

# **Niching Industrial Corporation and Subsidiaries**

## **Consolidated Financial Statements for the Six Months Ended June 30, 2024 and 2023 and Independent Auditors' Review Report**

**Address : Room 5E, No.767, Sec 4, Taiwan**

**Bld., Taichung, Taiwan**

**TEL : (04)2358-8966**

## **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 June 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2024 and 2023, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the 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 Six Months Ended June 30, 2024 and 2023. Total assets of these subsidiaries amounted to \$45,582 thousand and \$ 54,155 thousand, representing 3% and 4% of the related consolidated totals, and total liabilities amounted to \$ 5,726 thousand and \$ 7,071 thousand, respectively, each accounting for 1% of the related consolidated totals, as at June 30, 2024 and 2023, respectively ; for the three months ended June 30, 2024 and 2023, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$397 thousand and

NT\$(2,821) thousand, representing 1% and (13%), respectively, of the consolidated total comprehensive income, and for the six months ended June 30, 2024 and 2023, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$(475) thousand and NT\$(3,001) thousand, representing (1%) and (7%), respectively, of the consolidated total comprehensive income.

As described in Note 11 indicated, the un-reviewed balance of investment amounted to \$243,008 thousand and \$195,140 thousand; the recognized share of profits of associates under the equity method of these investments for the three months Ended June 30, 2024 and 2023, amounted to \$4,868 thousand and \$2,843 thousand, respectively ; for the six months Ended June 30, 2024 and 2023, amounted to \$14,233 thousand and \$15,652 thousand, 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 June 30, 2024 and 2023, its consolidated financial performance for the three months ended June 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the 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

August 7, 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	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Notes 6)	\$ 326,883	22	\$ 398,797	28	\$ 445,257	29
Notes receivable	120	-	41	-	163	-
Trade receivables from unrelated parties(Notes 7)	474,031	32	397,705	28	443,185	29
Trade receivables from related parties(Notes 7 and 24)	41,333	3	45,727	3	60,383	4
Other receivables (Notes 24)	2,627	-	1,875	-	1,358	-
Inventories (Notes 8)	48,992	3	67,008	5	60,502	4
Other current assets	<u>4,326</u>	<u>-</u>	<u>7,061</u>	<u>-</u>	<u>4,397</u>	<u>1</u>
Total current assets	<u>898,312</u>	<u>60</u>	<u>918,214</u>	<u>64</u>	<u>1,015,245</u>	<u>67</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Notes 9)	46,637	3	64,603	5	69,496	5
Investments accounted for using the equity method (Notes 11 and 24)	243,008	16	198,831	14	195,140	13
Property, plant and equipment (Notes 12 and 25)	284,786	19	223,341	16	223,224	15
Right-of-use assets (Notes 13)	6,917	1	8,997	1	8,265	-
Other intangible assets	102	-	623	-	623	-
Deferred tax assets (Notes 4 and 20)	5,788	-	7,081	-	5,662	-
Prepaid investments	2,251	-	1,726	-	1,914	-
Other non-current assets	<u>6,606</u>	<u>1</u>	<u>6,884</u>	<u>-</u>	<u>5,940</u>	<u>-</u>
Total non-current assets	<u>596,095</u>	<u>40</u>	<u>512,086</u>	<u>36</u>	<u>510,264</u>	<u>33</u>
<b>TOTAL</b>	<u>\$ 1,494,407</u>	<u>100</u>	<u>\$ 1,430,300</u>	<u>100</u>	<u>\$ 1,525,509</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Notes payable	\$ 440	-	\$ 942	-	\$ 120	-
Trade payables	263,109	18	233,559	16	204,464	13
Other payables (Notes 14)	152,349	10	50,741	4	223,510	15
Current tax liabilities (Notes 4 and 20)	9,914	1	20,727	2	7,851	1
Lease liabilities - current (Notes 13)	3,981	-	4,131	-	3,435	-
Other current liabilities	<u>3,736</u>	<u>-</u>	<u>4,170</u>	<u>-</u>	<u>4,792</u>	<u>-</u>
Total current liabilities	<u>433,529</u>	<u>29</u>	<u>314,270</u>	<u>22</u>	<u>444,172</u>	<u>29</u>
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities (Notes 4 and 20)	3,094	-	2,871	-	5,071	-
Lease liabilities - non-current (Notes 13)	3,168	1	5,058	-	4,959	-
Net defined benefit liabilities - non-current (Notes 4 and 15)	17,885	1	20,833	2	22,678	2
Guarantee deposits	<u>806</u>	<u>-</u>	<u>799</u>	<u>-</u>	<u>798</u>	<u>-</u>
Total non-current liabilities	<u>24,953</u>	<u>2</u>	<u>29,561</u>	<u>2</u>	<u>33,506</u>	<u>2</u>
Total liabilities	<u>458,482</u>	<u>31</u>	<u>343,831</u>	<u>24</u>	<u>477,678</u>	<u>31</u>
<b>EQUITY</b>						
Ordinary shares	441,146	30	441,146	31	441,146	29
Stock dividend to be distributed	8,823	1	-	-	-	-
Capital surplus	261,106	17	261,106	18	261,106	17
Retained earnings						
Legal reserve	153,426	10	143,923	10	143,923	9
Special reserve	10,465	1	-	-	-	-
Unappropriated earnings	184,597	12	250,760	18	208,612	14
Other equity						
Exchange differences on translation of foreign financial statements	( 4,458 )	( 1 )	( 8,826 )	( 1 )	( 9,276 )	-
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	( 19,180 )	( 1 )	( 1,640 )	-	2,320	-
Total equity	<u>1,035,925</u>	<u>69</u>	<u>1,086,469</u>	<u>76</u>	<u>1,047,831</u>	<u>69</u>
<b>TOTAL</b>	<u>\$ 1,494,407</u>	<u>100</u>	<u>\$ 1,430,300</u>	<u>100</u>	<u>\$ 1,525,509</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated August 7, 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 June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES (Notes 17 and 24)								
Sales revenue	\$ 262,282	87	\$ 225,438	87	\$ 466,202	86	\$ 405,413	86
Service revenue	39,115	13	34,884	13	73,269	14	65,706	14
SALES	<u>301,397</u>	100	<u>260,322</u>	100	<u>539,471</u>	100	<u>471,119</u>	100
COST OF GOODS SOLD (Notes 8 and 18)	<u>227,508</u>	75	<u>193,194</u>	74	<u>402,545</u>	75	<u>347,294</u>	74
GROSS PROFIT	<u>73,889</u>	25	<u>67,128</u>	26	<u>136,926</u>	25	<u>123,825</u>	26
OPERATING EXPENSES								
Selling and marketing expenses (Notes 18)	25,490	8	19,461	8	50,265	9	39,300	9
General and administrative expenses (Notes 18)	18,698	6	16,898	7	32,637	6	33,660	7
Research and development expenses (Notes 18)	7,756	3	8,868	3	15,639	3	19,829	4
Expected credit loss (gain) (Notes 7)	( 32)	-	( 401)	-	3,167	1	294	-
Total operating expenses	<u>51,912</u>	17	<u>44,826</u>	18	<u>101,708</u>	19	<u>93,083</u>	20
PROFIT FROM OPERATIONS	<u>21,977</u>	8	<u>22,302</u>	8	<u>35,218</u>	6	<u>30,742</u>	6
NON-OPERATING INCOME AND EXPENSES								
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 11)	4,868	2	2,843	1	14,233	3	15,652	3
Interest income	1,779	1	2,268	1	2,875	1	3,426	1
Rental income	883	-	1,208	1	2,002	-	2,424	1
Dividend income	1,680	-	1,008	-	1,680	-	1,008	-
Other income (Note 24)	350	-	437	-	940	-	3,830	1
Net foreign exchange gain	5,731	2	9,644	4	18,235	3	5,755	1
Finance costs (Notes 18)	( 97)	-	( 104)	-	( 208)	-	( 840)	-
Other expenses	( 11)	-	( 11)	-	( 749)	-	( 357)	-
Losses on disposals of property, plant and equipment	( 284)	-	-	-	( 308)	-	( 6)	-
Losses on disposals of intangible assets other than goodwill	( 473)	-	-	-	( 473)	-	-	-
Total non-operating income and expenses	<u>14,426</u>	5	<u>17,293</u>	7	<u>38,227</u>	7	<u>30,892</u>	7
PROFIT BEFORE INCOME TAX	36,403	13	39,595	15	73,445	13	61,634	13
INCOME TAX EXPENSE (Notes 4 and 20)	<u>3,390</u>	1	<u>7,911</u>	3	<u>9,353</u>	2	<u>8,698</u>	2
NET PROFIT FOR THE PERIOD	<u>33,013</u>	12	<u>31,684</u>	12	<u>64,092</u>	11	<u>52,936</u>	11
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	( 2,675)	( 1)	( 9,241)	( 4)	( 17,966)	( 3)	( 10,115)	( 2)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	426	-	( 403)	-	426	-	( 207)	-
	<u>( 2,249)</u>	( 1)	<u>( 9,644)</u>	( 4)	<u>( 17,540)</u>	( 3)	<u>( 10,322)</u>	( 2)

