

Niching Industrial Corporation and Subsidiaries

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

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INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors and Shareholders of
NICHING INDUSTRIAL CORP. :

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

As described in Note 10, the financial statements of certain non-significant subsidiaries and in , investments accounted for using the equity method were prepared and not reviewed by the independent auditors as of and for the three months ended March 31, 2024 and 2023. Total assets of these subsidiaries amounted to \$47,507 thousand and \$ 55,307 thousand, representing 3% and 4% of the related consolidated totals, and total liabilities amounted to \$ 5,966 thousand and \$ 4,833 thousand, respectively, each accounting for 1% of the related consolidated totals, as at March 31, 2024 and 2023, respectively. Total comprehensive income of these subsidiaries amounted to \$ 872

thousand and \$ (180) thousand, representing 5% and (1)% of the related consolidated totals for the three-month periods ended March 31, 2024 and 2023.

As described in Note 11 indicated, the un-reviewed balance of investment amounted to \$245,568 thousand and \$216,115 thousand; the recognized share of profits of associates under the equity method of these investments amounted to \$ 9,365 thousand and \$ 12,809 thousand for the three months ended March 31, 2024 and 2023, respectively. Additionally, the relevant information disclosed in Note 28 to the consolidated financial statements, pertaining to the aforementioned non-significant subsidiaries and investee companies, has also not been reviewed by auditors.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain non-significant subsidiaries and investee companies been reviewed by independent accountants as described in the preceding paragraph, that we might have become aware of had it not been for the situation described above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, its consolidated financial performance as of March 31, 2024 and 2023, and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Done-Yuin Tseng, and Ting-Chien Su.

Deloitte & Touche

Taipei, Taiwan

Republic of China

May 10, 2024

Notice to Readers

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

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

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSET	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6)	\$ 263,564	19	\$ 398,797	28	\$ 461,943	31
Notes receivable	44	-	41	-	301	-
Trade receivables from unrelated parties(Notes 7)	435,895	31	397,705	28	368,466	25
Trade receivables from related parties(Notes 7 and 24)	39,828	3	45,727	3	70,919	5
Other receivables (Notes 24)	2,411	-	1,875	-	1,470	-
Inventories (Notes 8)	60,584	4	67,008	5	70,970	5
Other current assets	<u>5,845</u>	<u>-</u>	<u>7,061</u>	<u>-</u>	<u>7,796</u>	<u>-</u>
Total current assets	<u>808,171</u>	<u>57</u>	<u>918,214</u>	<u>64</u>	<u>981,865</u>	<u>66</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Notes 9)	49,312	4	64,603	5	51,551	4
Investments accounted for using the equity method (Notes 11)	245,568	17	198,831	14	216,115	15
Property, plant and equipment (Notes 12 and 25)	282,946	20	223,341	16	225,625	15
Right-of-use assets (Notes 13)	7,980	1	8,997	1	3,792	-
Other intangible assets	575	-	623	-	623	-
Deferred tax assets (Notes 4 and 20)	5,256	-	7,081	-	5,744	-
Prepaid investments	2,915	-	1,726	-	1,441	-
Other non-current assets	<u>6,705</u>	<u>1</u>	<u>6,884</u>	<u>-</u>	<u>5,748</u>	<u>-</u>
Total non-current assets	<u>601,257</u>	<u>43</u>	<u>512,086</u>	<u>36</u>	<u>510,639</u>	<u>34</u>
TOTAL	<u>\$ 1,409,428</u>	<u>100</u>	<u>\$ 1,430,300</u>	<u>100</u>	<u>\$ 1,492,504</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Notes payable	\$ 858	-	\$ 942	-	\$ 1,775	-
Trade payables	207,300	15	233,559	16	195,004	13
Other payables (Notes 14)	138,648	10	50,741	4	207,667	14
Current tax liabilities (Notes 4 and 20)	23,686	2	20,727	2	24,627	2
Lease liabilities - current (Notes 13)	4,083	-	4,131	-	1,730	-
Other current liabilities	<u>4,384</u>	<u>1</u>	<u>4,170</u>	<u>-</u>	<u>6,162</u>	<u>-</u>
Total current liabilities	<u>378,959</u>	<u>28</u>	<u>314,270</u>	<u>22</u>	<u>436,965</u>	<u>29</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 20)	4,037	-	2,871	-	3,712	-
Lease liabilities - non-current (Notes 13)	4,116	-	5,058	-	2,163	-
Net defined benefit liabilities - non-current (Notes 4 and 15)	17,884	1	20,833	2	22,679	2
Guarantee deposits	<u>799</u>	<u>-</u>	<u>799</u>	<u>-</u>	<u>803</u>	<u>-</u>
Total non-current liabilities	<u>26,836</u>	<u>1</u>	<u>29,561</u>	<u>2</u>	<u>29,357</u>	<u>2</u>
Total liabilities	<u>405,795</u>	<u>29</u>	<u>343,831</u>	<u>24</u>	<u>466,322</u>	<u>31</u>
EQUITY						
Ordinary shares	441,146	31	441,146	31	441,146	30
Capital surplus	261,106	19	261,106	18	261,106	17
Retained earnings						
Legal reserve	143,923	10	143,923	10	124,129	9
Unappropriated earnings	180,375	13	250,760	18	196,776	13
Other equity						
Exchange differences on translation of foreign financial statements	(5,986)	(1)	(8,826)	(1)	(8,885)	(1)
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	(<u>16,931</u>)	(<u>1</u>)	(<u>1,640</u>)	<u>-</u>	<u>11,910</u>	<u>1</u>
Total equity	<u>1,003,633</u>	<u>71</u>	<u>1,086,469</u>	<u>76</u>	<u>1,026,182</u>	<u>69</u>
TOTAL	<u>\$ 1,409,428</u>	<u>100</u>	<u>\$ 1,430,300</u>	<u>100</u>	<u>\$ 1,492,504</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated May 10, 2024)

