Stock Code: 3444

Niching Industrial Corporation and Subsidiaries

Consolidated Financial Statements For The Six Months Ended June 30, 2023 and 2022 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 June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six 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 stated in Note 11 of the consolidated financial statements, the financial statements of non-significant subsidiaries for the same period included in the consolidated financial statements were not reviewed by independent auditors. The total assets of these subsidiaries amounted to $ 54,155 thousand and $ 72,694 thousand, representing 4% and 5% of total consolidated assets; and the total liabilities amounted to $ 7,071 thousand and $ 13,533 thousand, representing 1% and 2% of total consolidated liabilities as of June 30, 2023 and 2022, respectively. For the three months ended June 30, 2023 and 2022, the amounts of combined comprehensive income (loss) of these subsidiaries were NT$ (2,821) thousand and NT$ (320) thousand, representing (13%)

and (1%), respectively, of the consolidated total comprehensive income, and for the six months ended June 30, 2023 and 2022, the amounts of combined comprehensive income (loss) of these subsidiaries were NT$ (3,001) thousand and NT$ 248 thousand, representing (7%) and 0%, respectively, of the consolidated total comprehensive income.

As described in Note 12 indicated, the un-reviewed balance of investment amounted to $195,140 thousand and $174,330 thousand; the recognized share of profits of associates under the equity method of these investments for the three months Ended June 30, 2023 and 2022, amounted to $ 2,843 thousand and $ 16,037 thousand, respectively；for the six months Ended June 30, 2023 and 2022, amounted to $15,652 thousand and $29,251 thousand, respectively. Additionally, the relevant information disclosed in Note 29 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, 2023 and 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2023 and 2022 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 3, 2023

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

	June 30, 2023		December 31, 2022		June 30, 2022	
ASSET	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash (Notes 6)	$ 445,257	29	$ 327,431	23	$ 397,054	28
Notes receivable	163	-	301	-	326	-
Trade receivables from unrelated parties(Notes 8)	443,185	29	452,365	32	391,248	28
Trade receivables from related parties(Notes 8 and 26)	60,383	4	79,882	6	70,865	5
Other receivables (Notes 26)	1,358	-	969	-	1,249	-
Inventories (Notes 9)	60,502	4	60,048	4	77,891	6
Other current assets	4,397	1	5,933	-	3,761	-
Total current assets	1,015,245	67	926,929	65	942,394	67
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Notes 10)	69,496	5	52,425	4	53,411	4
Non-current financial assets at amortised cost (Notes 7)	-	-	-	-	1,211	-
Investments accounted for using the equity method (Notes 12)	195,140	13	204,822	14	174,330	12
Property, plant and equipment (Notes 13 and 27)	223,224	15	226,154	16	227,947	16
Right-of-use assets (Notes 14)	8,265	-	4,668	-	3,474	-
Other intangible assets	623	-	670	-	588	-
Deferred tax assets (Notes 4 and 22)	5,662	-	6,261	1	5,900	1
Prepaid investments	1,914	-	1,788	-	278	-
Other non-current assets	5,940	-	5,949	-	4,317	-
Total non-current assets	510,264	33	502,737	35	471,456	33
TOTAL	$ 1,525,509	100	$ 1,429,666	100	$ 1,413,850	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Shore-term borrowings (Notes 15 and 27)	$ -	-	$ 150,000	10	$ 155,000	11
Notes payable	120	-	381	-	107	-
Trade payables	204,464	13	227,968	16	215,014	15
Other payables (Notes 16 and 21)	223,510	15	68,343	5	147,473	11
Current tax liabilities (Notes 4 and 21)	7,851	1	23,571	2	21,306	2
Lease liabilities - current (Notes 14)	3,435	-	2,299	-	2,632	-
Other current liabilities	4,792	-	7,275	1	4,850	-
Total current liabilities	444,172	29	479,837	34	546,382	39
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 22)	5,071	-	3,597	-	4,961	-
Lease liabilities - non-current (Notes 14)	4,959	-	2,477	-	972	-
Net defined benefit liabilities - non-current (Notes 4 and 17)	22,678	2	22,689	2	24,834	2
Guarantee deposits	798	-	803	-	790	-
Total non-current liabilities	33,506	2	29,566	2	31,557	2
Total liabilities	477,678	31	509,403	36	577,939	41
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION						
Ordinary shares	441,146	29	391,146	27	391,146	28
Capital surplus	261,106	17	56,611	4	56,611	4
Retained earnings						
Legal reserve	143,923	9	124,129	9	124,129	9
Unappropriated earnings	208,612	14	343,159	24	258,000	18
Other equity						
Exchange differences on translation of foreign financial statements	(9,276)	-	(7,370)	(1)	(7,681)	(1)
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	2,320	-	12,588	1	13,706	1
Total equity	1,047,831	69	920,263	64	835,911	59
TOTAL	$ 1,525,509	100	$ 1,429,666	100	$ 1,413,850	100