(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 June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	\$ 488	-	(\$ 496)	-	\$ 1,754	-	(\$ 495)	-
Exchange differences on translation, associates and joint ventures accounted for using equity method	<u>1,040</u>	<u>-</u>	<u>105</u>	<u>-</u>	<u>2,614</u>	<u>-</u>	<u>(1,411)</u>	<u>-</u>
	<u>1,528</u>	<u>-</u>	<u>(391)</u>	<u>-</u>	<u>4,368</u>	<u>-</u>	<u>(1,906)</u>	<u>-</u>
Other comprehensive income for the year	(721)	(1)	(10,035)	(4)	(13,172)	(3)	(12,228)	(2)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 32,292</u>	<u>11</u>	<u>\$ 21,649</u>	<u>8</u>	<u>\$ 50,920</u>	<u>9</u>	<u>\$ 40,708</u>	<u>9</u>
<b>EARNINGS PER SHARE (Note 21)</b>								
Basic	<u>\$ 0.73</u>		<u>\$ 0.70</u>		<u>\$ 1.42</u>		<u>\$ 1.23</u>	
Diluted	<u>\$ 0.73</u>		<u>\$ 0.70</u>		<u>\$ 1.42</u>		<u>\$ 1.22</u>	

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

(With Deloitte & Touche auditors' review report dated August 7, 2024)

(Concluded)