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
SALES (Notes 17 and 24)				
Sales revenue	\$ 203,920	86	\$ 179,975	85
Service revenue	<u>34,154</u>	<u>14</u>	<u>30,822</u>	<u>15</u>
SALES	238,074	100	210,797	100
 COST OF GOODS SOLD (Notes 8 and 18)	 <u>175,037</u>	 <u>74</u>	 <u>154,100</u>	 <u>73</u>
GROSS PROFIT	<u>63,037</u>	<u>26</u>	<u>56,697</u>	<u>27</u>
 OPERATING EXPENSES				
Selling and marketing expenses (Notes 18)	24,775	11	19,839	10
General and administrative expenses (Notes 18)	13,939	6	16,762	8
Research and development expenses (Notes 18)	7,883	4	10,961	5
Expected credit loss (Notes 7)	<u>3,199</u>	<u>1</u>	<u>695</u>	<u>-</u>
Total operating expenses	<u>49,796</u>	<u>22</u>	<u>48,257</u>	<u>23</u>
 PROFIT FROM OPERATIONS	 <u>13,241</u>	 <u>4</u>	 <u>8,440</u>	 <u>4</u>
 NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 11)	9,365	4	12,809	6
Interest income	1,096	1	1,158	-
Rental income	1,119	1	1,216	-
Other income (Note 24)	590	-	3,393	2
Net foreign exchange gain (loss)	12,504	5	(3,889)	(2)
Finance costs (Notes 18)	(111)	-	(736)	-
Other expenses	<u>(762)</u>	<u>-</u>	<u>(352)</u>	<u>-</u>
Total non-operating income and expenses	<u>23,801</u>	<u>11</u>	<u>13,599</u>	<u>6</u>

(Continued)

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 37,042	15	\$ 22,039	10
INCOME TAX EXPENSE (Notes 4 and 20)	<u>5,963</u>	<u>3</u>	<u>787</u>	<u>-</u>
NET PROFIT FOR THE PERIOD	<u>31,079</u>	<u>12</u>	<u>21,252</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income	(15,291)	(6)	(874)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	<u>-</u>	<u>-</u>	<u>196</u>	<u>-</u>
	<u>(15,291)</u>	<u>(6)</u>	<u>(678)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	1,266	1	1	-
Exchange differences on translation, associates and joint ventures accounted for using equity method	<u>1,574</u>	<u>1</u>	<u>(1,516)</u>	<u>(1)</u>
	<u>2,840</u>	<u>2</u>	<u>(1,515)</u>	<u>(1)</u>
Other comprehensive income for the year	<u>(12,451)</u>	<u>(4)</u>	<u>(2,193)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 18,628</u>	<u>8</u>	<u>\$ 19,059</u>	<u>9</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 0.70</u>		<u>\$ 0.52</u>	
Diluted	<u>\$ 0.70</u>		<u>\$ 0.52</u>	

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

(With Deloitte & Touche auditors' review report dated May 10, 2024)

(Concluded)

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Equity Attributable to Owners of the Corporation						Total Equity
	Ordinary Shares (Note 16)	Capital Surplus (Note 16)	Retained Earnings (Note 16)		Other Equity		
			Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2023	\$ 391,146	\$ 56,611	\$ 124,129	\$ 343,159	(\$ 7,370)	\$ 12,588	\$ 920,263
Appropriation of 2022 earnings							
Cash dividends	-	-	-	(167,635)	-	-	(167,635)
Issuance of ordinary shares for cash	50,000	198,995	-	-	-	-	248,995
Share-based payments arrangements	-	5,500	-	-	-	-	5,500
Net profit (loss) for the three months ended March 31, 2023	-	-	-	21,252	-	-	21,252
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	(1,515)	(678)	(2,193)
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	21,252	(1,515)	(678)	19,059
BALANCE AT MARCH 31, 2023	\$ 441,146	\$ 261,106	\$ 124,129	\$ 196,776	(\$ 8,885)	\$ 11,910	\$ 1,026,182
BALANCE AT JANUARY 1, 2024	\$ 441,146	\$ 261,106	\$ 143,923	\$ 250,760	(\$ 8,826)	(\$ 1,640)	\$ 1,086,469
Appropriation of 2023 earnings							
Cash dividends	-	-	-	(101,464)	-	-	(101,464)
Net profit (loss) for the three months ended March 31, 2024	-	-	-	31,079	-	-	31,079
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	2,840	(15,291)	(12,451)
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	31,079	2,840	(15,291)	18,628
BALANCE AT MARCH 31, 2024	\$ 441,146	\$ 261,106	\$ 143,923	\$ 180,375	(\$ 5,986)	(\$ 16,931)	\$ 1,003,633

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

(With Deloitte & Touche auditors' review report dated May 10, 2024)

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 37,042	\$ 22,039
Adjustments for:		
Depreciation expenses	4,387	4,121
Amortization expenses	48	47
Expected credit loss	3,199	695
Finance costs	111	736
Interest income	(1,096)	(1,158)
Share-based compensation	-	5,500
Share of profit or loss of subsidiaries and associates accounted for using the equity method	(9,365)	(12,809)
Loss on disposal of property, plant and equipment	24	6
Impairment loss(income) recognized on non- financial assets	271	(188)
Unrealized foreign currency exchange loss	(12,913)	(4,465)
Amortization of prepayments	599	547
Changes in operating assets and liabilities		
Notes receivable	(3)	-
Trade receivables	(16,784)	97,324
Other receivables	(567)	(487)
Inventories	6,153	(10,734)
Prepayments	1,148	32
Other current assets	112	(1,896)
Notes payable	(84)	1,394
Trade payables	(31,997)	(33,611)
Other payables	(13,434)	(28,197)
Other current liabilities	213	(1,115)
Net defined benefit liabilities	(<u>2,949</u>)	(<u>10</u>)
Cash generated from operations	(35,885)	37,771
Interest received	1,133	1,146
Interest paid	(111)	(736)
Income tax paid	(<u>13</u>)	<u>1,097</u>
Net cash generated from (used in) operating activities	(<u>34,876</u>)	<u>39,278</u>

(Continued)

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(\$ 35,798)	\$ -
Payments for property, plant and equipment	(60,947)	(130)
Decrease in refundable deposits	137	129
Increase in other non-current assets	(543)	(469)
Increase in prepayments for machinery and equipment	(<u>3,389</u>)	(<u>2,239</u>)
Net cash generated from (used in) investing activities	(<u>100,540</u>)	(<u>2,709</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	-	(150,000)
Repayment of the principal portion of lease liabilities	(1,055)	(989)
Proceeds from issuance of ordinary shares	<u>-</u>	<u>248,995</u>
Net cash used in financing activities	(<u>1,055</u>)	(<u>98,006</u>)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>1,238</u>	(<u>63</u>)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(135,233)	134,512
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>398,797</u>	<u>327,431</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 263,564</u>	<u>\$ 461,943</u>

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

(With Deloitte & Touche auditors' review report dated May 10, 2024)

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Niching Industrial Corporation (the “Company”) was incorporated in May, 1993. Its main business activities include the import, export, trading, and manufacturing of various raw materials, components, and equipment required for the semiconductor and optoelectronic industries.