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

(With Deloitte & Touche auditors' review report dated August 3, 2023)

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			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES (Notes 19 and 26)								
Sales revenue	$ 225,438	87	$ 247,841	84	$ 405,413	86	$ 500,686	85
Service revenue	34,884	13	47,148	16	65,706	14	89,365	15
SALES	260,322	100	294,989	100	471,119	100	590,051	100
COST OF GOODS SOLD (Notes 9 and 20)	193,194	74	209,487	71	347,294	74	426,323	72
GROSS PROFIT	67,128	26	85,502	29	123,825	26	163,728	28
OPERATING EXPENSES								
Selling and marketing expenses (Notes 20)	19,461	8	20,167	7	39,300	9	40,120	7
General and administrative expenses (Notes 20)	16,898	7	17,676	6	33,660	7	34,823	6
Research and development expenses (Notes 20)	8,868	3	7,559	2	19,829	4	14,008	2
Expected credit loss (gain) (Notes 8)	(401)	-	(216)	-	294	-	193	-
Total operating expenses	44,826	18	45,186	15	93,083	20	89,144	15
PROFIT FROM OPERATIONS	22,302	8	40,316	14	30,742	6	74,584	13
NON-OPERATING INCOME AND EXPENSES								
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 12)	2,843	1	16,037	5	15,652	3	29,251	5
Interest income	2,268	1	246	-	3,426	1	374	-
Rental income	1,208	1	1,612	1	2,424	1	3,001	-
Dividend income	1,008	-	2,351	1	1,008	-	2,351	-
Other income	437	-	569	-	3,830	1	1,321	-
Net foreign exchange gain	9,644	4	15,234	5	5,755	1	27,025	5
Finance costs	(104)	-	(461)	-	(840)	-	(873)	-
Other expenses	(11)	-	(11)	-	(357)	-	(420)	-
Losses on disposals of property, plant and equipment	-	-	(163)	-	(6)	-	(163)	-
Total non-operating income and expenses	17,293	7	35,414	12	30,892	7	61,867	10
PROFIT BEFORE INCOME TAX	39,595	15	75,730	26	61,634	13	136,451	23
INCOME TAX EXPENSE (Notes 4 and 22)	7,911	3	13,775	5	8,698	2	23,674	4
NET PROFIT FOR THE PERIOD	31,684	12	61,955	21	52,936	11	112,777	19
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	(9,241)	(4)	(629)	-	(10,115)	(2)	3,494	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	(403)	-	(77)	-	(207)	-	(950)	-
	(9,644)	(4)	(706)	-	(10,322)	(2)	2,544	-

(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			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	($ 496)	-	$ 371	-	($ 495)	-	$ 2,434	1
Exchange differences on translation, associates and joint ventures accounted for using equity method	105	-	(1,016)	-	(1,411)	-	956	-
	(391)	-	(645)	-	(1,906)	-	3,390	1
Other comprehensive income for the year	(10,035)	(4)	(1,351)	-	(12,228)	(2)	5,934	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 21,649	8	$ 60,604	21	$ 40,708	9	$ 118,711	20
EARNINGS PER SHARE (Note 23)								
Basic	$ 0.72		$ 1.58		$ 1.25		$ 2.88	
Diluted	$ 0.72		$ 1.58		$ 1.25		$ 2.87	

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

(With Deloitte & Touche auditors' review report dated August 3, 2023) (Concluded)

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30,2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation							
			Retained Earnings (Note 18)			Other Equity		
	Ordinary Shares (Note 18)	Capital Surplus (Note 18)	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2022	$ 391,146	$ 56,611	$ 110,643	$ 5,711	$ 242,962	($ 11,071)	$ 11,162	$ 807,164
Appropriation of 2021 earnings								
Legal reserve	-	-	13,486	-	(13,486)	-	-	-
Special reserve	-	-	-	(5,711)	5,711	-	-	-
Cash dividends	-	-	-	-	(89,964)	-	-	(89,964)
Net profit for the six months ended June 30, 2022	-	-	-	-	112,777	-	-	112,777
Other comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	3,390	2,544	5,934
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	112,777	3,390	2,544	118,711
BALANCE AT JUNE 30, 2022	$ 391,146	$ 56,611	$ 124,129	$ -	$ 258,000	($ 7,681)	$ 13,706	$ 835,911
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

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' review report dated August 3, 2023)

