

## **Niching Industrial Corporation and Subsidiaries**

**Consolidated Financial Statements for the Nine  
Months Ended September 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 September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, 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 11, 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 Nine Months Ended September 30, 2023 and 2022. Total assets of these subsidiaries amounted to \$54,348 thousand and \$ 63,187 thousand, representing 4% and 5% of the related consolidated totals, and total liabilities amounted to \$ 7,085 thousand and \$ 6,713 thousand, respectively, each accounting for 2% and 1% of the related consolidated totals, as at September 30, 2023 and 2022, respectively ; for the three months ended September 30, 2023 and 2022, the amounts of combined comprehensive income (loss) of these subsidiaries

were NT\$(1,736) thousand and NT\$(2,532) thousand, representing (4%) and (4%), respectively, of the consolidated total comprehensive income, and for the nine months ended September 30, 2023 and 2022, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$(4,737) thousand and NT\$(2,284) thousand, representing (6%) and (1%), respectively, of the consolidated total comprehensive income.

As described in Note 12 indicated, the un-reviewed balance of investment amounted to \$203,498 thousand and \$192,264 thousand; the recognized share of profits of associates under the equity method of these investments for the three months Ended September 30, 2023 and 2022, amounted to \$6,076 thousand and \$17,483 thousand, respectively ; for the nine months Ended September 30, 2023 and 2022, amounted to \$21,728 thousand and \$46,734 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 September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 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

November 2, 2023

### 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	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash (Notes 6)	\$ 364,631	26	\$ 327,431	23	\$ 328,496	25
Notes receivable (Notes 8)	94	-	301	-	223	-
Trade receivables from unrelated parties(Notes 8)	445,434	31	452,365	32	377,935	28
Trade receivables from related parties(Notes 8 and 26)	47,074	3	79,882	6	81,095	6
Other receivables (Notes 26)	2,332	-	969	-	3,363	-
Inventories (Notes 9)	51,871	4	60,048	4	66,858	5
Other current assets	<u>3,015</u>	<u>-</u>	<u>5,933</u>	<u>-</u>	<u>3,329</u>	<u>-</u>
Total current assets	<u>914,451</u>	<u>64</u>	<u>926,929</u>	<u>65</u>	<u>861,299</u>	<u>64</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Notes 10)	68,190	5	52,425	4	57,872	4
Non-current financial assets at amortised cost (Notes 7)	-	-	-	-	832	-
Investments accounted for using the equity method (Notes 12)	203,498	14	204,822	14	192,264	14
Property, plant and equipment (Notes 13 and 27)	220,647	16	226,154	16	228,529	17
Right-of-use assets (Notes 14)	8,242	1	4,668	-	2,726	-
Other intangible assets	623	-	670	-	705	-
Deferred tax assets (Notes 4 and 22)	5,621	-	6,261	1	5,961	1
Prepayments for equipment	2,962	-	1,788	-	175	-
Other non-current assets	<u>5,578</u>	<u>-</u>	<u>5,949</u>	<u>-</u>	<u>4,270</u>	<u>-</u>
Total non-current assets	<u>515,361</u>	<u>36</u>	<u>502,737</u>	<u>35</u>	<u>493,334</u>	<u>36</u>
<b>TOTAL</b>	<u>\$ 1,429,812</u>	<u>100</u>	<u>\$ 1,429,666</u>	<u>100</u>	<u>\$ 1,354,633</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Shore-term borrowings (Notes 15 and 27)	\$ -	-	\$ 150,000	10	\$ 150,000	11
Notes payable	24	-	381	-	7	-
Trade payables	237,249	17	227,968	16	182,810	14
Other payables (Notes 16 and 21)	47,135	4	68,343	5	62,355	5
Current tax liabilities (Notes 4 and 21)	14,723	1	23,571	2	14,789	1
Lease liabilities - current (Notes 14)	3,663	-	2,299	-	2,097	-
Other current liabilities	<u>4,056</u>	<u>-</u>	<u>7,275</u>	<u>1</u>	<u>5,735</u>	<u>-</u>
Total current liabilities	<u>306,850</u>	<u>22</u>	<u>479,837</u>	<u>34</u>	<u>417,793</u>	<u>31</u>
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities (Notes 4 and 22)	6,440	-	3,597	-	9,272	-
Lease liabilities - non-current (Notes 14)	4,741	-	2,477	-	752	-
Net defined benefit liabilities - non-current (Notes 4 and 17)	22,678	2	22,689	2	24,833	2
Guarantee deposits	<u>799</u>	<u>-</u>	<u>803</u>	<u>-</u>	<u>797</u>	<u>-</u>
Total non-current liabilities	<u>34,658</u>	<u>2</u>	<u>29,566</u>	<u>2</u>	<u>35,654</u>	<u>2</u>
Total liabilities	<u>341,508</u>	<u>24</u>	<u>509,403</u>	<u>36</u>	<u>453,447</u>	<u>33</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION</b>						
Ordinary shares	441,146	31	391,146	27	391,146	29
Capital surplus	261,106	18	56,611	4	56,611	4
Retained earnings						
Legal reserve	143,923	10	124,129	9	124,129	9
Unappropriated earnings	246,603	17	343,159	24	317,531	24
Other equity						
Exchange differences on translation of foreign financial statements	( 5,414 )	-	( 7,370 )	( 1 )	( 5,472 )	-
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	<u>940</u>	<u>-</u>	<u>12,588</u>	<u>1</u>	<u>17,241</u>	<u>1</u>
Total equity	<u>1,088,304</u>	<u>76</u>	<u>920,263</u>	<u>64</u>	<u>901,186</u>	<u>67</u>
<b>TOTAL</b>	<u>\$ 1,429,812</u>	<u>100</u>	<u>\$ 1,429,666</u>	<u>100</u>	<u>\$ 1,354,633</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated November 2, 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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES (Notes 19 and 26)								
Sales revenue	\$ 223,132	86	\$ 182,812	79	\$ 628,545	86	\$ 683,498	83
Service revenue	36,187	14	49,937	21	101,893	14	139,302	17
SALES	259,319	100	232,749	100	730,438	100	822,800	100
COST OF GOODS SOLD (Notes 9 and 20)	191,370	74	156,775	67	538,664	74	583,098	71
GROSS PROFIT	67,949	26	75,974	33	191,774	26	239,702	29
OPERATING EXPENSES								
Selling and marketing expenses (Notes 20)	20,880	8	21,058	9	60,180	8	61,178	7
General and administrative expenses (Notes 20)	17,355	7	24,595	11	51,015	7	59,418	7
Research and development expenses (Notes 20)	8,253	3	7,462	3	28,082	4	21,470	3
Expected credit loss (gain) (Notes 8)	( 38 )	-	44	-	256	-	237	-
Total operating expenses	46,450	18	53,159	23	139,533	19	142,303	17
PROFIT FROM OPERATIONS	21,499	8	22,815	10	52,241	7	97,399	12
NON-OPERATING INCOME AND EXPENSES								
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 12)	6,076	2	17,483	8	21,728	3	46,734	6
Interest income	1,280	1	589	-	4,706	1	963	-
Rental income	1,196	1	944	-	3,620	-	3,945	-
Dividend income	-	-	-	-	1,008	-	2,351	-
Other income	473	-	419	-	4,303	1	1,740	-
Net foreign exchange gain	15,807	6	29,139	13	21,562	3	56,164	7
Finance costs	( 106 )	-	( 537 )	-	( 946 )	-	( 1,410 )	-
Other expenses	-	-	-	-	( 363 )	-	( 583 )	-
Total non-operating income and expenses	24,726	10	48,037	21	55,618	8	109,904	13
PROFIT BEFORE INCOME TAX	46,225	18	70,852	31	107,859	15	207,303	25
INCOME TAX EXPENSE (Notes 4 and 22)	8,234	3	11,321	5	16,932	3	34,995	4
NET PROFIT FOR THE PERIOD	37,991	15	59,531	26	90,927	12	172,308	21
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	( 1,306 )	( 1 )	4,461	2	( 11,421 )	( 1 )	7,955	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	( 74 )	-	( 926 )	( 1 )	( 281 )	-	( 1,876 )	-
	( 1,380 )	( 1 )	3,535	1	( 11,702 )	( 1 )	6,079	1