The Company obtained approval from the Financial Supervisory Commission (the "FSC") Securities and Futures Bureau for public issuance in August 2004. In June 2008, it was approved for listing on the Taipei Exchange. Subsequently, in September 2008, the Company's shares were officially listed and traded on the exchange.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 10, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the FSC.

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

b. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC.

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of above standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

Refer to Note 10, Tables 3 and 5 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

- a) Assets held primarily for the purpose of trading;
- b) Assets expected to be realized within 12 months after the reporting period; and
- c) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a) Liabilities held primarily for the purpose of trading;
- b) Liabilities due to be settled within 12 months after the reporting period; and
- c) Liabilities for which there is no substantive right to defer settlement for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profit

abilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The material accounting judgments and key sources of estimation uncertainty of these interim consolidated financial statements are the same as those applied to the preparation of the consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	March 31,2024	December 31,2023	March 31,2023
Cash on hand	\$ 1,044	\$ 1,044	\$ 947
Checking accounts and demand deposits	122,103	219,030	237,660
Cash equivalents			
Time deposits	<u>140,417</u>	<u>178,723</u>	<u>223,336</u>
	<u>\$ 263,564</u>	<u>\$ 398,797</u>	<u>\$ 461,943</u>

7. TRADE RECEIVABLES

	March 31,2024	December 31,2023	March 31,2023
At amortized cost			
Gross carrying amount	\$ 480,037	\$ 444,547	\$ 440,941
Less: Allowance for impairment loss	<u>(4,314)</u>	<u>(1,115)</u>	<u>(1,556)</u>
	<u>\$ 475,723</u>	<u>\$ 443,432</u>	<u>\$ 439,385</u>

The average collection period for selling products and rendering services of the Group is 75 to 150 days, excluding accounts receivable. The Group 's policy is to only engage in transactions with counterparties rated investment grade or higher (inclusive), and to obtain sufficient collateral, if necessary, to mitigate the risk of financial loss due to defaults. The Group evaluates the creditworthiness of its major customers using publicly available financial information and historical transaction records. It continuously monitors credit exposures and the credit ratings of counterparties, and diversifies total transaction amounts among credit-rated qualified customers. Additionally, the management annually reviews and approves credit limits for counterparties to manage credit exposures.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables:

	Less than 150 days	151 to 365 Days	Over 365 Days	Total
<u>March 31, 2024</u>				
Expected credit loss rate (%)	0-100	0.02-8.71	100	
Gross carrying amount	\$ 477,177	\$ 2,860	\$ -	\$ 480,037
Loss allowance	(3,202)	(1,112)	-	(4,314)
Amortized cost	<u>\$ 473,975</u>	<u>\$ 1,748</u>	<u>\$ -</u>	<u>\$ 475,723</u>
<u>December 31, 2023</u>				
Expected credit loss rate (%)	-	0.01-8.71	100	
Gross carrying amount	\$ 439,349	\$ 5,198	\$ -	\$ 444,547
Loss allowance	-	(1,115)	-	(1,115)
Amortized cost	<u>\$ 439,349</u>	<u>\$ 4,083</u>	<u>\$ -</u>	<u>\$ 443,432</u>
<u>March 31, 2023</u>				
Expected credit loss rate (%)	-	5	100	
Gross carrying amount	\$ 409,568	\$ 31,373	\$ -	\$ 440,941
Loss allowance	-	(1,556)	-	(1,556)
Amortized cost	<u>\$ 409,568</u>	<u>\$ 29,817</u>	<u>\$ -</u>	<u>\$ 439,385</u>

The movements of the loss allowance of trade receivables were as follows:

	Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 1,115	\$ 861
Net remeasurement of loss allowance	<u>3,199</u>	<u>695</u>
Balance at March 31	<u>\$ 4,314</u>	<u>\$ 1,556</u>

8. INVENTORIES

	March 31,2024	December 31,2023	March 31,2023
Merchandise	<u>\$ 60,584</u>	<u>\$ 67,008</u>	<u>\$ 70,970</u>

The cost of inventories recognized as cost of goods sold for the Three Months Ended March 31,2024 and 2023 was \$175,037 thousand and \$154,100 thousand, respectively.

Operating costs include the following items:

	Three Months Ended March 31	
	2024	2023
Inventory loss from write-down (reversal of write-down)	<u>\$ 271</u>	<u>(\$ 188)</u>

The recovery of the net realizable value of inventories is due to the clearance of inventory.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

<u>Name of Investee Company</u>	March 31,2024	December 31,2023	March 31,2023
Unlisted ordinary shares			
Advanced Processing Equipment Technology Co., Ltd. (APET)	\$ 21,328	\$ 21,328	\$ 23,323
Global Simmtech Co., Ltd. (GST)	17,712	17,713	18,370
Eliting Technology Corporation (ELITING)	10,272	10,490	9,238
Precision Chemtech Company Limited (PCCL)	-	14,949	-
QiangFang Technology Co., Ltd. (QiangFang)	-	123	620
	<u>\$ 49,312</u>	<u>\$ 64,603</u>	<u>\$ 51,551</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership		
			March 31,2024	December 31,2023	March 31,2023
The Company	Advanced Corporation (Advanced)	Holding company	100	100	100
Advanced	Niching Co., LTD (Niching Suzhou)	Trading industry	100	100	100

The subsidiaries are immaterial subsidiaries; their financial statements have not been reviewed for the three months ended March 31, 2024 and 2023.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investee	March 31,2024		December 31,2023		March 31,2023	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<u>Private entity</u>						
Enplas niching technology corporation (ENPLAS)	\$ 154,419	30	\$ 147,716	30	\$ 161,751	30
STNC Hong Kong Holdings Limited (STNC)	91,149	49	51,115	30	54,364	30
	<u>\$ 245,568</u>		<u>\$ 198,831</u>		<u>\$ 216,115</u>	

Considering the business strategy for group development and strengthening cooperative relationships, the consolidated company resolved in the board of directors meeting on December 28, 2023, to acquire shares of STNC from the related party, Simmtech International Pte., Ltd. (SI Company). On March 29, 2024, the company acquired a 19% equity interest at a contract price of NT\$35,575 thousand and related costs of NT\$223 thousand, increasing the shareholding ratio to 49%.

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income (loss) of those investments were calculated based on the financial statements that have not been reviewed.

Refer to Table 3 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the joint ventures.