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30,2023 AND 2022
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 61,634	$ 136,451
Adjustments for:		
Depreciation expenses	8,236	7,460
Amortization expenses	47	44
Expected credit loss	294	193
Finance costs	840	873
Interest income	(3,426)	(374)
Dividend income	(1,008)	(2,351)
Share-based compensation	5,500	-
Share of profit or loss of subsidiaries and associates accounted for using the equity method	(15,652)	(29,251)
Loss on disposal of property, plant and equipment	6	163
Impairment loss(income) recognized on non-financial assets	(585)	362
Unrealized foreign currency exchange gain	(9,121)	(6,015)
Amortization of prepayments	960	970
Changes in operating assets and liabilities		
Notes receivable	138	(123)
Trade receivables	39,363	52,655
Other receivables	(314)	(21)
Inventories	130	(11,454)
Prepayments	1,785	-
Other current assets	(263)	350
Notes payable	(261)	(735)
Trade payables	(25,454)	(49,311)
Other payables	(12,342)	1,363
Other current liabilities	(2,475)	421
Net defined benefit liabilities	(11)	(2)
Cash generated from operations	48,021	101,668
Interest received	3,338	185
Interest paid	(840)	(873)
Income tax paid	(22,552)	(20,512)
Net cash generated from operating activities	27,967	80,468

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NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30,2023 AND 2022
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	**2022**
CASH FLOWS FROM INVESTING ACTIVITIES		
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	-
Proceeds from financial assets at amortised cost	-	1,399
Payments for property, plant and equipment	(892)	(1,753)
Decrease (Increase) in refundable deposits	189	(58)
Acquisition of intangible assets	-	(375)
Increase in other non-current assets	(1,164)	(778)
Increase in prepayments for machinery and equipment	(2,712)	(3,935)
Dividends received	24,932	14,141
Net cash generated from (used in) investing activities	(6,833)	8,641
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	175,000
Decrease in short-term borrowings	(150,000)	(146,671)
Decrease in guarantee deposits received	(5)	(468)
Repayment of the principal portion of lease liabilities	(1,949)	(1,490)
Proceeds from issuance of ordinary shares	248,995	-
Net cash from financing activities	97,041	26,371
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(349)	1,809
NET INCREASE IN CASH AND CASH QUIVALENTS	117,826	117,289
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	327,431	279,765
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 445,257	$ 397,054

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

(With Deloitte & Touche auditors' review report dated August 3, 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 August 3, 2023.

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.

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB(Note 1)
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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB(Note 1)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and to IFRS 7 "Supplier finance arrangements"	January 1, 2024
Amendments to IAS 12 "Deferred taxes arising from OECD Pillar Two model rules"	Note 3

Note 1: Unless stated otherwise, the above New, Amended and Revised IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The seller-lessee shall apply the amendments to IFRS 16 retrospectively to sales and leaseback transactions engaged after the initial adoption of IFRS 16.

Note 3: The amendments require that an entity applies the exception—and the requirement to disclose that it has applied the exception—immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are effective for annual reporting periods beginning on or after 1 January 2023. An entity is not required to disclose the information warranted by these requirements for any interim period ending on or before 31 December 2023.

As of the date the consolidated financial statements were approved for issuance, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have 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 11, Tables 2 and 4 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, 2022.

1) 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.

2) 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, 2022.

6. CASH AND CASH EQUIVALENTS

	June 30,2023	December 31,2022	June 30,2022
Petty cash and cash on hand	$ 949	$ 1,094	$ 1,057
Checking accounts and demand deposits	237,320	218,824	285,897
Cash equivalents			
Time deposits	206,988	107,513	110,100
	$ 445,257	$ 327,431	$ 397,054

7. NON-CURRENT FINANCIAL ASSETS AT AMORTISED COST

	June 30,2023	December 31,2022	June 30,2022
Restricted Bank Deposits	$ -	$ -	$ 1,211

The company has been approved by the National Taxation Bureau of the Ministry of Finance and has submitted an investment plan to the Ministry of Economic Affairs in accordance with the "Regulations on the Repatriation of Offshore Funds for Investment in Industries." According to these regulations, the funds are restricted to the approved plan and cannot be used for other purposes.

8. TRADE RECEIVABLES

At amortized cost	June 30,2023	December 31,2022	June 30,2022
Gross carrying amount	$ 504,723	$ 533,108	$ 462,567
Less: Allowance for impairment loss	(1,155)	(861)	(454)
	$ 503,568	$ 532,247	$ 462,113

The average collection period for selling products and rendering services of the Group is 75 to 150 days. No interest is charged on accounts receivable. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and 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 or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

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 measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. And determines the expected credit loss rate by reference to the past due days of accounts receivable.