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023**

**(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation						Other Equity		Total Equity
	Shares (Note 16)		Capital Surplus (Note 16)	Retained Earnings (Note 16)			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Through Other Comprehensive Income	
	Ordinary Shares	Stock dividend to be distributed		Legal Reserve	Special reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2023	\$ 391,146	\$ -	\$ 56,611	\$ 124,129	\$ -	\$ 343,159	(\$ 7,370)	\$ 12,588	\$ 920,263
Appropriation of 2022 earnings									
Legal reserve	-	-	-	19,794	-	(19,794)	-	-	-
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 for the six months ended June 30, 2023	-	-	-	-	-	52,936	-	-	52,936
Other comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	(1,906)	(10,322)	(12,228)
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	52,936	(1,906)	(10,322)	40,708
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(54)	-	54	-
BALANCE AT JUNE 30, 2023	\$ 441,146	\$ -	\$ 261,106	\$ 143,923	\$ -	\$ 208,612	(\$ 9,276)	\$ 2,320	\$ 1,047,831
BALANCE AT JANUARY 1, 2024	\$ 441,146	\$ -	\$ 261,106	\$ 143,923	\$ -	\$ 250,760	(\$ 8,826)	(\$ 1,640)	\$ 1,086,469
Appropriation of 2023 earnings									
Legal reserve	-	-	-	9,503	-	(9,503)	-	-	-
Special reserve	-	-	-	-	10,465	(10,465)	-	-	-
Cash dividends	-	-	-	-	-	(101,464)	-	-	(101,464)
Stock dividends	-	8,823	-	-	-	(8,823)	-	-	-
Net profit (loss) for the six months ended June 30, 2024	-	-	-	-	-	64,092	-	-	64,092
Other comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	-	-	4,368	(17,540)	(13,172)
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	-	64,092	4,368	(17,540)	50,920
BALANCE AT JUNE 30, 2024	\$ 441,146	\$ 8,823	\$ 261,106	\$ 153,426	\$ 10,465	\$ 184,597	(\$ 4,458)	(\$ 19,180)	\$ 1,035,925

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' review report dated August 7, 2024)

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**  
**(In Thousands of New Taiwan Dollars)**

	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 73,445	\$ 61,634
Adjustments for:		
Depreciation expenses	8,821	8,236
Amortization expenses	48	47
Expected credit loss	3,167	294
Finance costs	208	840
Interest income	( 2,875)	( 3,426)
Dividend income	( 1,680)	( 1,008)
Share-based compensation	-	5,500
Share of profit or loss of subsidiaries and associates accounted for using the equity method	( 14,233)	( 15,652)
Loss on disposal of property, plant and equipment	308	6
Loss on disposal of intangible assets	473	-
Impairment loss(income) recognized on non- financial assets	2,925	( 585)
Unrealized foreign currency exchange gain	( 10,238)	( 9,121)
Amortization of prepayments	1,036	960
Changes in operating assets and liabilities		
Notes receivable	( 79)	138
Trade receivables	( 60,341)	39,363
Other receivables	( 763)	( 314)
Inventories	15,091	130
Prepayments	2,365	1,785
Other current assets	400	( 263)
Notes payable	( 502)	( 261)
Trade payables	25,175	( 25,454)
Other payables	231	( 12,342)
Other current liabilities	( 436)	( 2,475)
Net defined benefit liabilities	( 2,948)	( 11)
Cash generated from operations	39,598	48,021
Interest received	2,908	3,338
Interest paid	( 208)	( 840)
Income tax paid	( 18,224)	( 22,552)
 Net cash generated from operating activities	 <u>24,074</u>	 <u>27,967</u>

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**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**  
**(In Thousands of New Taiwan Dollars)**

	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ -	(\$ 27,200)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	14
Acquisition of investments accounted for using equity method	( 35,798)	-
Payments for property, plant and equipment	( 65,645)	( 892)
Decrease in refundable deposits	79	189
Increase in other non-current assets	( 815)	( 1,164)
Increase in prepayments for machinery and equipment	( 3,505)	( 2,712)
Dividends received	<u>10,148</u>	<u>24,932</u>
Net cash generated used in investing activities	( <u>95,536</u> )	( <u>6,833</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	-	( 150,000)
Increase (decrease) in guarantee deposits received	7	( 5)
Repayment of the principal portion of lease liabilities	( 2,133)	( 1,949)
Proceeds from issuance of ordinary shares	<u>-</u>	<u>248,995</u>
Net cash from (used in) financing activities	( <u>2,126</u> )	<u>97,041</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>1,674</u>	( <u>349</u> )
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	( 71,914)	117,826
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>398,797</u>	<u>327,431</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 326,883</u>	<u>\$ 445,257</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' review report dated August 7, 2024)

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023**

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

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**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 August 7, 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 endorsed by the FSC for application starting from 2025

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)

Note : 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.

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

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB(Note )</u></b>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 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”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

1) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

	<b>June 30,2024</b>	<b>December 31,2023</b>	<b>June 30,2023</b>
Cash on hand	\$ 1,059	\$ 1,044	\$ 949
Checking accounts and demand deposits	97,820	219,030	237,320
Cash equivalents			
Investments with original maturities of 3 months or less	228,004	178,723	206,988
	<u>\$ 326,883</u>	<u>\$ 398,797</u>	<u>\$ 445,257</u>

## 7. TRADE RECEIVABLES

	<b>June 30,2024</b>	<b>December 31,2023</b>	<b>June 30,2023</b>
At amortized cost			
Gross carrying amount	\$ 519,646	\$ 444,547	\$ 504,723
Less: Allowance for impairment loss	( 4,282)	( 1,115)	( 1,155)
	<u>\$ 515,364</u>	<u>\$ 443,432</u>	<u>\$ 503,568</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:

	<b>Less than 150 days</b>	<b>151 to 365 Days</b>	<b>Over 365 Days</b>	<b>Total</b>
<u>June 30, 2024</u>				
Expected credit loss rate (%)	0-100	15.94-100	100	
Gross carrying amount	\$ 516,752	\$ 2,894	\$ -	\$ 519,646
Loss allowance	( 2,433)	( 1,849)	-	( 4,282)
Amortized cost	<u>\$ 514,319</u>	<u>\$ 1,045</u>	<u>\$ -</u>	<u>\$ 515,364</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>June 30, 2023</u>				
Expected credit loss rate (%)	-	5	100	
Gross carrying amount	\$ 483,329	\$ 21,307	\$ 87	\$ 504,723
Loss allowance	-	( 1,068)	( 87)	( 1,155)
Amortized cost	<u>\$ 483,329</u>	<u>\$ 20,239</u>	<u>\$ -</u>	<u>\$ 503,568</u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 1,115	\$ 861
Net remeasurement of loss allowance	<u>3,167</u>	<u>294</u>
Balance at June 30	<u><u>\$ 4,282</u></u>	<u><u>\$ 1,155</u></u>

## 8. INVENTORIES

	<b>June 30,2024</b>	<b>December 31,2023</b>	<b>June 30,2023</b>
	Merchandise	<u>\$ 48,992</u>	<u>\$ 67,008</u>

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2024 and 2023 was \$227,508 thousand and \$193,194 thousand, respectively, and the cost of inventories recognized as cost of goods sold for the six months ended June 30, 2024 and 2023 was \$402,545 thousand and \$347,294 thousand, respectively.

Operating costs include the following items:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Inventory loss from write-down (reversal of write-down)	<u>\$ 2,654</u>	<u>(\$ 397)</u>	<u>\$ 2,925</u>	<u>(\$ 585)</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>	<b>June 30,2024</b>	<b>December 31,2023</b>	<b>June 30,2023</b>
Unlisted ordinary shares			
Advanced Processing Equipment Technology Co., Ltd. ( APET )	\$ 18,965	\$ 21,328	\$ 27,451
Global Simmtech Co., Ltd. ( GST )	17,942	17,713	16,253
Eliting Technology Corporation ( ELITING )	9,730	10,490	9,227
Precision Chemtech Company Limited ( PCCL )	-	14,949	16,118
QiangFang Technology Co., Ltd. ( QiangFang )	-	123	447
Promos Technologies Inc. ( ProMOS )	-	-	-
	<u><u>\$ 46,637</u></u>	<u><u>\$ 64,603</u></u>	<u><u>\$ 69,496</u></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.

In March 2023, the Board of Directors of the Group passed a resolution to dispose of all shares of ProMOS at a price of \$10 dollar per share, with a net selling price of \$14 thousand, and accumulated fair value changes of \$54 thousand transferred directly to retained earnings.

## 10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership		
			June 30,2024	December 31,2023	June 30,2023
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 Six Months Ended June 30, 2024 and 2023.

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investee	June 30,2024		December 31,2023		June 30,2023	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<u>Private entity</u>						
Enplas niching technology corporation (ENPLAS)	\$ 148,417	30	\$ 147,716	30	\$ 142,452	30
STNC Hong Kong Holdings Limited (STNC)	94,591	49	51,115	30	52,688	30
	<u>\$ 243,008</u>		<u>\$ 198,831</u>		<u>\$ 195,140</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

	June 30,2024	December 31,2023	June 30,2023
Assets used by the Company	\$ 213,110	\$ 151,078	\$ 150,375
Assets subject to operating leases	71,676	72,263	72,849
	<u>\$ 284,786</u>	<u>\$ 223,341</u>	<u>\$ 223,224</u>



a. Assets used by the Company

	<b>For the Six Months Ended June 30, 2024</b>					
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reclassified Amount</b>	<b>Translation Adjustments</b>	<b>Ending Balance</b>
<u>Cost</u>						
Land	\$ 42,733	\$ -	\$ -	\$ -	\$ -	\$ 42,733
Buildings and improvements	123,990	995	-	776	-	125,761
Machinery and equipment	29,104	231	( 633)	1,400	-	30,102
Transportation equipment	3,884	-	-	580	46	4,510
Office equipment	8,437	1,844	( 362)	224	88	10,231
Miscellaneous equipment	97	-	-	-	3	100
Construction in progress	-	62,323	-	-	-	62,323
	<u>208,245</u>	<u>\$ 65,393</u>	<u>(\$ 995)</u>	<u>\$ 2,980</u>	<u>\$ 137</u>	<u>275,760</u>
<u>Accumulated depreciation</u>						
Buildings and improvements	38,508	\$ 1,928	\$ -	\$ -	\$ -	40,436
Machinery and equipment	12,514	3,006	( 349)	-	-	15,171
Transportation equipment	2,256	251	-	-	42	2,549
Office equipment	3,833	874	( 338)	-	63	4,432
Miscellaneous equipment	56	4	-	-	2	62
	<u>57,167</u>	<u>\$ 6,063</u>	<u>(\$ 687)</u>	<u>\$ -</u>	<u>\$ 107</u>	<u>62,650</u>
	<u>\$ 151,078</u>					<u>\$ 213,110</u>

