)	Maximum Endorsement/ Guarantee Balance in this Period	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	$ 926,408	$ 88,920	$ 83,960	$ -	$ -	2.72%	$ 1,544,013	Y	N	N	-
0	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	3	926,408	32,215	-	-	-	-	1,544,013	Y	N	Y	-
0	Highlight Tech Corp.	Litho Med Trading Co., Ltd.	3	617,605	30,000	30,000	-	-	0.97%	1,544,013	Y	N	N	-

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

Dec. 31, 2024

Table 2

Unit: NTD thousand (unless otherwise specified)

	Type and Name of Marketable Securities (Note 1)				End of Period				
Holding Company	Type	Name	Marketable Securities Relationship with Securities Issuer (Note 2)	Classification	Number of Shares (Par Value)/Number of Units (Share)	Carrying Amount (Note 3)	Shareholding Ratio	Fair Value	Remarks (Note 4)
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 Year Ended Dec. 31, 2024

Table 3

Unit: NTD thousand (unless otherwise specified)

			Transaction details				Circumstances and reasons that transaction conditions are different from general ones		Notes or accounts receivable (payable)		
Buyer/Seller	Related party	Relationship	Purchases/ sales	Amount	As a percentage of total purchases (sales)	Credit period	Unit price	Credit period	Ending balance	As a percentage of total notes or accounts receivable (payable)	Remarks
Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Sub-subsidiary of the Company	(Sales)	($ 130,686)	(3.32%)	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	$ 13,886	1.64%	-
Highlight Tech (Shanghai) Corp.	Highlight Tech Corp.	The Company	Purchases	130,686	8.08%	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	(13,886)	(3.27%)	-

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 Year Ended Dec. 31, 2024

Table 4

Unit: NTD thousand (unless otherwise specified)

				Transaction details			
No. (Note 1)	Name of company	Transaction counterparty	Relations with company (Note 2)	Classification	Amount	Transaction conditions	As a percentage of the total consolidated revenue or total assets (Note 3)
0	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	1	Sales revenue	$ 130,686	Agreed upon by both parties	3.32%
0	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	1	Accounts receivable	13,886	Agreed upon by both parties	0.17%
0	Highlight Tech Corp.	Shanorm Tech Co., Ltd.	1	Sales revenue	66,378	Agreed upon by both parties	1.69%
0	Highlight Tech Corp.	Shanorm Tech Co., Ltd.	1	Accounts receivable	6,789	Agreed upon by both parties	0.09%
0	Highlight Tech Corp.	Shanorm Tech Co., Ltd.	1	Contract assets	19,998	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 Year Ended Dec. 31, 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: End of Current Period	Initial Investment Amount: End of Last Year	Held at the End of Period: Number of Shares	Held at the End of Period: Percentage (%)	Held at the End of Period: Carrying Amount	Current Profit or Loss of Investee (Note 2(2))	Investment Income or Loss Recognized in this Period (Note 2(3))	Remarks
Highlight Tech Corp.	Highlight Tech International Corp.	British Virgin Islands	Holding company of indirect investment in Mainland China	$ 1,044,202 (USD 31,850 thousand)	$ 1,044,202 (USD 31,850 thousand)	27,414,695	100.00	$ 822,978	$ 57,998	$ 58,680	Subsidiary
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	30.32	391,459	89,548	29,836	Subsidiary
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	114,658	5,847	4,813	Subsidiary
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	68,423	11,609	7,004	Subsidiary
Highlight Tech Corp.	Highlight Tech Japan Co., Ltd.	Japan	Sales of electronic equipment, manufacturing of vacuum components, and sales and maintenance of vacuum equipment	20,990 (JPY 100,000 thousand)	20,990 (JPY 100,000 thousand)	10,000	100.00	7,703	(6,099)	(6,099)	Subsidiary
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	63,425	55,127	13,425	Subsidiary
Highlight Tech Corp.	Htc & Solar Tech Service Limited	Hsinchu County	Equipment maintenance and cleaning business	117,024	117,024	12,322,052	35.81	215,723	11,464	4,116	Investees accounted for using the equity method
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	16,903	11,609	1,762	Subsidiary
Finesse Technology Co., Ltd.	Highlight Tech System International Limited	Samoa	Holding company of indirect investment in Mainland China	31,146 (USD 950 thousand)	31,146 (USD 950 thousand)	950,000	100.00	80,933	7,191	7,191	Subsidiary
Finesse Technology Co., Ltd.	Finesse Technology Co., Ltd.	Japan	Key subsystem development, material sourcing, manufacturing, assembly, testing, sales and maintenance services for semiconductor equipment.	18,891 (JPY 90,000 thousand)	18,891 (JPY 90,000 thousand)	9,000	100.00	16,450	(1,266)	(1,266)	Subsidiary

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 Year Ended Dec. 31, 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: Outflow	Amount Remitted from Taiwan to Mainland China/Amount Remitted Back to Taiwan for Current Period: Inflow	Cumulative Amount of Remittance from Taiwan to Mainland China, End of Current Period	Current profit or loss of investee	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
Highlight Tech (Shanghai) Corp.	Sales of electronic equipment, manufacturing of vacuum components, and sales and maintenance of vacuum equipment	$ 958,961 (USD 29,250 thousand)	Highlight Tech International Corp.	$ 958,961 (USD 29,250 thousand)	-	-	$ 958,961 (USD 29,250 thousand)	$ 57,860	100%	$ 57,860	697,584	-	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.	29,507 (USD 900 thousand)	Highlight Tech System International Limited	29,507 (USD 900 thousand)	-	-	29,507 (USD 900 thousand)	7,165	100%	7,165	80,042	-	Note 1(2) Note 2(1)
Finesse Technology (Shanghai) Co., Ltd.	Electronic components, mechanical and electrical equipment maintenance and sales.	9,836 (USD 300 thousand)	Finesse Technology Co., Ltd.	9,836 (USD 300 thousand)	-	-	9,836 (USD 300 thousand)	4,497	100%	4,497	33,518	-	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	$ 958,961 (USD 29,250 thousand)	$ 1,234,355 (USD 37,650 thousand)	$ 1,852,815
Finesse Technology Co., Ltd.	39,342 (USD 1,200 thousand)	39,342 (USD 1,200 thousand)	704,466

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 audited by an international accounting firm with a partnership with an accounting firm in the Republic of China.
(2) Financial statements audited by CPAs appointed by the parent company in Taiwan.
(3) Others.

Note 3: Relevant figures in this table should be presented in NTD, and USD were translated into NTD at an exchange rate of US$1 to NT$32.785.

Highlight Tech Corp. and its Subsidiaries

Information on Major Shareholders

Dec. 31, 2024

Table 7

Name of Major Shareholders	Shares	
	Quantity of Shareholding	Shareholding Ratio
Sherng Tar Industrial Co., Ltd.	5,450,582	5.76%
Wu, Ming-Tien	5,155,482	5.45%

(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.