12. PROPERTY, PLANT AND EQUIPMENT

	March 31,2024	December 31,2023	March 31,2023
Assets used by the Company	\$ 210,976	\$ 151,078	\$ 152,482
Assets subject to operating leases	<u>71,970</u>	<u>72,263</u>	<u>73,143</u>
	<u>\$ 282,946</u>	<u>\$ 223,341</u>	<u>\$ 225,625</u>

a. Assets used by the Company

	For the Three Months Ended March 31, 2024					
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 42,733	\$ -	\$ -	\$ -	\$ -	\$ 42,733
Buildings and improvements	123,990	496	-	576	-	125,062
Machinery and equipment	29,104	-	-	1,400	-	30,504
Transportation equipment	3,884	-	-	-	32	3,916
Office equipment	8,437	1,455	(238	224	62	9,940
Miscellaneous equipment	97	-	-	-	2	99
Construction in progress	<u>-</u>	<u>58,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,761</u>
	<u>208,245</u>	<u>\$ 60,712</u>	<u>) (\$ 238</u>	<u>\$ 2,200</u>	<u>\$ 96</u>	<u>271,015</u>
<u>Accumulated depreciation</u>						
Buildings and improvements	38,508	\$ 959	\$ -	\$ -	\$ -	39,467
Machinery and equipment	12,514	1,525	-	-	-	14,039
Transportation equipment	2,256	109	-	-	29	2,394
Office equipment	3,833	418	(214	-	43	4,080
Miscellaneous equipment	<u>56</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>59</u>
	<u>57,167</u>	<u>\$ 3,013</u>	<u>) (\$ 214</u>	<u>\$ -</u>	<u>\$ 73</u>	<u>60,039</u>
	<u>\$ 151,078</u>			<u>\$ -</u>	<u>\$ 73</u>	<u>\$ 210,976</u>

	For the Three Months Ended March 31, 2023					
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 42,733	\$ -	\$ -	\$ -	\$ -	\$ 42,733
Buildings and improvements	122,990	-	-	-	-	122,990
Machinery and equipment	27,393	-	(2,349	2,586	-	27,630
Transportation equipment	5,186	-	-	-	9	5,195
Office equipment	7,701	26	) 63	-	17	7,681
Miscellaneous equipment	<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>
			<u>(\$ 2,412</u>			
	<u>206,061</u>	<u>\$ 26</u>	)	<u>\$ 2,586</u>	<u>\$ 26</u>	<u>206,287</u>
<u>Accumulated depreciation</u>						
Buildings and improvements	34,870	\$ 901	\$ -	\$ -	\$ -	35,771
Machinery and equipment	12,799	1,413	(2,349	-	-	11,863
Transportation equipment	2,778	215	-	-	9	3,002
Office equipment	2,844	318	) 57	-	12	3,117
Miscellaneous equipment	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52</u>
			<u>(\$ 2,406</u>			
	<u>53,343</u>	<u>\$ 2,847</u>	)	<u>\$ -</u>	<u>\$ 21</u>	<u>53,805</u>
	<u>\$ 152,718</u>					<u>\$ 152,482</u>

No impairment losses were recognized or reversed for the three months ended March 31, 2024 and 2023.

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

Buildings and improvements	
Main buildings	50 years
Decoration equipment	5-10 years
Machinery and equipment	2-8 years
Transportation equipment	3-7 years
Office equipment	3-11 years
Miscellaneous equipment	3-9 years

Considering the operational development needs, the consolidated company resolved in the board of directors meeting in March 2024 to purchase a corporate operations headquarters. The contract was signed in March 2024 with a total contract price of \$371,580 thousand. An amount of \$58,761 thousand has been recorded as construction in progress according to the payment schedule. As of March 31, 2024, the property has not yet been inspected or handed over. Please refer to Note 26 and Table 2.

Property, plant and equipment used by the Company pledged as collateral for bank borrowings are set out in Note 25.

b. Assets subject to operating leases

	For the Three Months Ended March 31, 2024			
	Beginning Balance	Additions	Disposals	Ending Balance
<u>Cost</u>				
Land	\$ 27,567	\$ -	\$ -	\$ 27,567
Buildings and improvements	<u>58,215</u>	<u>-</u>	<u>-</u>	<u>58,215</u>
	<u>85,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>85,782</u>
<u>Accumulated depreciation</u>				
Buildings and improvements	<u>13,519</u>	<u>\$ 293</u>	<u>\$ -</u>	<u>13,812</u>
	<u>\$ 72,263</u>			<u>\$ 71,970</u>
	For the Three Months Ended March 31, 2023			
	Beginning Balance	Additions	Disposals	Ending Balance
<u>Cost</u>				
Land	\$ 27,567	\$ -	\$ -	\$ 27,567
Buildings and improvements	<u>58,215</u>	<u>-</u>	<u>-</u>	<u>58,215</u>
	<u>85,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>85,782</u>
<u>Accumulated depreciation</u>				
Buildings and improvements	<u>12,346</u>	<u>\$ 293</u>	<u>\$ -</u>	<u>12,639</u>
	<u>\$ 73,436</u>			<u>\$ 73,143</u>

The Group leases certain office space and parking lots under operating leases, with lease terms of 1 to 5 years. Upon the termination of the lease period, the lessee has no bargain purchase option for the contacts.

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

Buildings and improvements	
Main buildings	50 years
Decoration equipment	5-10 years

Property, plant and equipment subject to operating leases pledged as collateral for bank borrowings are set out in Note 25.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31,2024	December 31,2023	March 31,2023
<u>Carrying amounts</u>			
Land	\$ 253	\$ 270	\$ 322
Buildings and improvements	3,228	3,571	89
Transportation equipment	<u>4,499</u>	<u>5,156</u>	<u>3,381</u>
	<u>\$ 7,980</u>	<u>\$ 8,997</u>	<u>\$ 3,792</u>

	For the Three Months Ended March 31	
	2024	2023
Additions to right-of-use assets	\$ <u> -</u>	\$ <u> 102</u>
Depreciation charge for right-of-use assets		
Land	\$ 17	\$ 17
Buildings and improvements	407	401
Transportation equipment	<u> 657</u>	<u> 563</u>
	<u>\$ 1,081</u>	<u>\$ 981</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2024 and 2023.

b. Lease liabilities

	March 31,2024	December 31,2023	March 31,2023
<u>Carrying amounts</u>			
Current	<u>\$ 4,083</u>	<u>\$ 4,131</u>	<u>\$ 1,730</u>
Non-current	<u>\$ 4,116</u>	<u>\$ 5,058</u>	<u>\$ 2,163</u>

Range of discount rate for lease liabilities was as follows:

	March 31,2024	December 31,2023	March 31,2023
Land	5.84%	5.84%	5.84%
Buildings and improvements	4.45%-4.75%	4.45%-4.75%	4.45%-4.75%
Transportation equipment	5.74%-5.84%	5.74%-5.84%	5.74%

c. Material leasing activities and terms

The Group leases certain land and transportation equipment with lease terms of 3 to 10 years. Upon the termination of the lease period, the Group has no renewal and bargain purchase option for the contacts.