	<b>For the Six Months Ended June 30, 2023</b>					
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reclassified Amount</b>	<b>Translation Adjustments</b>	<b>Ending Balance</b>
<u>Cost</u>						
Land	\$ 42,733	\$ -	\$ -	\$ -	\$ -	\$ 42,733
Buildings and improvements	122,990	224	-	-	-	123,214
Machinery and equipment	27,393	488	( 2,349)	2,586	-	28,118
Transportation equipment	5,186	-	( 290)	-	( 51)	4,845
Office equipment	7,701	36	( 63)	-	( 89)	7,585
Miscellaneous equipment	58	40	-	-	( 3)	95
	<u>206,061</u>	<u>\$ 788</u>	<u>(\$ 2,702)</u>	<u>\$ 2,586</u>	<u>(\$ 143)</u>	<u>206,590</u>
<u>Accumulated depreciation</u>						
Buildings and improvements	34,870	\$ 1,806	\$ -	\$ -	\$ -	36,676
Machinery and equipment	12,799	2,814	( 2,349)	-	-	13,264
Transportation equipment	2,778	422	( 290)	-	( 45)	2,865
Office equipment	2,844	636	( 57)	-	( 64)	3,359
Miscellaneous equipment	52	1	-	-	( 2)	51
	<u>53,343</u>	<u>\$ 5,679</u>	<u>(\$ 2,696)</u>	<u>\$ -</u>	<u>(\$ 111)</u>	<u>56,215</u>
	<u>\$ 152,718</u>					<u>\$ 150,375</u>

No impairment losses were recognized or reversed for the Six Months Ended June 30, 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 \$62,323 thousand has been recorded as construction in progress according to the payment schedule. As of June 30, 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

	<b>For the Six Months Ended June 30, 2024</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<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>\$ 587</u>	<u>\$ -</u>	<u>14,106</u>
	<u>\$ 72,263</u>			<u>\$ 71,676</u>

	<b>For the Six Months Ended June 30, 2023</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<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>\$ 587</u>	<u>\$ -</u>	<u>12,933</u>
	<u>\$ 73,436</u>			<u>\$ 72,849</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

	June 30,2024	December 31,2023	June 30,2023	
<u>Carrying amounts</u>				
Land	\$ 237	\$ 270	\$ 305	
Buildings and improvements	2,839	3,571	4,332	
Transportation equipment	3,841	5,156	3,628	
	<u>\$ 6,917</u>	<u>\$ 8,997</u>	<u>\$ 8,265</u>	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Additions to right-of-use assets			<u>\$ -</u>	<u>\$ 5,696</u>
Depreciation charge for right-of-use assets				
Land	\$ 16	\$ 15	\$ 33	\$ 32
Buildings and improvements	417	408	824	809
Transportation equipment	657	566	1,314	1,129
	<u>\$ 1,090</u>	<u>\$ 989</u>	<u>\$ 2,171</u>	<u>\$ 1,970</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 Six Months Ended June 30, 2024 and 2023.

#### b. Lease liabilities

	June 30,2024	December 31,2023	June 30,2023	
<u>Carrying amounts</u>				
Current	\$ 3,981	\$ 4,131	\$ 3,435	
Non-current	\$ 3,168	\$ 5,058	\$ 4,959	

Range of discount rate for lease liabilities was as follows:

	June 30,2024	December 31,2023	June 30,2023	
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 June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	\$ 380	\$ -	\$ 900	\$ 58
Expenses relating to low-value asset leases	\$ 21	\$ 20	\$ 46	\$ 45
Total cash outflow for leases			(\$ 3,287)	(\$ 2,215)

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

	June 30,2024	December 31,2023	June 30,2023
Dividends	\$ 101,464	\$ -	\$ 167,635
Salaries and rewards	23,066	29,145	19,091
Compensation of employees and remuneration of directors	15,900	8,548	24,040
Payables for annual leave	3,477	3,467	3,470
Others	8,442	9,581	9,274
	<u>\$ 152,349</u>	<u>\$ 50,741</u>	<u>\$ 223,510</u>

#### 15. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2024 and 2023, the pension expenses of defined benefit plans were \$118 thousand and \$111 thousand, respectively, and for the six months ended June 30, 2024 and 2023, the pension expenses of defined benefit plans were \$230 thousand and \$224 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

	June 30,2024	December 31,2023	June 30,2023
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>
Stock dividend to be distributed	<u>\$ 8,823</u>	<u>\$ -</u>	<u>\$ -</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.

The company resolved to distribute 882,000 shares as stock dividends at the annual shareholders' meeting in June 2024. The board of directors set July 29, 2024, as the ex-dividend date, and the distribution was approved by the Securities and Futures Bureau of the Financial Supervisory Commission. Therefore, as of June 30, 2024, the dividends are temporarily recorded under "Stock Dividends to Be Distributed."

b. Capital surplus

	<b>June 30,2024</b>	<b>December 31,2023</b>	<b>June 30,2023</b>
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:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Legal reserve	\$ 9,503	\$ 19,794
Special reserve	10,465	-
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 dividends were distributed according to the resolutions made by the Board of Directors in March 2024 and 2023, respectively. The remaining profit distribution items were also resolved at the annual shareholders' meetings in June 2024 and 2023, respectively.