(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 September 30				For the Nine Months Ended September 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	\$ 1,579	1	\$ 1,758	1	\$ 1,084	-	\$ 4,192	-
Exchange differences on translation, associates and joint ventures accounted for using equity method	<u>2,283</u>	<u>1</u>	<u>451</u>	<u>-</u>	<u>872</u>	<u>-</u>	<u>1,407</u>	<u>-</u>
	<u>3,862</u>	<u>2</u>	<u>2,209</u>	<u>1</u>	<u>1,956</u>	<u>-</u>	<u>5,599</u>	<u>-</u>
Other comprehensive income for the year	<u>2,482</u>	<u>1</u>	<u>5,744</u>	<u>2</u>	( <u>9,746</u> )	( <u>1</u> )	<u>11,678</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 40,473</u>	<u>16</u>	<u>\$ 65,275</u>	<u>28</u>	<u>\$ 81,181</u>	<u>11</u>	<u>\$ 183,986</u>	<u>22</u>
EARNINGS PER SHARE (Note 23)								
Basic	<u>\$ 0.86</u>		<u>\$ 1.52</u>		<u>\$ 2.12</u>		<u>\$ 4.41</u>	
Diluted	<u>\$ 0.86</u>		<u>\$ 1.51</u>		<u>\$ 2.11</u>		<u>\$ 4.38</u>	

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

(With Deloitte & Touche auditors' review report dated November 2, 2023)

(Concluded)

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

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

	Equity Attributable to Owners of the Corporation						Other Equity	
			Retained Earnings (Note 18)			Exchange	Unrealized Gain (Loss)	
	Ordinary	Capital Surplus			Unappropriated	Differences on	on Financial Through	
	Shares(Note 18)	(Note 18)	Legal Reserve	Special reserve	Earnings	Translating the	Other	Total Equity
						Financial Statements	Comprehensive Income	
						of Foreign Operations		
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 nine months ended September 30, 2022	-	-	-	-	172,308	-	-	172,308
Other comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	5,599	6,079	11,678
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	172,308	5,599	6,079	183,986
BALANCE AT SEPTEMBER 30, 2022	\$ 391,146	\$ 56,611	\$ 124,129	\$ -	\$ 317,531	( \$ 5,472 )	\$ 17,241	\$ 901,186
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 nine months ended September 30, 2023	-	-	-	-	90,927	-	-	90,927
Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	1,956	( 11,702 )	( 9,746 )
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	90,927	1,956	( 11,702 )	81,181
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	( 54 )	-	54	-
BALANCE AT SEPTEMBER 30, 2023	\$ 441,146	\$ 261,106	\$ 143,923	\$ -	\$ 246,603	( \$ 5,414 )	\$ 940	\$ 1,088,304