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**
June 30,2023				
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	$ 483,329	$ 20,239	$ -	$ 503,568
December 31,2022				
Expected credit loss rate (%)	-	5	100	
Gross carrying amount	$ 515,249	$ 17,859	$ -	$ 533,108
Loss allowance	-	(861)	-	(861)
Amortized cost	$ 515,249	$ 16,998	$ -	$ 532,247
June 30,2022				
Expected credit loss rate (%)	-	5	100	
Gross carrying amount	$ 453,098	$ 9,469	$ -	$ 462,567
Loss allowance	-	(454)	-	(454)
Amortized cost	$ 453,098	$ 9,015	$ -	$ 462,113

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

	For the Six Months Ended June 30	
	2023	**2022**
Balance at January 1	$ 861	$ 261
Net remeasurement of loss allowance	294	193
Balance at June 30	$ 1,155	$ 454

9. INVENTORIES

	June 30,2023	December 31,2022	June 30,2022
Merchandise	$ 60,502	$ 60,048	$ 77,891

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2023 and 2022 was $193,194 thousand and $209,487 thousand, respectively, and the cost of inventories recognized as cost of goods sold for the six months ended June 30, 2023 and 2022 was $347,294 thousand and $426,323 thousand, respectively.

Operating costs include the following items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Inventory loss from write-down (reversal of write-down)	($ 397)	($ 336)	($ 585)	$ 362

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

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

Name of Investee Company	June 30,2023	December 31,2022	June 30,2022
Unlisted ordinary shares			
Advanced Processing Equipment Technology Co., Ltd.（APET）	$ 27,451	$ 23,523	$ 25,829
Global Simmtech Co., Ltd.（GST）	16,253	19,148	16,187
Precision Chemtech Company Limited（PCCL）	16,118	-	-
Eliting Technology Corporation（ELITING）	9,227	8,979	10,158
QiangFang Technology Co., Ltd. (QiangFang）	447	775	1,237
ProMOS TECHNOLOGIES INC.(ProMOS）	-	-	-
	$ 69,496	$ 52,425	$ 53,411

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.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

			% of Ownership		
Investor	**Investee**	**Main Business**	**June 30,2023**	**December 31,2022**	**June 30,2022**
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, 2023 and 2022.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30,2023		December 31,2022		June 30,2022	
Investee	**Carrying Amount**	**% of Ownership**	**Carrying Amount**	**% of Ownership**	**Carrying Amount**	**% of Ownership**
Private entity						
Enplas niching technology corporation (ENPLAS)	$ 142,452	30	$ 149,298	30	$ 124,644	30
STNC Hong Kong Holdings Limited (STNC)	52,688	30	55,524	30	49,686	30
	$ 195,140		$ 204,822		$ 174,330	

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

13. PROPERTY, PLANT AND EQUIPMENT

	June 30,2023	**December 31,2022**	**June 30,2022**
Assets used by the Company	$ 150,375	$ 152,718	$ 162,394
Assets subject to operating leases	72,849	73,436	65,553
	$ 223,224	$ 226,154	$ 227,947

a. Assets used by the Company

	For the Six Months Ended June 30, 2023					
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
Cost						
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
	206,061	$ 788	($ 2,702)	$ 2,586	($ 143)	206,590
Accumulated depreciation						
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
	53,343	$ 5,679	($ 2,696)	$ -	($ 111)	56,215
	$ 152,718					$ 150,375

	For the Six Months Ended June 30, 2022						
	Beginning Balance	Additions	Disposals	Reclassified Amount	Reclassification of assets leased out for operating purposes	Translation Adjustments	Ending Balance
Cost							
Land	$ 46,243	$ -	$ -	$ -	$ 6,551	$ -	$ 52,794
Buildings and improvements	110,279	-	-	-	13,084	-	123,363
Machinery and equipment	25,245	-	(476)	1,668	-	-	26,437
Transportation equipment	5,440	-	(2,480)	2,186	-	53	5,199
Office equipment	5,363	1,661	(1,010)	-	-	70	6,084
Miscellaneous equipment	58	-	-	-	-	1	59
	192,628	$ 1,661	($ 3,966)	$ 3,854	$ 19,635	$ 124	213,936
Accumulated depreciation							
Buildings and improvements	$ 30,043	$ 1,746	$ -	$ -	$ 3,782	$ -	35,571
Machinery and equipment	8,025	2,546	(476)	-	-	-	10,095
Transportation equipment	4,132	572	(2,392)	-	-	49	2,361
Office equipment	3,870	472	(935)	-	-	55	3,462
Miscellaneous equipment	52	-	-	-	-	1	53
	46,122	$ 5,336	($ 3,803)	$ -	$ 3,782	$ 105	51,542
	$ 146,506						$ 162,394

No impairment losses were recognized or reversed for the Six Months Ended June 30, 2023 and 2022.