## 17. REVENUE

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Sales revenue				
Semiconductor products	\$ 135,089	\$ 117,478	\$ 252,887	\$ 217,695
Optoelectronics products	119,439	103,078	201,119	179,586
Other	7,754	4,882	12,196	8,132
	<u>262,282</u>	<u>225,438</u>	<u>466,202</u>	<u>405,413</u>
Service revenue	39,115	34,884	73,269	65,706
	<u>\$ 301,397</u>	<u>\$ 260,322</u>	<u>\$ 539,471</u>	<u>\$ 471,119</u>

### Contract information

	<b>June 30,2024</b>	<b>December 31,2023</b>	<b>June 30,2023</b>	<b>January 1,2023</b>
Notes receivable and trade receivables	<u>\$515,484</u>	<u>\$ 443,473</u>	<u>\$ 503,731</u>	<u>\$ 532,548</u>

## 18. NET PROFIT FROM CONTINUING OPERATIONS

### a. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Interest on lease liabilities	\$ 97	\$ 104	\$ 208	\$ 163
Interest on bank loans	-	-	-	677
	<u>\$ 97</u>	<u>\$ 104</u>	<u>\$ 208</u>	<u>\$ 840</u>

### b. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the Three Months Ended June 30, 2024</u>			
Employee benefits			
Salaries and bonuses	\$ 678	\$ 32,411	\$ 33,089
Defined contribution plans	35	1,215	1,250
Defined benefit plans	7	111	118
Other employee benefits	114	3,072	3,186
Depreciation expenses	417	4,017	4,434
Amortization expenses	-	-	-
	Operating Costs	Operating Expenses	Total
<u>For the Three Months Ended June 30, 2023</u>			
Employee benefits			
Salaries and bonuses	\$ 667	\$ 27,900	\$ 28,567
Defined contribution plans	32	1,058	1,090
Defined benefit plans	7	104	111
Other employee benefits	95	2,701	2,796
Depreciation expenses	482	3,633	4,115
Amortization expenses	-	-	-
	Operating Costs	Operating Expenses	Total
<u>For the Six Months Ended June 30, 2024</u>			
Employee benefits			
Salaries and bonuses	1,254	60,056	61,310
Defined contribution plans	67	2,455	2,522
Defined benefit plans	14	216	230
Other employee benefits	225	6,300	6,525
Depreciation expenses	834	7,987	8,821
Amortization expenses	-	48	48

	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
<u>For the Six Months Ended June 30, 2023</u>			
Employee benefits			
Salaries and bonuses	1,432	58,635	60,067
Defined contribution plans	63	2,162	2,225
Defined benefit plans	14	210	224
Other employee benefits	192	5,541	5,733
Depreciation expenses	1,074	7,162	8,236
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 Six Months Ended June 30, 2024 and 2023, the compensation of employees and the remuneration of directors were as follows:

	<b>For the Six Months Ended June 30</b>			
<b>Accrual rate</b>	<b>2024</b>		<b>2023</b>	
Compensation of employees	7%		5%	
Remuneration of directors	2.1%		2.1%	

  

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
<b>Amount</b>	<b>2024</b>		<b>2023</b>	
Compensation of employees	\$ 3,661	\$ 2,131	\$ 5,655	\$ 3,317
Remuneration of directors	\$ 860	\$ 895	\$ 1,697	\$ 1,393

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 appropriations of compensation of employees and remuneration of directors for 2023 and 2022 which were resolved by the board of directors in March, 2024 and March 2023, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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 for the year ended December 31, 2023 and 2022

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 June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Current tax				
In respect of the current year	\$ 7,038	\$ 6,577	\$ 10,010	\$ 7,631
Income tax on unappropriated earnings	-	312	-	312
Adjustment for prior years	( 2,599)	( 16)	( 2,599)	( 1,111)
	4,439	6,873	7,411	6,832
Deferred tax				
In respect of the current year	( 1,049)	1,038	1,942	1,866
Income tax expense recognized in profit or loss	<u>\$ 3,390</u>	<u>\$ 7,911</u>	<u>\$ 9,353</u>	<u>\$ 8,698</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 June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
<u>Deferred tax income (expenses)</u>				
In respect of the current period				
— unrealized Gain (Loss) on Financial Through Other Comprehensive Income	<u>\$ 426</u>	<u>(\$ 403)</u>	<u>\$ 426</u>	<u>(\$ 207)</u>

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

## 21. EARNINGS PER SHARE

	For the Three Months Ended June 30		Unit: NT\$ Per Share For the Six Months Ended June 30	
	2024	2023	2024	2023
Basic earnings per share	<u>\$ 0.73</u>	<u>\$ 0.70</u>	<u>\$ 1.42</u>	<u>\$ 1.23</u>
Diluted earnings per share	<u>\$ 0.73</u>	<u>\$ 0.70</u>	<u>\$ 1.42</u>	<u>\$ 1.22</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 27, 2024. The basic and diluted earnings per share adjusted retrospectively for the three months and six months ended June 30, 2023 were as follows:

	<b>Before Retrospective Adjustment</b>		<b>Unit: NT\$ Per Share After Retrospective Adjustment</b>	
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Basic earnings per share	\$ 0.72	\$ 1.25	\$ 0.70	\$ 1.23
Diluted earnings per share	\$ 0.72	\$ 1.25	\$ 0.70	\$ 1.22

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Profit for the year attributable to owners of the Company	\$ 33,013	\$ 31,684	\$ 64,092	\$ 52,936

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	44,997	44,997	44,997	43,201
Effect of potentially dilutive ordinary shares : Compensation of employees	51	47	71	134
Weighted average number of ordinary shares used in the computation of diluted earnings per share	45,048	45,044	45,068	43,335

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>June 30,2024</u>	<b>Level 1</b>	<b>Leve2</b>	<b>Leve3</b>	<b>Total</b>
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>46,637</u>	\$ <u>46,637</u>
<u>December 31, 2023</u>				
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>64,603</u>	\$ <u>64,603</u>
<u>June 30,2023</u>				
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>69,496</u>	\$ <u>69,496</u>

There was no transfer of fair value measurements between Level 1 and Level 2 for for the Six Months Ended June 30,2024 and 2023.