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

(With Deloitte & Touche auditors' review report dated November 2, 2023)

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
**(In Thousands of New Taiwan Dollars)**

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 107,859	\$ 207,303
Adjustments for:		
Depreciation expenses	12,349	11,268
Amortization expenses	47	48
Expected credit loss	256	237
Finance costs	946	1,410
Interest income	( 4,706 )	( 963 )
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	( 21,728 )	( 46,734 )
Loss on disposal of property, plant and equipment	6	163
Impairment loss(income) recognized on non-financial assets	( 797 )	741
Unrealized foreign currency exchange gain	( 12,580 )	( 14,278 )
Amortization of prepayments	1,352	1,390
Changes in operating assets and liabilities		
Notes receivable	207	( 20 )
Trade receivables	55,190	70,127
Other receivables	( 1,282 )	( 2,135 )
Inventories	8,974	( 793 )
Other current assets	2,919	785
Notes payable	( 357 )	( 835 )
Trade payables	6,158	( 87,576 )
Other payables	( 21,182 )	5,365
Other current liabilities	( 3,219 )	1,306
Net defined benefit liabilities	( 11 )	( 3 )
Cash generated from operations	134,893	144,455
Interest received	4,630	759
Interest paid	( 946 )	( 1,410 )
Income tax paid	( 22,578 )	( 35,026 )
Net cash generated from operating activities	<u>115,999</u>	<u>108,778</u>

(Continued)



**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
**(In Thousands of New Taiwan Dollars)**

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</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	-
Proceeds of financial assets at amortised cost	-	1,778
Payments for property, plant and equipment	( 1,400)	( 4,324)
Decrease in refundable deposits	208	45
Acquisition of intangible assets	-	( 496)
Increase in other non-current assets	( 1,186)	( 1,249)
Increase in prepayments for machinery and equipment	( 3,760)	( 4,361)
Dividends received	<u>24,932</u>	<u>14,141</u>
Net cash generated from (used in) investing activities	( <u>8,392</u> )	<u>5,534</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	-	325,000
Decrease in short-term borrowings	( 150,000)	( 301,671)
Decrease in guarantee deposits received	( 4)	( 461)
Repayment of the principal portion of lease liabilities	( 2,910)	( 2,251)
Cash dividends paid	( 167,635)	( 89,964)
Proceeds from issuance of ordinary shares	<u>248,995</u>	<u>-</u>
Net cash used in financing activities	( <u>71,554</u> )	( <u>69,347</u> )
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>1,147</u>	<u>3,766</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	37,200	48,731
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>327,431</u>	<u>279,765</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 364,631</u>	<u>\$ 328,496</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' review report dated November 2, 2023)

# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(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 November 2, 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”) 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 endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB(Note1)</b>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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 IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB(Note1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2 : An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

	September 30,2023	December 31,2022	September 30,2022
Petty cash and cash on hand	\$ 944	\$ 1,094	\$ 1,139
Checking accounts and demand deposits	121,421	218,824	133,063
Cash equivalents			
Time deposits	242,266	107,513	194,294
	<u>\$ 364,631</u>	<u>\$ 327,431</u>	<u>\$ 328,496</u>

## 7. NON-CURRENT FINANCIAL ASSETS AT AMORTISED COST

	September 30,2023	December 31,2022	September 30,2022
Restricted Bank Deposits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 832</u>

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

	September 30,2023	December 31,2022	September 30,2022
At amortized cost			
Gross carrying amount	\$ 493,625	\$ 533,108	\$ 459,529
Less: Allowance for impairment loss	( <u>1,117</u> )	( <u>861</u> )	( <u>499</u> )
	<u>\$ 492,508</u>	<u>\$ 532,247</u>	<u>\$ 459,030</u>

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:

	<b>Less than 150 days</b>	<b>151 to 365 Days</b>	<b>Over 365 Days</b>	<b>Total</b>
<u>September 30,2023</u>				
Expected credit loss rate (%)	-	5	100	
Gross carrying amount	\$ 489,181	\$ 4,444	\$ -	\$ 493,625
Loss allowance	-	( 1,117 )	-	( 1,117 )
Amortized cost	<u>\$ 489,181</u>	<u>\$ 3,327</u>	<u>\$ -</u>	<u>\$ 492,508</u>
<u>December 31,2022</u>				
Expected credit loss rate (%)	-	5	100	
Gross carrying amount	\$ 515,249	\$ 17,859	\$ -	\$ 533,108
Loss allowance	-	( 861 )	-	( 861 )
Amortized cost	<u>\$ 515,249</u>	<u>\$ 16,998</u>	<u>\$ -</u>	<u>\$ 532,247</u>
<u>September 30,2022</u>				
Expected credit loss rate (%)	-	5	100	
Gross carrying amount	\$ 449,038	\$ 10,465	\$ 26	\$ 459,529
Loss allowance	-	( 473 )	( 26 )	( 499 )
Amortized cost	<u>\$ 449,038</u>	<u>\$ 9,992</u>	<u>\$ -</u>	<u>\$ 459,030</u>

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 861	\$ 261
Net remeasurement of loss allowance	256	237
Net exchange difference	-	1
Balance at September 30	<u>\$ 1,117</u>	<u>\$ 499</u>

## 9. INVENTORIES

	<b>September 30,2023</b>	<b>December 31,2022</b>	<b>September 30,2022</b>
Merchandise	<u>\$ 51,871</u>	<u>\$ 60,048</u>	<u>\$ 66,858</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2023 and 2022 was \$191,370 thousand and \$156,775 thousand, respectively, and the cost of inventories recognized as cost of goods sold for the nine months ended September 30, 2023 and 2022 was \$538,664 thousand and \$583,098 thousand, respectively.