d. Other lease information

	For the Three Months Ended March 31	
	2024	2023
Expenses relating to short-term leases	\$ <u> 520</u>	\$ <u> 58</u>
Expenses relating to low-value asset leases	<u>\$ 25</u>	<u>\$ 25</u>
Total cash outflow for leases	<u>(\$ 1,711)</u>	<u>(\$ 1,131)</u>

The Group's leases of Buildings and improvements qualify as short-term leases and low-value office equipment leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. OTHER PAYABLES

	March 31,2024	December 31,2023	March 31,2023
Dividends	\$ 101,464	\$ -	\$ 167,635
Salaries and rewards	14,704	29,145	7,443
Compensation of employees and remuneration of directors	11,379	8,548	21,014
Payables for annual leave	3,475	3,467	3,466
Others	7,626	9,581	8,109
	<u>\$ 138,648</u>	<u>\$ 50,741</u>	<u>\$ 207,667</u>

15. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2024 and 2023, the pension expenses of defined benefit plans were \$112 thousand and \$113 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

16. EQUITY

a. ordinary shares

	March 31,2024	December 31,2023	March 31,2023
Number of shares authorized (in thousands)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Shares authorized	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Number of shares issued and fully paid (in thousands)	<u>44,115</u>	<u>44,115</u>	<u>44,115</u>
Shares issued	<u>\$ 441,146</u>	<u>\$ 441,146</u>	<u>\$ 441,146</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

On November 3, 2022, the Company's board of directors resolved to issue 5,000 thousand ordinary shares, with a par value of \$10, and authorized the chairman to handle subsequent matters. On January 5, 2023, the above transaction was approved by the SFB and FSC and the subscription base date set March 7, 2023, with approval from the chairman on February 2, 2023, for a consideration of \$50 per share.

According to the Company Act, the issuance of ordinary shares shall appropriate 10% of the total amount of new shares for subscription by employees. According to IFRS 2 "Share-based Payment", the Company recognized salary expense and capital surplus amounted to \$5,500 thousand in 2023.

b. Capital surplus

	March 31,2024	December 31,2023	March 31,2023
Issuance of ordinary shares	\$ 261,040	\$ 261,040	\$ 261,040
Invalid employee shares	<u>66</u>	<u>66</u>	<u>66</u>
	<u>\$ 261,106</u>	<u>\$ 261,106</u>	<u>\$ 261,106</u>

The capital surplus generated from donations and the excess of the issuance price over the par value of capital stock may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and once a year.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the legal reserve equals the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan. When the distribution is made by issuing new shares, it shall be distributed upon resolution at the shareholders' meeting. When it is made in cash, it shall be distributed upon resolution by the board of directors.

Dividends and bonuses or all or part of the statutory surplus reserve and capital reserve to be distributed by the Company in cash shall be distributed upon resolution by the board of directors attended by two-thirds or more of the directors and approved by more than half of the directors present, as stipulated in Article 240, Paragraph 5 of the Company Law, and shall be reported to the shareholders' meeting.

The Company's dividend policy is to distribute dividends in consideration of the current and future development plans, investment environment, funding needs, and domestic and international competitive conditions, while also taking into account shareholders' interests. When distributing shareholders' dividends, at least 40% of the distributable surplus for the year shall be allocated as shareholders' dividends, which may be in cash or stock, with cash dividends not being less than 10% of the total dividends.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to Note 19.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company specifies that when the special reserve is allocated from the net deduction of other equity accumulated in the previous period, if there is a reversal of the deduction in the current year, the amount can only be allocated from the previous period's undistributed earnings.

The appropriations of earnings for 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Legal reserve	\$ 9,503	\$ 19,794
Special reserve	10,466	-
Cash dividends	101,464	167,635
Stock dividends	8,823	-
Cash dividend per share (NT\$)	2.3	3.8
Stock dividends per share (NT\$)	0.2	-

The appropriations of cash dividends per share for 2023 and 2022 had been approved by the board of directors on March 7, 2024 and March 16, 2023 respectively, the other appropriations of earnings for 2022 had been approved in the shareholders' meeting on June 15, 2023, and the other appropriation of earnings for 2023 is subject to the resolution of the shareholders in their meeting to be held on June 13, 2024.

17. REVENUE

	For the Three Months Ended March 31	
	2024	2023
Sales revenue		
Semiconductor products	\$ 117,798	\$ 100,217
Optoelectronics products	81,680	76,508
Other	<u>4,442</u>	<u>3,250</u>
	203,920	179,975
Service revenue	<u>34,154</u>	<u>30,822</u>
	<u>\$ 238,074</u>	<u>\$ 210,797</u>

Contract information

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable and trade receivables	<u>\$ 475,767</u>	<u>\$ 443,473</u>	<u>\$ 439,686</u>

18. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Three Months Ended March 31	
	2024	2023
Interest on lease liabilities	\$ 111	\$ 59
Interest on bank loans	<u>-</u>	<u>677</u>
	<u>\$ 111</u>	<u>\$ 736</u>

b. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the Three Months Ended</u>			
<u>March 31, 2024</u>			
Employee benefits			
Salaries and bonuses	\$ 576	\$ 27,645	\$ 28,221
Defined contribution plans	32	1,240	1,272
Defined benefit plans	7	105	112
Other employee benefits	111	3,228	3,339
Depreciation expenses	417	3,970	4,387
Amortization expenses	-	48	48

	Operating Costs	Operating Expenses	Total
<u>For the Three Months Ended</u>			
<u>March 31, 2023</u>			
Employee benefits			
Salaries and bonuses	765	30,735	31,500
Defined contribution plans	31	1,104	1,135
Defined benefit plans	7	106	113
Other employee benefits	97	2,840	2,937
Depreciation expenses	592	3,529	4,121
Amortization expenses	-	47	47

19. COMPENSATION OF EMPLOYEES AND REMUNERATION OF DIRECTORS

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and the remuneration of directors. For the three months ended March 31, 2024 and 2023, the compensation of employees and the remuneration of directors were as follows:

	For the Three Months Ended March 31			
	2024		2023	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	5%	\$ 1,994	5%	\$ 1,186
Remuneration of directors	2.1%	837	2.1%	498

If there will be change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation of employees and remuneration of directors for the three months ended March 31, 2024 and 2023 were as follows:

	For the Year Ended December 31	
	2023	2022
Compensation of employees	\$ 6,020	\$ 12,673
Remuneration of directors	2,528	6,657

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements.