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
Buildings and improvements	2-8 years
Main buildings	3-7 years
Decoration equipment	3-11 years
Buildings and improvements	3-9 years

Property, plant and equipment used by the Company pledged as collateral for bank borrowings are set out in Note 27.

b. Assets subject to operating leases

	For the Six Months Ended June 30, 2023			
	Beginning Balance	Additions	Disposals	Ending Balance
Cost				
Land	$ 27,567	$ -	$ -	$ 27,567
Buildings and improvements	58,215	-	-	58,215
	85,782	$ -	$ -	85,782
Accumulated depreciation				
Buildings and improvements	12,346	$ 587	$ -	12,933
	$ 73,436			$ 72,849

	For the Six Months Ended June 30, 2022				
	Beginning Balance	Additions	Disposals	Transferred to self-use assets	Ending Balance
Cost					
Land	$ 24,057	$ -	$ -	($ 6,551)	$ 17,506
Buildings and improvements	70,397	-	-	(13,084)	57,313
	94,454	$ -	$ -	($ 19,635)	74,819
Accumulated depreciation					
Buildings and improvements	12,432	$ 616	$ -	($ 3,782)	9,266
	$ 82,022				$ 65,553

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 27.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30,2023	December 31,2022	June 30,2022
Carrying amounts			
Land	$ 305	$ 337	$ 372
Buildings and improvements	4,332	385	1,189
Transportation equipment	3,628	3,946	1,913
	$ 8,265	$ 4,668	$ 3,474

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Additions to right-of-use assets			$ 5,696	$ -
Depreciation charge for right-of-use assets				
Land	$ 15	$ 17	$ 32	$ 34
Buildings and improvements	408	401	809	799
Transportation equipment	566	338	1,129	675
	$ 989	$ 756	$ 1,970	$ 1,508

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, 2023 and 2022.

b. Lease liabilities

	June 30,2023	December 31,2022	June 30,2022
Carrying amounts			
Current	$ 3,435	$ 2,299	$ 2,632
Non-current	$ 4,959	$ 2,477	$ 972

Range of discount rate for lease liabilities was as follows:

	June 30,2023	December 31,2022	June 30,2022
Land	5.84%	5.84%	5.84%
Buildings and improvements	4.45%-4.75%	4.75%	4.75%
Transportation equipment	5.74%	5.74%-5.84%	5.74%-5.84%

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	
	2023	**2022**	**2023**	**2022**
Expenses relating to short-term leases	$ -	$ 489	$ 58	$ 921
Expenses relating to low-value asset leases	$ 20	$ 27	$ 45	$ 56
Total cash outflow for leases			($ 2,215)	($ 2,580)

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.

15. SHORT-TERM BORROWINGS

	June 30,2023	December 31,2022	June 30,2022
Line of credit borrowings	$ -	$ 60,000	$ 125,000
Secured short-term borrowings	-	90,000	30,000
	$ -	$ 150,000	$ 155,000
Rate of interest per annum (%)			
Line of credit borrowings	-	1.55-1.68	1.28-1.455
Secured short-term borrowings	-	1.67-1.88	1.450

16. OTHER PAYABLES

	June 30,2023	December 31,2022	June 30,2022
Dividends	$ 167,635	$ -	$ 89,964
Compensation of employees and remuneration of directors	24,040	19,330	26,288
Salaries and rewards	19,091	35,704	20,390
Payables for annual leave	3,470	3,467	2,931
Others	9,274	9,842	7,900
	$ 223,510	$ 68,343	$ 147,473

17. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2023 and 2022, the pension expenses of defined benefit plans were $111 thousand and $102 thousand, respectively, and for the six months ended June 30, 2023 and 2022, the pension expenses of defined benefit plans were $224 thousand and $203 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

18. EQUITY

a. ordinary shares

	June 30,2023	December 31,2022	June 30,2022
Shares authorized (in thousands of shares)	50,000	50,000	50,000
Shares authorized	$ 500,000	$ 500,000	$ 500,000
Shares issued and fully paid (in thousands of shares)	44,115	39,115	39,115
Shares issued	$ 441,146	$ 391,146	$ 391,146

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

	June 30,2023	December 31,2022	June 30,2022
Issuance of ordinary shares	$ 261,040	$ 56,611	$ 56,611
Invalid employee shares	66	-	-
	$ 261,106	$ 56,611	$ 56,611

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 21.

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 appropriation of earnings for 2022 proposed by the Company's board of directors in March 2023 and the appropriation of earnings for 2021 approved in the shareholders' meeting in June 2022 were as follows:

	For the Year Ended December 31	
	2022	**2021**
Legal reserve	$ 19,794	$ 13,486
Special reserve	-	(5,711)
Cash dividends	167,635	89,964
Cash dividend per share (NT$)	3.8	2.3

The appropriations of cash dividends per share for 2022 had been approved by the board of directors on March 16, 2023, the other appropriations of earnings for 2022 is subject to the resolution of the shareholders in their meeting to be held on June 15, 2023. The appropriations of earnings for 2021 had been approved in the shareholders' meeting on June 15, 2022.

19. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Sales revenue				
Semiconductor products	$ 117,478	$ 134,155	$ 217,695	$ 258,485
Optoelectronics products	103,078	110,261	179,586	234,580
Other	4,882	3,425	8,132	7,621
	225,438	247,841	405,413	500,686
Service revenue	34,884	47,148	65,706	89,365
	$ 260,322	$ 294,989	$ 471,119	$ 590,051

Contract information

	June 30,2023	December 31,2022	June 30,2022
Notes receivable and trade receivables	$ 503,731	$ 532,548	$ 462,439

20. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION EXPENSES

	Operating Costs	Operating Expenses	Total
For the Three Months Ended June 30, 2023			
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	-	-	-
For the Three Months Ended June 30, 2022			
Employee benefits			
Salaries and bonuses	664	29,569	30,233
Defined contribution plans	32	958	990
Defined benefit plans	7	95	102
Other employee benefits	88	1,468	1,556
Depreciation expenses	581	3,209	3,790
Amortization expenses	-	22	22

	Operating Costs	Operating Expenses	Total
For the Six Months Ended June 30, 2023			
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
For the Six Months Ended June 30, 2022			
Employee benefits			
Salaries and bonuses	1,237	59,444	60,681
Defined contribution plans	63	1,923	1,986
Defined benefit plans	14	189	203
Other employee benefits	180	4,717	4,897
Depreciation expenses	1,162	6,298	7,460
Amortization expenses	-	44	44

21. 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, 2023 and 2022, the compensation of employees and the remuneration of directors were as follows:

	For the Three Months Ended June 30			
	2023		2022	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	5%	$ 2,131	5%	$ 4,116
Remuneration of directors	2.1%	895	3%	2,469

	For the Six Months Ended June 30			
	2023		2022	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	5%	$ 3,317	5%	$ 7,416
Remuneration of directors	2.1%	1,393	3%	4,449

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 2022 and 2021 which have been resolved by the board of directors in March 2023 and 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Compensation of employees	$ 12,673	$ 9,014
Remuneration of directors	6,657	5,409

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.

22. 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	
	2023	2022	2023	2022
Current tax				
In respect of the current year	$ 6,577	$ 11,539	$ 7,631	$ 19,744
Additional tax on unappropriated earnings	312	1,561	312	1,561
Adjustment for prior years	(16)	608	(1,111)	706
	6,873	13,708	6,832	22,011
Deferred tax				
In respect of the current year	1,038	67	1,866	1,663
Income tax expense recognized in profit or loss	$ 7,911	$ 13,775	$ 8,698	$ 23,674

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	
	2023	2022	2023	2022
Deferred tax income (expenses)				
In respect of the current period－unrealized Gain (Loss) on Financial Through Other Comprehensive Income	($ 403)	($ 77)	($ 207)	($ 950)

c. The tax returns of the Company through 2021 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

	Net profit Attributable to Owners of the Company	Number of Shares (Denominator In Thousands)	Earnings Per Share NT$
For the Three Months Ended June 30, 2023			
Basic earnings per share			
Net income available to owners of the Company	$ 31,684	44,115	$ 0.72
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	47	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially	$ 31,684	44,162	$ 0.72
For the Three Months Ended June 30, 2022			
Basic earnings per share			
Net income available to owners of the Company	$ 61,955	39,115	$ 1.58
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	125	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially	$ 61,955	39,240	$ 1.58
For the Six Months Ended June 30, 2023			
Basic earnings per share			
Net income available to owners of the Company	$ 52,936	42,319	$ 1.25
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	134	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially	$ 52,936	42,453	$ 1.25
For the Six Months Ended June 30, 2022			
Basic earnings per share			
Net income available to owners of the Company	$ 112,777	39,115	$ 2.88
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	208	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially	$ 112,777	39,323	$ 2.87

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.

24. 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 2022.

25. 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

	Level 1	Leve2	Leve3	Total
June 30,2023				
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	$ -	$ -	$ 69,496	$ 69,496
December 31,2022				
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	$ -	$ -	$ 52,425	$ 52,425
June 30,2022				
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	$ -	$ -	$ 53,411	$ 53,411

There was no transfer of fair value measurements between Level 1 and Level 2 for for the six months ended March 31,2023 and 2022.