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Inventory loss from write-down (reversal of write-down)	<u>(\$ 212)</u>	<u>\$ 379</u>	<u>(\$ 797)</u>	<u>\$ 741</u>

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

<u>Name of Investee Company</u>	<b>September 30,2023</b>	<b>December 31,2022</b>	<b>September 30,2022</b>
Unlisted ordinary shares			
Advanced Processing Equipment Technology Co., Ltd. ( APET )	\$ 27,682	\$ 23,523	\$ 27,592
Global Simmtech Co., Ltd. ( GST )	16,390	19,148	19,048
Precision Chemtech Company Limited ( PCCL )	13,991	-	-
Eliting Technology Corporation ( ELITING )	9,832	8,979	10,203
QiangFang Technology Co., Ltd. ( QiangFang )	295	775	1,029
ProMOS TECHNOLOGIES INC.(ProMOS )	-	-	-
	<u>\$ 68,190</u>	<u>\$ 52,425</u>	<u>\$ 57,872</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.

## 11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership		
			September 30,2023	December 31,2022	September 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 Nine Months Ended September 30, 2023 and 2022

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investee	September 30,2023		December 31,2022		September 30,2022	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
Private entity Enplas niching technology corporation ( ENPLAS )	\$ 149,799	30	\$ 149,298	30	\$ 138,205	30
STNC Hong Kong Holdings Limited ( STNC )	53,699	30	55,524	30	54,059	30
	<u>\$ 203,498</u>		<u>\$ 204,822</u>		<u>\$ 192,264</u>	

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

	September 30,2023	December 31,2022	September 30,2022
Assets used by the Company	\$ 148,091	\$ 152,718	\$ 162,459
Assets subject to operating leases	72,556	73,436	66,070
	<u>\$ 220,647</u>	<u>\$ 226,154</u>	<u>\$ 228,529</u>



a. Assets used by the Company

<b>For the Nine Months Ended September 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	( 3,547)	2,586	-	26,920
Transportation equipment	5,186	-	( 290)	-	3	4,899
Office equipment	7,701	544	( 286)	-	5	7,964
Miscellaneous equipment	58	40	-	-	-	98
	<u>206,061</u>	<u>\$ 1,296</u>	<u>( \$ 4,123)</u>	<u>\$ 2,586</u>	<u>\$ 8</u>	<u>205,828</u>
<u>Accumulated depreciation</u>						
Buildings and improvements	34,870	\$ 2,716	\$ -	\$ -	\$ -	37,586
Machinery and equipment	12,799	4,199	( 3,547)	-	-	13,451
Transportation equipment	2,778	613	( 290)	-	2	3,103
Office equipment	2,844	974	( 280)	-	4	3,542
Miscellaneous equipment	52	3	-	-	-	55
	<u>53,343</u>	<u>\$ 8,505</u>	<u>( \$ 4,117)</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>57,737</u>
	<u>\$ 152,718</u>					<u>\$ 148,091</u>

For the Nine Months Ended September 30, 2022							
	Beginning Balance	Additions	Disposals	Reclassified Amount	Reclassification of assets leased out for operating purposes	Translation Adjustments	Ending Balance
Cost							
Land	\$ 46,243	\$ -	\$ -	\$ -	\$ 6,258	\$ -	\$ 52,501
Buildings and improvements	110,279	-	-	529	12,506	-	123,314
Machinery and equipment	25,245	737	( 476 )	1,668	-	-	27,174
Transportation equipment	5,440	-	( 2,480 )	2,186	-	67	5,213
Office equipment	5,363	4,020	( 1,043 )	-	-	95	8,435
Miscellaneous equipment	58	-	-	-	-	1	59
	<u>192,628</u>	<u>\$ 4,757</u>	<u>( \$ 3,999 )</u>	<u>\$ 4,383</u>	<u>\$ 18,764</u>	<u>\$ 163</u>	<u>216,696</u>
Accumulated depreciation							
Buildings and improvements	30,043	\$ 2,614	\$ -	\$ -	\$ 3,745	\$ -	36,402
Machinery and equipment	8,025	3,884	( 476 )	-	-	-	11,433
Transportation equipment	4,132	787	( 2,392 )	-	-	61	2,588
Office equipment	3,870	788	( 968 )	-	-	71	3,761
Miscellaneous equipment	52	-	-	-	-	1	53
	<u>46,122</u>	<u>\$ 8,073</u>	<u>( \$ 3,836 )</u>	<u>\$ -</u>	<u>\$ 3,745</u>	<u>\$ 133</u>	<u>54,237</u>
	<u>\$ 146,506</u>						<u>\$ 162,459</u>

No impairment losses were recognized or reversed for the Nine Months Ended September 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
Machinery and equipment	2-8 years
Transportation equipment	3-7 years
Office equipment	3-11 years
Miscellaneous equipment	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 Nine Months Ended September 30, 2023				
	Beginning Balance	Additions	Disposals	Ending Balance
<u>Cost</u>				
Land	\$ 27,567	\$ -	\$ -	\$ 27,567
Buildings and improvements	58,215	-	-	58,215
	<u>85,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>85,782</u>
<u>Accumulated depreciation</u>				
Buildings and improvements	12,346	\$ 880	\$ -	13,226
	<u>\$ 73,436</u>			<u>\$ 72,556</u>