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

	<b><u>Financial assets at financial assets at fair value through other comprehensive income</u></b>	
	<b><u>Equity instruments</u></b>	
	<b><u>For the Six Months Ended June 30</u></b>	
<u>Financial assets</u>	<b>2024</b>	<b>2023</b>
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	( 17,966)	( 10,115)
Purchases	-	27,200
Sales	-	( 14)
Balance at the end of the year	\$ <u>46,637</u>	\$ <u>69,496</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

	<b>June 30,2024</b>	<b>December 31,2023</b>	<b>June 30,2023</b>
<u>Financial assets</u>			
Financial assets at amortized cost	\$ 849,346	\$ 848,559	\$ 954,021
Financial assets at FVTOCI	46,637	64,603	69,496
<u>Financial liabilities</u>			
Financial liabilities at amortized cost	\$ 373,320	\$ 243,999	\$ 381,502

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 50 %~59 % of sales revenue is not denominated in functional currency and approximately 40 %~45 % 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:

	<b>Impact of fluctuations in exchange rate on profit or loss</b>	
	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
USD	\$ 21,536	\$ 19,852

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:

	<b>June 30,2024</b>	<b>December 31,2023</b>	<b>June 30,2023</b>
Fair value interest rate risk			
Financial assets	\$ 228,004	\$ 178,723	\$ 206,988
Lease liabilities	7,149	9,189	8,394
Cash flow interest rate risk			
Financial assets	97,527	218,188	237,069

Sensitivity analysis

If interest rates had been 0.25% basis points higher/lower and all other variables been held constant, the Group's pretax profits for the Six Months Ended June 30, 2024 and 2023 would have increased/decreased by \$122 thousand and \$296 thousand, respectively. A 0.25% 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 June 30, 2024, December 31, 2023 and June 30, 2023, the balances of accounts receivable from the top two customers were \$190,409 thousand, \$176,669 thousand and \$227,400 thousand, respectively. For the Six Months Ended June 30, 2024 and 2023, the concentration of credit risk for these companies did not exceed 24% of the total monetary assets, and the concentration of credit risk for other counterparties did not exceed 34% 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:

	<b>June 30,2024</b>	<b>December 31,2023</b>	<b>June 30,2023</b>
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.

	<b>Less Than 1 Year</b>	<b>More than 1 Years</b>
Non-derivative financial liabilities		
<u>June 30, 2024</u>		
Non-interest bearing	\$ 373,320	\$ -
Lease liabilities	<u>4,261</u>	<u>3,241</u>
	<u>\$ 377,581</u>	<u>\$ 3,241</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>June 30, 2023</u>		
Non-interest bearing	\$ 381,502	\$ -
Lease liabilities	<u>3,797</u>	<u>5,282</u>
	<u>\$ 385,299</u>	<u>\$ 5,282</u>

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

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>
<u>June 30, 2024</u>	<u>\$ 4,261</u>	<u>\$ 3,241</u>	<u>\$ -</u>
<u>December 31, 2023</u>	<u>\$ 4,518</u>	<u>\$ 5,312</u>	<u>\$ -</u>
<u>June 30, 2023</u>	<u>\$ 3,797</u>	<u>\$ 5,282</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

<u>Related Party Category/Name</u>	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related party				
SI	\$ 24,813	\$ 9,157	\$ 45,198	\$ 10,916
Simmtech	4,998	15,323	8,447	32,721
Others	<u>-</u>	<u>12</u>	<u>-</u>	<u>1,466</u>
	<u>\$ 29,811</u>	<u>\$ 24,492</u>	<u>\$ 53,645</u>	<u>\$ 45,103</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

<b>Related Party Category/Name</b>	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Associate				
ENPLAS	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 28</u>	<u>\$ 28</u>

4) Receivables to related parties

<b>Related Party Category/Name</b>	<b>June 30,2024</b>	<b>December 31,2023</b>	<b>June 30,2023</b>
Other related party			
SI			
Gross carrying amount	\$ 32,139	\$ 36,444	\$ 10,655
Less: Allowance for impairment loss	( 39)	( 10)	-
	<u>32,100</u>	<u>36,434</u>	<u>10,655</u>
Simmtech			
Gross carrying amount	9,264	\$ 9,495	\$ 50,374
Less: Allowance for impairment loss	( 31)	( 202)	( 1,042)
	<u>9,233</u>	<u>9,293</u>	<u>49,332</u>
Others			
Gross carrying amount	-	-	396
Less: Allowance for impairment loss	-	-	-
	<u>-</u>	<u>-</u>	<u>396</u>
	<u>\$ 41,333</u>	<u>\$ 45,727</u>	<u>\$ 60,383</u>

The consolidated company has not secured guarantees for the outstanding receivables from related parties. For the Six Months Ended June 30, 2024 and 2023, allowances for doubtful accounts of \$(142) thousand and \$ 240 thousand, respectively, were (reversed) provided.