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 Six Months Ended June 30	
Financial assets	2023	2022
Balance at the beginning of the year	$ 52,425	$ 49,917
Unrealized gains (loss) from financial assets measured at fair value through other comprehensive income	(10,115)	3,494
Purchases	27,200	-
Sales	(14)	-
Balance at the end of the year	$ 69,496	$ 53,411

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

	June 30,2023	December 31,2022	June 30,2022
Financial assets			
Financial assets at amortized cost	$ 954,021	$ 864,831	$ 864,660
Financial assets at FVTOCI	69,496	52,425	53,411
Financial liabilities			
Financial liabilities at amortized cost	381,502	388,172	468,775

Balance of financial assets measured at amortized cost includes cash and cash equivalents, financial assets at amortised cost, 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, 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 34 %~ 50 % of sales revenue is not denominated infunctional currency and approximately 40 %~44 % 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 28.

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 Six Months Ended June 30	
	2023	**2022**
USD	$ 19,852	$ 21,127

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:

	June 30,2023	**December 31,2022**	**June 30,2022**
Fair value interest rate risk			
Financial assets	$ 206,988	$ 107,513	$ 111,311
Lease liabilities	8,394	4,776	83,604
Cash flow interest rate risk			
Financial assets	237,069	218,715	285,617
Lease liabilities	-	150,000	75,000

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, 2023 and 2022 would have increased/decreased by $296 thousand and $263 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, 2023, December 31, 2022 and June 30, 2022, the balances of accounts receivable from the top two customers were $227,400 thousand, $199,486 thousand and $130,355 thousand, respectively. For the Six Months Ended June 30, 2023 and 2022, 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 31% 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:

	June 30,2023	**December 31,2022**	**June 30,2022**
Undrawn loan amounts	$ 565,000	$ 465,000	$ 460,000

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.

Non-derivative financial liabilities	**Less Than 1 Year**	**More than 1 Years**
June 30, 2023		
Non-interest bearing	$ 381,502	$ -
Lease liabilities	3,797	5,282
	$ 385,299	$ 5,282
December 31, 2022		
Non-interest bearing	$ 238,172	$ -
Lease liabilities	2,508	2,622
Floating rate liabilities	150,000	-
	$ 390,680	$ 2,622
June 30, 2022		
Non-interest bearing	$ 313,775	$ -
Lease liabilities	2,776	1,019
Floating rate liabilities	75,000	-
Fixed rate liabilities	80,000	-
	$ 471,551	$ 1,019

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

	Less Than 1 Year	**1-5 Years**	**5-10 Years**
June 30,2023	$ 3,797	$ 5,282	$ -
December 31,2022	$ 2,508	$ 2,622	$ -
June 30,2022	$ 2,776	$ 976	$ 43

26. 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

Related Party Name	Related Party Categories
Simmtech Co., Ltd.（Simmtech）	Other related party
Simmtech Graphics Co., Ltd.	Other related party
Simmtech international pte., Ltd.（SI）	Other related party

2) Service revenue

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Other related party				
Simmtech	$ 15,323	$ 33,668	$ 32,721	$ 61,266
Others	9,169	4,049	12,382	7,945
	$ 24,492	$ 37,717	$ 45,103	$ 69,211

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) Receivables to related parties

Related Party Category/Name	June 30,2023	December 31,2022	June 30,2022
Other related party			
Simmtech			
Gross carrying amount	$ 50,374	$ 71,939	$ 67,146
Less: Allowance for impairment loss	(1,042)	(798)	(412)
	49,332	71,141	$ 66,734
Others			
Gross carrying amount	11,051	8,745	4,131
Less: Allowance for impairment loss	-	(4)	-
	11,051	8,741	4,131
	$ 60,383	$ 79,882	$ 70,865

The consolidated company has not secured guarantees for the outstanding receivables from related parties. For the Six Months Ended June 30, 2023 and 2022, allowances for doubtful accounts of $ 240 thousand and $ 252 thousand, respectively, were provided.

4) Other receivables

Related Party Category/Name	June 30,2023	December 31,2022	June 30,2022
Other related party			
Simmtech	$ 237	$ 216	$ 176
Other	11	-	-
	$ 248	$ 216	$ 176

5) Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	$ 7,752	$ 9,076	$ 14,748	$ 17,210
Post-employment benefits	100	85	197	169
	$ 7,852	$ 9,161	$ 14,945	$ 17,379

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

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	June 30,2023	December 31,2022	June 30,2022
Property, plant and equipment	$ 68,126	$ 68,699	$ 69,271

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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 30,2023			December 31,2022		
Financial assets	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
Monetary items						
USD	$ 15,205	31.14	$ 473,477	$ 17,622	30.71	$ 541,182
RMB	1,210	4.266	5,160	1,198	4.392	5,264
JPY	3,079	0.215	662	2,704	0.232	629
Financial liabilities						
Monetary items						
USD	2,455	31.14	76,444	3,471	30.71	106,593

Financial assets	June 30,2022 Foreign Currency	Exchange Rate	Carrying Amount
Monetary items			
USD	$ 16,629	29.72	$ 494,202
RMB	1,311	4.423	5,797
JPY	23,429	0.2182	5,112
Financial liabilities			
Monetary items			
USD	2,411	29.72	71,664

For three months and six months ended June 30, 2023 and 2022, realized and unrealized net foreign exchange gains were $9,644 thousand, $15,234 thousand, $5,755 thousand, and $27,025 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.