For the Nine Months Ended September 30, 2022					
	Beginning Balance	Additions	Disposals	Transferred to self-use assets	Ending Balance
<u>Cost</u>					
Land	\$ 24,057	\$ -	\$ -	(\$ 6,258)	\$ 17,799
Buildings and improvements	70,397	-	-	( 12,506)	57,891
	<u>94,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 18,764)</u>	<u>75,690</u>
<u>Accumulated depreciation</u>					
Buildings and improvements	12,432	\$ 933	\$ -	(\$ 3,745)	9,620
	<u>\$ 82,022</u>				<u>\$ 66,070</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 27.

## 14. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30,2023	December 31,2022	September 30,2022
Carrying amounts			
Land	\$ 288	\$ 337	\$ 356
Buildings and improvements	4,055	385	794
Transportation equipment	3,899	3,946	1,576
	<u>\$ 8,242</u>	<u>\$ 4,668</u>	<u>\$ 2,726</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Additions to right-of-use assets			\$ <u>6,521</u>	\$ <u>-</u>
Depreciation charge for right-of-use assets				
Land	\$ 17	\$ 17	\$ 49	\$ 51
Buildings and improvements	408	400	1,217	1,199
Transportation equipment	<u>569</u>	<u>337</u>	<u>1,698</u>	<u>1,012</u>
	<u>\$ 994</u>	<u>\$ 754</u>	<u>\$ 2,964</u>	<u>\$ 2,262</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 Nine Months Ended September 30, 2023 and 2022.

b. Lease liabilities

	September 30,2023	December 31,2022	September 30,2022
<u>Carrying amounts</u>			
Current	\$ <u>3,663</u>	\$ <u>2,299</u>	\$ <u>2,097</u>
Non-current	\$ <u>4,741</u>	\$ <u>2,477</u>	\$ <u>752</u>

Range of discount rate for lease liabilities was as follows:

	September 30,2023	December 31,2022	September 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 contracts.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ <u>-</u>	\$ <u>390</u>	\$ <u>58</u>	\$ <u>1,311</u>
Expenses relating to low-value asset leases	\$ <u>20</u>	\$ <u>20</u>	\$ <u>65</u>	\$ <u>76</u>
Total cash outflow for leases			(\$ <u>3,303</u> )	(\$ <u>3,793</u> )

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

## 15. SHORT TERM BORROWINGS

	September 30,2023	December 31,2022	September 30,2022
Line of credit borrowings	\$ -	\$ 60,000	\$ 60,000
Secured short-term borrowings	-	90,000	90,000
	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>
<u>Rate of interest per annum (%)</u>			
Line of credit borrowings	-	1.55-1.68	1.43
Secured short-term borrowings	-	1.67-1.88	1.42-1.51

## 16. OTHER PAYABLES

	September 30,2023	December 31,2022	September 30,2022
Salaries and rewards	\$ 27,573	\$ 35,704	\$ 32,271
Compensation of employees and remuneration of directors	8,243	19,330	18,026
Payables for annual leave	3,476	3,467	2,942
Others	7,843	9,842	9,116
	<u>\$ 47,135</u>	<u>\$ 68,343</u>	<u>\$ 62,355</u>

## 17. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2023 and 2022, the pension expenses of defined benefit plans were \$111 thousand and \$102 thousand, respectively, and for the nine months ended September 30, 2023 and 2022, the pension expenses of defined benefit plans were \$335 thousand and \$305 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

	September 30,2023	December 31,2022	September 30,2022
Shares authorized (in thousands of shares)	<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>
Shares issued and fully paid (in thousands of shares)	<u>44,115</u>	<u>39,115</u>	<u>39,115</u>
Shares issued	<u>\$ 441,146</u>	<u>\$ 391,146</u>	<u>\$ 391,146</u>

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

carry a right to dividends.

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

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

b. Capital surplus

	<b>September 30,2023</b>	<b>December 31,2022</b>	<b>September 30,2022</b>
Issuance of ordinary shares	\$ 261,040	\$ 56,611	\$ 56,611
Invalid employee shares	66	-	-
	<u>\$ 261,106</u>	<u>\$ 56,611</u>	<u>\$ 56,611</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 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:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Sales revenue				
Semiconductor products	\$ 124,416	\$ 134,846	\$ 342,111	\$ 393,331
Optoelectronics products	94,154	45,108	273,740	279,688
Other	4,562	2,858	12,694	10,479
	<u>223,132</u>	<u>182,812</u>	<u>628,545</u>	<u>683,498</u>
Service revenue	<u>36,187</u>	<u>49,937</u>	<u>101,893</u>	<u>139,302</u>
	<u>\$ 259,319</u>	<u>\$ 232,749</u>	<u>\$ 730,438</u>	<u>\$ 822,800</u>

### Contract information

	<b>September 30,2023</b>	<b>December 31,2022</b>	<b>September 30,2022</b>	<b>January 1,2022</b>
Notes receivable and trade receivables	<u>\$ 492,602</u>	<u>\$ 532,548</u>	<u>\$ 459,253</u>	<u>\$ 509,756</u>