5) Other receivables

<b>Related Party Category/Name</b>	<b>June 30,2024</b>	<b>December 31,2023</b>	<b>June 30,2023</b>
Other related party			
Simmtech	\$ 1,261	\$ 515	\$ 237
Other	-	-	11
	<u>1,261</u>	<u>515</u>	<u>248</u>



6) Acquisition of financial assets

June 30, 2024

<b>Related Party Category/Name</b>	<b>Line Item</b>	<b>Number of Shares</b>	<b>Underlying Assets</b>	<b>Purchase Price</b>
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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 8,849	\$ 7,752	\$ 15,707	\$ 14,748
Post-employment benefits	105	100	205	197
Share-based payments	-	-	-	1,364
	<u>\$ 8,954</u>	<u>\$ 7,852</u>	<u>\$ 15,912</u>	<u>\$ 16,309</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:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Property, plant and equipment	<u>\$ 66,980</u>	<u>\$ 67,553</u>	<u>\$ 68,126</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 June 30, 2024 were as follows:

Unrecognized contractual commitments of the Group

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Acquisition of property, plant and equipment	<u>\$ 309,257</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:

	June 30, 2024			December 31, 2023		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 17,128	32.45	\$ 555,793	\$ 13,866	30.705	\$ 425,761
RMB	87	4.429	384	288	4.311	1,242
JPY	10,826	0.202	2,187	-	-	-
<u>Financial liabilities</u>						
Monetary items						
USD	3,854	32.45	125,071	3,634	30.705	111,596
	June 30, 2023					
	Foreign Currency	Exchange Rate	Carrying Amount			
<u>Financial assets</u>						
Monetary items						
USD	\$ 15,205	31.14	\$473,477			
RMB	1,210	4.266	5,160			
JPY	3,079	0.215	662			
<u>Financial liabilities</u>						
Monetary items						
USD	2,455	31.14	76,444			

For three months and six months ended June 30, 2024 and 2023, realized and unrealized net foreign exchange gains were \$5,731 thousand, \$9,644 thousand, \$18,235 thousand, and \$5,755 thousand respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

## 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 Six Months Ended June 30,</u> <u>2024</u>	<b>Domestic</b>	<b>Asia</b>	<b>Others</b>	<b>Adjustments and Eliminations</b>	<b>Consolidated</b>
Income from customers other than the Company and consolidated subsidiaries	\$ 536,195	\$ 3,097	\$ 179	\$ -	\$ 539,471
Income from the Company and consolidated subsidiaries	<u>-</u>	<u>6,485</u>	<u>-</u>	<u>(6,485)</u>	<u>-</u>
Total departmental income	<u>\$ 536,195</u>	<u>\$ 9,582</u>	<u>\$ 179</u>	<u>(\$ 6,485)</u>	<u>\$ 539,471</u>
Department profit and loss	<u>\$ 73,581</u>	<u>(\$ 371)</u>	<u>(\$ 2,228)</u>	<u>\$ 2,671</u>	<u>\$ 73,653</u>
Interest expense					<u>(208)</u>
Net profit before tax from continuing operations					<u>\$ 73,445</u>
 <u>June 30, 2024</u>					
Non-current assets	<u>\$ 295,487</u>	<u>\$ 5,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,560</u>
 <u>For the Six Months Ended June 30,</u> <u>2023</u>					
Income from customers other than the Company and consolidated subsidiaries	\$ 463,273	\$ 2,058	\$ 5,788	\$ -	\$ 471,119
Income from the Company and consolidated subsidiaries	<u>52</u>	<u>3,319</u>	<u>-</u>	<u>(3,371)</u>	<u>-</u>
Total departmental income	<u>\$ 463,325</u>	<u>\$ 5,377</u>	<u>\$ 5,788</u>	<u>(\$ 3,371)</u>	<u>\$ 471,119</u>
Department profit and loss	<u>\$ 62,419</u>	<u>(\$ 3,207)</u>	<u>(\$ 2,505)</u>	<u>\$ 5,767</u>	<u>\$ 62,474</u>
Interest expense					<u>(840)</u>
Net profit before tax from continuing operations					<u>\$ 61,634</u>
 <u>June 30, 2023</u>					
Non-current assets	<u>\$ 233,114</u>	<u>\$ 6,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,343</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

	<b>For the Six Months Ended June 30</b>			
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Customer A	\$ 117,576	22	\$ 149,546	32
Customer B	69,430	13	59,929	13
Customer C	61,672	11	60,638	13

**TABLE 1****NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****JUNE 30, 2024****(In Thousands of New Taiwan Dollars / Per share)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 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	\$ 18,965	6	\$ 18,965	
	GST	Other related party	Financial assets at FVTOCI - non current	147,972	17,942	1	17,942	
	ELITING	None	Financial assets at FVTOCI - non current	335,925	9,730	12	9,730	
	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 SIX MONTHS ENDED JUNE 30 ,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 June 2024, an amount of \$62,323 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 SIX MONTHS ENDED JUNE 30 , 2024  
(In Thousands of New Taiwan Dollars / Per share)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2024			Net Income Loss of the Investee	Share of Profit Loss	Note
				June 30, 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	\$ 44,500	(\$ 2,228)	(\$ 2,228)	(Note 1)
	ENPLAS	Hsinchu City	Import and sale of electronic materials	52,621	52,621	633,000	30	148,417	30,773	9,223	
	STNC	Hongkong	General investment business and import-export trade	44,676	8,878	490,000	49	94,591	13,639	5,010	

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 SIX MONTHS ENDED JUNE 30, 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	\$ 16	—	-
				Cost of goods sold	6,485	—	1
				Trade payables	4,347	—	-
				Other payables	297	—	-
						—	-

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 Six Months Ended June 30 , 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 June 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain Loss (Note 3)	Carrying Amount as of June 30, 2024 (Note 3)	Accumulated Repatriation of Investment Income as of June 30,2024
					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)	(\$ 443)	100%	(\$ 443)	\$ 26,451	\$ -
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)	13,590	49%	4,992	27,541	-

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 )	\$ 621,555

Note 1: This investment project has been approved by the Investment Commission, with an investment amount of USD \$3,238 thousand. However, as of June 30, 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****June 30, 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.