29. 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: None.

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 3

b. Information on investees: Table 2

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 4.

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 3.

ii. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 3.

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 3.

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 5.

30. 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 and non-current assets

For the Six Months Ended June 30, 2023	**Domestic**	**Asia**	**Others**	**Adjustments and Eliminations**	**Consolidated**
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	52	3,319	-	(3,371)	-
Total departmental income	$ 463,325	$ 5,377	$ 5,788	($ 3,371)	$ 471,119
Department profit and loss	$ 62,419	($ 3,207)	($ 2,505)	$ 5,767	$ 62,474
Interest expense					(840)
Net profit before tax from continuing operations					$ 61,634
June 30, 2023					
Non-current assets	$ 233,114	$ 6,229	$ -	$ -	$ 239,343
For the Six Months Ended June 30, 2022	**Domestic**	**Asia**	**Others**	**Adjustments**	**Consolidated**

				and Eliminations	
Income from customers other than the Company and consolidated subsidiaries	$ 567,551	$ 14,039	$ 8,461	$ -	$ 590,051
Income from the Company and consolidated subsidiaries	6,789	3,377	-	(10,166)	-
Total departmental income	$ 574,340	$ 17,416	$ 8,461	($ 10,166)	$ 590,051
Department profit and loss	$ 137,287	$ 263	($ 2,186)	$ 1,960	$ 137,324
Interest expense					(873)
Net profit before tax from continuing operations					$ 136,451
June 30, 2022					
Non-current assets	$ 232,765	$ 3,251	$ -	$ -	$ 236,016

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

Non-current assets exclude 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 Six Months Ended June 30			
	2023		2022	
	Amount	%	Amount	%
Customer A	$ 149,546	32	$ 138,378	23
Customer B	60,638	13	79,155	13
Customer C	59,929	13	71,167	12
Customer D	32,721	7	61,266	10

TABLE 1

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2023
(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, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	Shares							
	APET	None	Financial assets at FVTOCI - non current	282,700	$ 27,451	6	$ 27,451	
	GST	Other related party	Financial assets at FVTOCI - non current	147,972	16,253	1	16,253	
	PCCL	None	Financial assets at FVTOCI - non current	1,360,000	16,118	17	16,118	
	ELITING	None	Financial assets at FVTOCI - non current	335,925	9,227	12	9,227	
	QiangFang	None	Financial assets at FVTOCI - non current	225,000	447	15	447	

Note: For information on the investments in subsidiaries and associates, see Tables 2 and 4.

TABLE 2

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30 , 2023
(In Thousands of New Taiwan Dollars / Per share)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2023			Net Income Loss of the Investee	Share of Profit Loss	Note
				June 30, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	ENPLAS	Hsinchu City	Import and sale of electronic materials	$ 52,621	$ 52,621	633,000	30	$ 142,452	$ 57,434	$ 17,214	
	Advanced	Samoa	General investment business and import-export trade	45,496	45,496	1,800,293	100	49,200	(2,506)	(2,506)	(Note 1)
	STNC	Hongkong	General investment business and import-export trade	8,878	8,878	300,000	30	52,688	(5,207)	(1,562)	

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

Note 2: For information on investments in mainland China, see Table 4.

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(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	Note 1	Other income	$ 22	—	-
		Niching Suzhou	Note 1	Sales revenue	52	90 days	-
				Cost of goods sold	3,319	—	1
				Trade receivables	52	—	-
				Trade payables	1,974	—	-
				Other payables	196	—	-
				Other receivables	29	—	-

Note 1: Parent company to subsidiary.

Note 2: Significant intercompany accounts and transactions have been eliminated.

TABLE 4

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
For The Six Months Ended June 30 , 2023
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of June 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain Loss (Note 3)	Carrying Amount as of June 30, 2023 (Note 3)	Accumulated Repatriation of Investment Income as of June 30,2023
					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)	($ 3,261)	100%	($ 3,261)	$ 27,311	$ -
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)	-	-	8,878 (USD 300)	(5,112)	30%	(1,534)	53,598	-

Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA(Note4)
$ 62,244 (USD 2,035)	$ 66,381 (USD 2,100)	$ 628,698

Note 1: This investment project has been approved by the Investment Commission, with an investment amount of USD $2,100 thousand. However, as of June 30, 2023, USD $2,035 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 5

NICHING INDUSTRIAL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS

June 30, 2023

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.