## 20. NET PROFIT FROM CONTINUING OPERATIONS

### a. Finance costs

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ -	\$ 495	\$ 676	\$ 1,255
Interest on lease liabilities	106	42	270	155
	<u>\$ 106</u>	<u>\$ 537</u>	<u>\$ 946</u>	<u>\$ 1,410</u>

### b. Employee

#### benefits expense, depreciation and amortization expenses

	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
<u>For the Three Months Ended September 30, 2023</u>			
Employee benefits			
Salaries and bonuses	\$ 747	\$ 29,454	\$ 30,201
Labor and health insurance	32	1,076	1,108
Defined contribution plans	7	104	111
Other employee benefits	107	2,807	2,914
Depreciation expenses	460	3,653	4,113
Amortization expenses	-	-	-

#### For the Three Months Ended September 30, 2022

Employee benefits			
Salaries and bonuses	\$ 742	\$ 38,780	\$ 39,522
Labor and health insurance	31	1,103	1,134
Defined contribution plans	7	95	102
Other employee benefits	94	2,615	2,709
Depreciation expenses	581	3,227	3,808
Amortization expenses	-	4	4

#### For the Nine Months Ended September 30, 2023

Employee benefits			
Salaries and bonuses	2,179	88,089	90,268
Labor and health insurance	95	3,238	3,333
Defined contribution plans	21	314	335
Other employee benefits	299	8,348	8,647
Depreciation expenses	1,534	10,815	12,349
Amortization expenses	-	47	47

#### For the Nine Months Ended September 30, 2022

Employee benefits			
Salaries and bonuses	1,979	98,224	100,203
Labor and health insurance	94	3,026	3,120
Defined contribution plans	21	284	305
Other employee benefits	274	7,332	7,606
Depreciation expenses	1,743	9,525	11,268

Amortization expenses

-

48

48

## 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 Nine Months Ended September 30, 2023 and 2022, the compensation of employees and the remuneration of directors were as follows:

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Accrual rate</b>		
Compensation of employees	5%	5%
Remuneration of directors	2.1%	3%

  

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Amount</b>				
Compensation of employees	\$ 2,488	\$ 3,850	\$ 5,805	\$ 11,266
Remuneration of directors	\$ 1,045	\$ 2,311	\$ 2,438	\$ 6,760

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
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 for the year ended December 31, 2022 and 2021

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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current year	\$ 6,923	\$ 8,207	\$ 14,554	\$ 27,951
Income tax on unappropriated earnings	( 25)	( 210)	287	1,351
Adjustment for prior years	<u>-</u>	<u>-</u>	<u>( 1,111)</u>	<u>706</u>
	6,898	7,997	13,730	30,008
Deferred tax				
In respect of the current year	<u>1,336</u>	<u>3,324</u>	<u>3,202</u>	<u>4,987</u>
Income tax expense recognized in profit or loss	<u>\$ 8,234</u>	<u>\$ 11,321</u>	<u>\$ 16,932</u>	<u>\$ 34,995</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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Deferred tax income</u>				
<u>(expenses)</u>				
In respect of the current period—unrealized Gain				
(Loss) on Financial				
Through Other				
Comprehensive Income	<u>( \$ 74)</u>	<u>( \$ 926)</u>	<u>( \$ 281)</u>	<u>( \$ 1,876)</u>

### 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\$
<u>For the Three Months Ended September 30, 2023</u>			
Basic earnings per share			
Net income available to owners of the Company	\$ 37,991	44,115	<u>\$ 0.86</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>66</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially	<u>\$ 37,991</u>	<u>44,181</u>	<u>\$ 0.86</u>
<u>For the Three Months Ended September 30, 2022</u>			
Basic earnings per share			
Net income available to owners of the Company	\$ 59,531	39,115	<u>\$ 1.52</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>213</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially	<u>\$ 59,531</u>	<u>39,328</u>	<u>\$ 1.51</u>
<u>For the Nine Months Ended September 30, 2023</u>			
Basic earnings per share			
Net income available to owners of the Company	\$ 90,927	42,924	<u>\$ 2.12</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>124</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially	<u>\$ 90,927</u>	<u>43,048</u>	<u>\$ 2.11</u>
<u>For the Nine Months Ended September 30, 2022</u>			
Basic earnings per share			
Net income available to owners of the Company	\$ 172,308	39,115	<u>\$ 4.41</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>268</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially	<u>\$ 172,308</u>	<u>39,383</u>	<u>\$ 4.38</u>

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

## 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

<u>September 30, 2023</u>	Level 1	Level 2	Level 3	Total
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	\$ -	\$ -	\$ 68,190	\$ 68,190

<u>December 31, 2022</u>				
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	\$ -	\$ -	\$ 52,425	\$ 52,425

<u>September 30, 2022</u>			
Financial assets at financial assets at fair value through other comprehensive income			
Domestic unlisted shares	\$ -	\$ -	\$ 57,872

There was no transfer of fair value measurements between Level 1 and Level 2 for the Nine Months Ended September 30, 2023 and 2022.