Information on the compensation of employees and remuneration of directors resolved by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

20. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense recognized in profit or loss

	For the Three Months Ended March 31	
	2024	2023
Current tax		
In respect of the current year	\$ 2,972	\$ 1,054
Adjustment for prior years	<u>-</u>	<u>(1,095)</u>
	2,972	(41)
Deferred tax		
In respect of the current year	<u>2,991</u>	<u>828</u>
Income tax expense recognized in profit or loss	<u>\$ 5,963</u>	<u>\$ 787</u>

Advanced Company, according to the laws of the Independent State of Samoa, is exempt from tax on its offshore income.

Niching Suzhou Company, in accordance with the Enterprise Income Tax Law of the People's Republic of China, is subject to an income tax rate of 25%.

b. Income tax expense in other comprehensive income

	For the Three Months Ended March 31	
	2024	2023
<u>Deferred tax income (expenses)</u>		
In respect of the current period—unrealized		
Gain (Loss) on Financial Through Other		
Comprehensive Income	<u>\$ -</u>	<u>\$ 196</u>

c. The tax returns of the Company through 2022 have been assessed by the tax authorities.

21. EARNINGS PER SHARE

	Net Income	Number of Shares (Denominator In Thousands)	Earnings Per Share NT\$
<u>For the Three Months Ended March 31, 2024</u>			
Basic earnings per share			
Net income available to owners of the Company	\$ 31,079	44,115	<u>\$ 0.70</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>61</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially	<u>\$ 31,079</u>	<u>44,176</u>	<u>\$ 0.70</u>
	Net Income	Number of Shares (Denominator In Thousands)	Earnings Per Share NT\$
<u>For the Three Months Ended March 31, 2023</u>			
Basic earnings per share			
Net income available to owners of the Company	\$ 21,252	40,503	<u>\$ 0.52</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>195</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially	<u>\$ 21,252</u>	<u>40,698</u>	<u>\$ 0.52</u>

Since the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

22. CAPITAL MANAGEMENT

The objectives, policies, and procedures for the consolidated company's capital risk management, as well as the composition of the consolidated company's capital structure, are the same as those described in the consolidated financial statements for the year 2023.

23. FINANCIAL INSTRUMENTS

a. Financial instruments that are not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and liabilities that are not measured at fair value approximate its fair value or its fair value cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

<u>March 31,2024</u>	Level 1	Leve2	Leve3	Total
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	\$ _____ -	\$ _____ -	\$ <u>49,312</u>	\$ <u>49,312</u>
 <u>December 31, 2023</u>				
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	\$ _____ -	\$ _____ -	\$ <u>64,603</u>	\$ <u>64,603</u>
 <u>March 31,2023</u>				
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	\$ _____ -	\$ _____ -	\$ <u>51,551</u>	\$ <u>51,551</u>

There was no transfer of fair value measurements between Level 1 and Level 2 for for the three months ended March 31,2024 and 2023.

2) Reconciliation of Level 3 fair value measurements on financial instruments

	Financial assets at financial assets at fair value through other comprehensive income Equity instruments	
	For the Three Months Ended March 31	
<u>Financial assets</u>	2024	2023
Balance at the beginning of the year	\$ 64,603	\$ 52,425
Unrealized gains (loss) from financial assets measured at fair value through other comprehensive income	(<u>15,291</u>)	(<u>874</u>)
Balance at the end of the year	\$ <u>49,312</u>	\$ <u>51,551</u>

3) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The securities of emerging stocks held by the Group have no market price reference and thus are evaluated under the cost approach. Its fair value is computed in reference to investment assets.

c. Categories of financial instruments

	March 31,2024	December 31,2023	March 31,2023
<u>Financial assets</u>			
Financial assets at amortized cost	\$ 746,031	\$ 848,559	\$ 906,856
Financial assets at FVTOCI	49,312	64,603	51,551
<u>Financial liabilities</u>			
Financial liabilities at amortized cost	317,109	243,999	372,522

Balance of financial assets measured at amortized cost includes cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits, and other financial assets measured at amortized cost.

Balance of financial liabilities measured at amortized cost includes short term bank borrowings, notes payable, accounts payable, other payables, 1 and guarantee deposits received and other financial liabilities measured at amortized cost.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity, trade receivables, trade payables, short-term borrowings, and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

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

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

i. Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Approximately 46 %~58 % of sales revenue is not denominated in functional currency and approximately 42 %~47 % of the cost is not denominated in functional currency. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group utilizes foreign exchange forward contracts to hedge its currency exposure.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 27.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. Numbers below indicate the change in pre-tax profit or equity associated with the New Taiwan dollar strengthening 5% against the relevant currency:

Impact of fluctuations in exchange rate on profit or loss		
For the Three Months Ended March 31		
	2024	2023
USD	\$ 16,965	\$ 21,464

ii. Interest rate risk

The Group is exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates. borrowed money at both fixed and variable rate. The Group maintains an appropriate fixed and floating rate for portfolio to manage interest rate risk. The hedge is evaluated on a regular basis, which makes its point of view and the established risk preference identical, to ensure the most efficient hedging strategy is adopted.

The carrying amounts of the Group's financial assets and lease liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 1,2024	December 31,2023	March 1,2023
Fair value interest rate risk			
Financial assets	\$ 140,417	\$ 178,723	\$ 223,336
Lease liabilities	8,199	9,189	3,893
Cash flow interest rate risk			
Financial assets	121,123	218,188	235,864

Sensitivity analysis

If interest rates had been 5% basis points higher/lower and all other variables been held constant, the Group's pretax profits for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$76 thousand and \$147 thousand, respectively. A 5% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees

provided by the Group could arise from:

- i. The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- ii. The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group uses other publicly available financial information and mutual transaction records to rate major customers, continuously monitoring credit exposure and counterparties' credit ratings. The total transaction amount is distributed among customers with qualified credit ratings, and the credit limits for each counterparty are reviewed and approved annually by management to control credit risk.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the balances of accounts receivable from the top two customers were \$219,147 thousand, \$176,669 thousand and \$149,858 thousand, respectively. For the three months ended March 31, 2024 and 2023, the concentration of credit risk for these companies did not exceed 21% of the total monetary assets, and the concentration of credit risk for other counterparties did not exceed 30% of the total monetary assets.