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

	Financial assets at fair value through other comprehensive income Equity instruments For the Nine Months Ended September 30	
<u>Financial assets</u>	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	( 11,421 )	7,955
Purchases	27,200	-
Sales	( 14 )	-
Balance at the end of the year	\$ 68,190	\$ 57,872

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>September 30,2023</b>	<b>December 31,2022</b>	<b>September 30,2022</b>
<u>Financial assets</u>			
Financial assets at amortized cost	\$ 863,242	\$ 864,831	\$ 794,553
Financial assets at FVTOCI	68,190	52,425	57,872
<u>Financial liabilities</u>			
Financial liabilities at amortized cost	245,125	388,172	342,730

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 35 %~ 53 % of sales revenue is not denominated in functional currency and approximately 42 %~46 % 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. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusted their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit with the relevant currency strengthen 5% against New Taiwan dollars. For a 5% weakening of the relevant of the relevant currency against New Taiwan dollars, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>Impact of fluctuations in exchange rate on profit or loss</b>	
	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
USD	\$ 22,986	\$ 21,578

#### ii. Interest rate risk

The Group is exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

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>September 30,2023</b>	<b>December 31,2022</b>	<b>September 30,2022</b>
Fair value interest rate risk			
Financial assets	\$ 242,266	\$ 107,513	\$ 195,126
Lease liabilities	8,404	4,776	62,849
Cash flow interest rate risk			
Financial assets	121,171	218,715	132,335
Lease liabilities	-	150,000	90,000

#### Sensitivity analysis

If interest rates had been 0.25% basis points higher/lower and all other variables been held constant, the Group's pre-tax profits for the three months ended

September 30, 2023 and 2022 would have increased/decreased by \$227 thousand and \$79 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 a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

- i. The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- ii. The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

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 September 30, 2023, December 31, 2022 and September 30, 2022, the balances of accounts receivable from the top two customers were \$246,045 thousand, \$199,486 thousand and \$163,008 thousand, respectively. For the Nine Months Ended September 30, 2023 and 2022, the concentration of credit risk for these companies did not exceed 29% of the total monetary assets, and the concentration of credit risk for other counterparties did not exceed 30% of the total monetary assets.

## 3) Liquidity risk

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

	<b>September 30,2023</b>	<b>December 31,2022</b>	<b>September 30,2022</b>
Undrawn loan amounts	\$ 565,000	\$ 465,000	\$ 465,000

### 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>Over 1 Years</b>
<u>Non-derivative financial liabilities</u>		
<u>September 30,2023</u>		
Non-interest bearing	\$ 245,125	\$ -
Lease liabilities	3,980	4,940
	<u>\$ 249,105</u>	<u>\$ 4,940</u>
<u>December 31,2022</u>		
Non-interest bearing	\$ 238,172	\$ -
Lease liabilities	2,508	2,622
Floating rate liabilities	150,000	-
	<u>\$ 390,680</u>	<u>\$ 2,622</u>
<u>September 30,2022</u>		
Non-interest bearing	\$ 191,933	\$ -
Lease liabilities	2,191	803
Floating rate liabilities	90,000	-
Fixed rate liabilities	60,000	-
	<u>\$ 344,124</u>	<u>\$ 803</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>September 30,2023</u>	<u>\$ 3,980</u>	<u>\$ 4,940</u>	<u>\$ -</u>
<u>December 31,2022</u>	<u>\$ 2,508</u>	<u>\$ 2,622</u>	<u>\$ -</u>
<u>September 30,2022</u>	<u>\$ 2,191</u>	<u>\$ 782</u>	<u>\$ 21</u>

## 26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

### 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
Simmtech international pte., Ltd. (SI)	Other related party

### 2) Sales revenue

<u>Related Party Category/Name</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other related party				
Simmtech	\$ 3,598	\$ 37,981	\$ 36,319	\$ 99,247
SI	22,254	504	33,170	504
STG	-	2,759	1,466	10,704
	<u>\$ 25,852</u>	<u>\$ 41,244</u>	<u>\$ 70,955</u>	<u>\$ 110,455</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) Receivables to related parties

<u>Related Party Category/Name</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other related party			
Simmtech			
Gross carrying amount	\$ 18,171	\$ 71,939	\$ 77,886
Less: Allowance for impairment loss	( <u>158</u> )	( <u>798</u> )	( <u>432</u> )
	<u>18,013</u>	<u>71,141</u>	<u>77,454</u>
Other			
Gross carrying amount	29,061	8,745	3,641
Less: Allowance for impairment loss	-	( <u>4</u> )	-
	<u>29,061</u>	<u>8,741</u>	<u>3,641</u>
	<u>\$ 47,074</u>	<u>\$ 79,882</u>	<u>\$ 81,095</u>

The consolidated company has not secured guarantees for the outstanding receivables from related parties. For the Nine Months Ended September 30, 2023 and 2022, allowances for doubtful accounts of \$(644) thousand and \$272 thousand, respectively, were provided.



4) Other receivables

<b>Related Party Category/Name</b>	<b>September 30,2023</b>	<b>December 31,2022</b>	<b>September 30,2022</b>
Other related party			
Simmtech	\$ 67	\$ 216	\$ 1,037

5) Remuneration of key management personnel

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 8,616	\$ 12,265	\$ 23,364	\$ 29,475
Post-employment benefits	102	90	299	259
	<u>\$ 8,718</u>	<u>\$ 12,355</u>	<u>\$ 23,663</u>	<u>\$ 29,734</u>

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:

	<b>September 30,2023</b>	<b>December 31,2022</b>	<b>September 30,2022</b>
Property, plant and equipment	\$ 67,839	\$ 68,699	\$ 68,985

## 28. 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:

	<b>September 30,2023</b>			<b>December 31,2022</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>						
Monetary items						
USD	\$ 17,978	32.27	\$ 580,157	\$ 17,622	30.71	\$ 541,182
RMB	1,214	4.399	5,339	1,198	4.392	5,264
JPY	3,131	0.216	676	2,704	0.232	629
<u>Financial liabilities</u>						
Monetary items						
USD	3,732	32.27	120,439	3,471	30.71	106,593

September 30, 2022				
	Foreign	Exchange		Carrying
<u>Financial assets</u>	Currency	Rate		Amount
Monetary items				
USD	\$ 16,929	31.75	\$	537,493
RMB	1,314	4.457		5,855
JPY	20,944	0.2201		4,610
 <u>Financial liabilities</u>				
Monetary items				
USD	3,337	31.75		105,942

For three months and nine months ended September 30, 2023 and 2022, realized and unrealized net foreign exchange gains were \$15,807 thousand, \$29,139 thousand, \$21,562 thousand, and \$56,164 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: Table 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, results and non-current assets

<b>For the Nine Months Ended September 30, 2023</b>	<b>Domestic</b>	<b>Asia</b>	<b>Others</b>	<b>Adjustments and Eliminations</b>	<b>Consolidated</b>
Revenue from customers other than the Company and consolidated subsidiaries	\$ 720,214	\$ 4,364	\$ 5,860	\$ -	\$ 730,438
Revenue from the Company and consolidated subsidiaries	132	5,515	-	(5,647)	-
Segment Revenue	<u>\$ 720,346</u>	<u>\$ 9,879</u>	<u>\$ 5,860</u>	<u>(\$ 5,647)</u>	<u>\$ 730,438</u>
Segment income	<u>\$ 108,705</u>	<u>(\$ 3,392)</u>	<u>(\$ 3,652)</u>	<u>\$ 7,144</u>	<u>\$ 108,805</u>
Interest expense					(946)
Profit before tax (continuing operations)					<u>\$ 107,859</u>
<u>September 30, 2023</u>					
Non-current assets	<u>\$ 231,438</u>	<u>\$ 5,991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,429</u>

<b>For the Nine Months Ended September 30, 2022</b>	<b>Domestic</b>	<b>Asia</b>	<b>Others</b>	<b>Adjustments and Eliminations</b>	<b>Consolidated</b>
Revenue from customers other than the Company and consolidated subsidiaries	\$ 795,988	\$ 16,532	\$ 10,280	\$ -	\$ 822,800
Revenue from the Company and consolidated subsidiaries	<u>7,447</u>	<u>4,164</u>	<u>-</u>	<u>( 11,611)</u>	<u>-</u>
Segment Revenue	<u>\$ 803,435</u>	<u>\$ 20,696</u>	<u>\$ 10,280</u>	<u>(\$ 11,611)</u>	<u>\$ 822,800</u>
Segment income	<u>\$ 208,664</u>	<u>(\$ 2,178)</u>	<u>(\$ 6,475)</u>	<u>\$ 8,702</u>	<u>\$ 208,713</u>
Interest expense					<u>( 1,410)</u>
Profit before tax (continuing operations)					<u>\$ 207,303</u>
 <u>September 30, 2022</u>					
Non-current assets	<u>\$ 232,878</u>	<u>\$ 2,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,700</u>

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 operating decision maker, thus, disclosure thus disclosure is not necessary.

**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 Nine Months Ended September 30</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Customer A	\$ 224,302	31	\$ 216,529	26
Customer B	91,650	13	98,949	12
Customer C	88,524	12	85,495	10
Customer D	36,319	5	99,247	12

**TABLE 1****NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****September 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	September 30, 2023				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	\$ 27,682	6	\$ 27,682	
	GST	Other related party	Financial assets at FVTOCI - non current	147,972	16,390	1	16,390	
	PCCL	None	Financial assets at FVTOCI - non current	1,360,000	13,991	17	13,991	
	ELITING	None	Financial assets at FVTOCI - non current	335,925	9,832	12	9,832	
	QiangFang	None	Financial assets at FVTOCI - non current	225,000	295	15	295	

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

**TABLE 2****NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTEEES****FOR THE NINE MONTHS ENDED SEPTEMBER 30 , 2023****(In Thousands of New Taiwan Dollars / Per share)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Income Loss of the Investee	Share of Profit Loss	Note
				September 30, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	Advanced	Samoa	General investment business and import-export trade	\$ 45,496	\$ 45,496	1,800,293	100	\$ 49,634	(\$ 3,652)	(\$ 3,652)	(Note 1)
	ENPLAS	Hsinchu City	Import and sale of electronic materials	52,621	52,621	633,000	30	149,799	81,835	24,527	
	STNC	Hongkong	General investment business and import-export trade	8,878	8,878	300,000	30	53,699	( 9,330)	( 2,799)	

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

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

**TABLE 3**

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 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 Niching Suzhou	Note 1 Note 1	Other income	\$ 27	—	-
				Sales revenue	132	90 days	-
				Cost of goods sold	5,515	—	1
				Trade receivables	83	—	-
				Trade payables	2,244	—	-
				Other payables	211	—	-
				Other receivables	2	—	-

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 Nine Months Ended September 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 September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain Loss (Note 3)	Carrying Amount as of September 30, 2023 (Note 3)	Accumulated Repatriation of Investment Income as of September 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)	( \$ 3,492)	100%	( \$ 3,492)	\$ 27,916	\$ -
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)	( 9,029)	30%	( 2,709)	54,084	-

Accumulated Outward Remittance for Investments in Mainland China as of September 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 )	\$ 652,982

Note 1: This investment project has been approved by the Investment Commission, with an investment amount of USD \$2,100 thousand. However, as of September 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****September 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.