3) Liquidity risk

The ultimate responsibility for liquidity risk management lies with the board of directors. The Group has established an appropriate liquidity risk management framework to meet short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining sufficient bank financing facilities, borrowing commitments, continuously monitoring forecasted and actual cash flows, and planning to settle liabilities with financial assets of similar maturities. The undrawn loan amounts are as follows:

	March 31,2024	December 31,2023	March 31,2023
Undrawn loan amounts	\$ 565,000	\$ 565,000	\$ 565,000

Liquidity and interest rate risk tables

The Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods is based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

	Less Than 1 Year	More than 1 Years
Non-derivative financial liabilities		
<u>March 31, 2024</u>		
Non-interest bearing	\$ 317,109	\$ -
Lease liabilities	<u>4,374</u>	<u>4,262</u>
	<u>\$ 321,483</u>	<u>\$ 4,262</u>
<u>December 31, 2023</u>		
Non-interest bearing	\$ 243,999	\$ -
Lease liabilities	<u>4,518</u>	<u>5,312</u>
	<u>\$ 248,517</u>	<u>\$ 5,312</u>
<u>March 31, 2023</u>		
Non-interest bearing	\$ 372,522	\$ -
Lease liabilities	<u>1,913</u>	<u>2,277</u>
	<u>\$ 374,435</u>	<u>\$ 2,277</u>

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

	Less Than 1 Year	1-5 Years	5-10 Years
<u>March 31, 2024</u>	<u>\$ 4,374</u>	<u>\$ 4,262</u>	<u>\$ -</u>
<u>December 31, 2023</u>	<u>\$ 4,518</u>	<u>\$ 5,312</u>	<u>\$ -</u>
<u>March 31, 2023</u>	<u>\$ 1,913</u>	<u>\$ 2,277</u>	<u>\$ -</u>

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of significant transactions between the Group and other related parties are disclosed below.

1) Related party name and categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
Simmtech Co., Ltd. (Simmtech)	Other related party
Simmtech Graphics Co., Ltd. (STG)	Other related party
SI	Other related party
ENPLAS	Associate

2) Service revenue

Related Party Category/Name	For the Three Months Ended March 31	
	2024	2023
Other related party		
SI	\$ 20,385	\$ 1,759
Simmtech	3,449	17,398
Others	<u>-</u>	<u>1,454</u>
	<u>\$ 23,834</u>	<u>\$ 20,611</u>

The commission rates for intermediary services provided above are not significantly different from those charged to non-related parties; the payment terms are also not materially different.

3) Non-operating income - other income

Related Party Category/Name	For the Three Months Ended March 31	
	2024	2023
Associate		
ENPLAS	<u>\$ 14</u>	<u>\$ 14</u>

4) Receivables to related parties

Related Party Category/Name	March 31,2024	December 31,2023	March 31,2023
Other related party			
SI			
Gross carrying amount	\$ 33,579	\$ 36,444	\$ 5,502
Less: Allowance for impairment loss	(65)	(10)	(6)
	<u>33,514</u>	<u>36,434</u>	<u>5,496</u>
Simmtech			
Gross carrying amount	\$ 6,328	\$ 9,495	\$ 65,240
Less: Allowance for impairment loss	(14)	(202)	(1,436)
	<u>6,314</u>	<u>9,293</u>	<u>63,804</u>
Others			
Gross carrying amount	-	-	1,691
Less: Allowance for impairment loss	-	-	(72)
	<u>-</u>	<u>-</u>	<u>1,619</u>
	<u>\$ 39,828</u>	<u>\$ 45,727</u>	<u>\$ 70,919</u>

The consolidated company has not secured guarantees for the outstanding receivables from related parties. For the three months ended March 31, 2024 and 2023, allowances for doubtful accounts of \$(133) thousand and \$ 712 thousand, respectively, were (reversed) provided.

5) Other receivables

Related Party Category/Name	March 31,2024	December 31,2023	March 31,2023
Other related party	<u>\$ 472</u>	<u>\$ 515</u>	<u>\$ 120</u>
Simmtech			

6) Acquisition of financial assets

March 31,2024

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Other related party SI	Investments accounted for using the equity method	190 thousand shares	STNC	<u>\$ 35,575</u>

7) Remuneration of key management personnel

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 6,858	\$ 6,996
Post-employment benefits	<u>100</u>	<u>97</u>
	<u>\$ 6,958</u>	<u>\$ 7,093</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collateral for long-term bank loans:

	March 31,2024	December 31,2023	March 31,2023
Property, plant and equipment	<u>\$ 67,267</u>	<u>\$ 67,553</u>	<u>\$ 68,412</u>

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at March 31, 2024 were as follows:

Unrecognized contractual commitments of the Group

	March 31,2024	December 31,2023	March 31,2023
Acquisition of property, plant and equipment	<u>\$ 312,819</u>	<u>\$ -</u>	<u>\$ -</u>

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies are as follows:

	March 31, 2024			December 31, 2023		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 13,955	32.000	\$ 446,568	\$ 13,866	30.705	\$ 425,761
RMB	87	4.392	382	288	4.311	1,242
JPY	11,096	0.212	2,352	-	-	-
<u>Financial liabilities</u>						
Monetary items						
USD	3,352	32.000	107,260	3,634	30.705	111,596
	March 31, 2023					
	Foreign Currency	Exchange Rate	Carrying Amount			
<u>Financial assets</u>						
Monetary items						
USD	\$ 16,829	30.45	\$ 512,438			
RMB	1,204	4.415	5,317			
JPY	2,764	0.2288	632			
<u>Financial liabilities</u>						
Monetary items						
USD	2,731	30.45	83,164			

The realized and unrealized net foreign exchange gains (loss) for the Group in 2024 and 2023 were \$12,504 thousand and \$(3,889) thousand, respectively. Due to the diversity of foreign currency transactions, it is not feasible to disclose exchange gains and losses by individual significant foreign currencies.

28. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held (excluding investment in subsidiaries and associates): Table 1.
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.

- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: Table 2.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table None.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 9) Trading in derivative instruments: None.
 - 10) Other: intercompany relationships and significant intercompany transactions: Table 4
- b. Information on investees: Table 3
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 5.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - i. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 4.
 - ii. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 4.
 - iii. The amount of property transactions and the amount of the resultant gains or losses: None.
 - iv. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
 - v. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
 - vi. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Table 4.
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 6.

29. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

a. Segment revenue and results

<u>For the Three Months Ended March 31,</u> <u>2024</u>	Domestic	Asia	Others	Adjustments and Eliminations	Consolidated
Income from customers other than the Company and consolidated subsidiaries	\$ 236,793	\$ 1,281	\$ -	\$ -	\$ 238,074
Income from the Company and consolidated subsidiaries	<u>-</u>	<u>2,145</u>	<u>-</u>	<u>(2,145)</u>	<u>-</u>
Total departmental income	<u>\$ 236,793</u>	<u>\$ 3,426</u>	<u>\$ -</u>	<u>(\$ 2,145)</u>	<u>\$ 238,074</u>
Department profit and loss	<u>\$ 37,115</u>	<u>(\$ 1,191)</u>	<u>(\$ 2,138)</u>	<u>\$ 3,367</u>	<u>\$ 37,153</u>
Interest expense					<u>(111)</u>
Net profit before tax from continuing operations					<u>\$ 37,042</u>
 <u>December 31, 2024</u>					
Non-current assets	<u>\$ 295,017</u>	<u>\$ 5,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,546</u>
 <u>For the Three Months Ended March 31,</u> <u>2023</u>					
Income from customers other than the Company and consolidated subsidiaries	\$ 204,079	\$ 959	\$ 5,759	\$ -	\$ 210,797
Income from the Company and consolidated subsidiaries	<u>-</u>	<u>1,345</u>	<u>-</u>	<u>(1,345)</u>	<u>-</u>
Total departmental income	<u>\$ 204,079</u>	<u>\$ 2,304</u>	<u>\$ 5,759</u>	<u>(\$ 1,345)</u>	<u>\$ 210,797</u>
Department profit and loss	<u>\$ 22,772</u>	<u>(\$ 2,063)</u>	<u>(\$ 181)</u>	<u>\$ 2,247</u>	<u>\$ 22,775</u>
Interest expense					<u>(736)</u>
Net profit before tax from continuing operations					<u>\$ 22,039</u>
 <u>December 31, 2023</u>					
Non-current assets	<u>\$ 234,537</u>	<u>\$ 2,069</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,606</u>

Segment profit represents the profit earned by each segment without allocation of central administration costs and interest expense. This is the amount reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Non-current assets do not include investments accounted for using the equity method, financial instruments, deferred tax assets, and other intangible assets.

b. Segment assets

The Group had not reported segment assets and liabilities information to the chief operating decision maker. Thus, no disclosure is made.

c. Major Products and Service Revenue

The main business operations of the Company and its subsidiaries involve the import, export, and sales of raw materials, components, and equipment required by various semiconductor and optoelectronic industries. All of these fall under a single category of products.

d. Information about major customers

	For the Three Months Ended March 31			
	Amount	%	Amount	%
Customer A	\$ 52,681	22	\$ 68,928	33
Customer B	30,890	13	28,014	13
Customer C	26,368	11	28,786	14

TABLE 1**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****MARCH 31, 2024****(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Shares</u>							
	APET	None	Financial assets at FVTOCI - non current	282,700	\$ 21,328	6	\$ 21,328	
	GST	Other related party	Financial assets at FVTOCI - non current	147,972	17,712	1	17,712	
	ELITING	None	Financial assets at FVTOCI - non current	335,925	10,272	12	10,272	
	PCCL	None	Financial assets at FVTOCI - non current	1,360,000	-	17	-	
QiangFang	None	Financial assets at FVTOCI - non current	225,000	-	15	-		

Note: For information on the investments in subsidiaries and associates, see Tables 3 and 5.

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31 ,2024
(In Thousands of New Taiwan Dollars)**

Buyer	Property	Event Date	Transaction Amount (Note)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
The Company	Land and Buildings	2024.03.07	\$ 371,580	As of the end of March 2024, an amount of \$58,761 has been paid	Lien Jade Construction Co., Ltd.	—	—	—	—	\$ -	Appraisal report, agreed upon by both parties	Operational needs	—

Note: Amounts are in contractual values.

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31 , 2024
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31 , 2024			Net Income Loss of the Investee	Share of Profit Loss	Note
				March 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
The Company	Advanced	Samoa	General investment business and import-export trade	\$ 45,496	\$ 45,496	1,800,293	100	\$ 44,102	(\$ 2,138)	(\$ 2,138)	(Note 1)
	ENPLAS	Hsinchu City	Import and sale of electronic materials	52,621	52,621	633,000	30	154,419	22,557	6,760	
	STNC	Hongkong	General investment business and import-export trade	44,676	8,878	490,000	49	91,149	8,681	2,605	

Note 1: Significant intercompany accounts and transactions have been eliminated.

Note 2: For information on investments in mainland China, see Table 5.

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty (Note 3)	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	Terms % to Total Sales or Assets
0	The Company	Advanced Niching Suzhou	Note 1 Note 1	Other income	\$ 1	—	-
				Cost of goods sold	2,145	—	1
				Trade receivables	2,172	—	-
				Trade payables	381	—	-
				Other payables	8	—	-

Note 1: Parent company to subsidiary.

Note 2: Significant intercompany accounts and transactions have been eliminated

TABLE 5

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

For The Three Months Ended March 31 , 2024

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company (Note 1)	Main Businesses and Products	Paid in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of March 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain Loss (Note 3)	Carrying Amount as of March 31, 2024 (Note 3)	Accumulated Repatriation of Investment Income as of March 31, 2024
					Outward	Inward						
Niching Co., LTD	Wholesale, import and export, commission agency (excluding auctions), and related supporting businesses for equipment, materials, and parts required for the manufacturing of semiconductor, optoelectronic, electronic, and mechanical products.	\$ 64,492 (USD 2,100)	(Note 2)	\$ 53,366 (USD 1,735)	\$ -	\$ -	\$ 53,366 (USD 1,735)	(\$ 1,229)	100%	(\$ 1,229)	\$ 25,438	\$ -
Simmtech Niching (Suzhou) Co., Ltd.	Wholesale, import and export, commission agency (excluding auctions), and related supporting businesses for equipment, materials, and parts required for the manufacturing of semiconductor, optoelectronic, electronic, and mechanical products.	29,570 (USD 1,000)	(Note 2)	8,878 (USD 300)	35,798 (USD 1,138)	-	44,676 (USD 1,438)	8,671	49%	2,601	91,585	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA(Note4)
\$ 98,042 (USD 3,173)	\$ 102,179 (USD 3,238)	\$ 602,179

Note 1: This investment project has been approved by the Investment Commission, with an investment amount of USD \$3,238 thousand. However, as of March 31, 2024, USD \$3,173 thousand has been remitted.

Note 2: Investment in Mainland China companies through a company invested and established in a third region.

Note 3: In accordance with reports audited by the CPA from the parent company.

Note 4: Limitation is calculated under 'Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China'.

Note 5: Significant intercompany accounts and transactions have been eliminated.

TABLE 6**NICHING INDUSTRIAL CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS****March 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Jutai Investment Co., Ltd.	3,791,247	8.59%

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Corporation's consolidated financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Note 2: If the above information is related to shareholders who have delivered their shares held to a trust, the information is separately disclosed by each trustor's account opened by the trustee. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings include the shares held by the shareholder as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, refer to the Market Observation Post System website of the TWSE.