ALL RING TECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS’ REVIEW REPORT

JUNE 30, 2023 AND 2022

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of All Ring Tech Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of All Ring Tech Co., Ltd. and its subsidiaries (the "Group") as at June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods 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" that came into effect as endorsed by the Financial Supervisory Commission. 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 Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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 explained in Note 4(3), the financial statements and related information disclosed in Note 13 of insignificant consolidated subsidiaries as of and for the six-month periods ended June 30, 2023 and 2022 were not reviewed by independent auditors. Those statements reflect total assets of NT$615,780 thousand and NT$573,128 thousand, constituting 14.85% and 12.41% of the consolidated total assets, and total liabilities of NT$61,431 thousand and NT$68,638 thousand, constituting 3.42% and 3.03% of the consolidated total liabilities as at June 30, 2023 and 2022, respectively, and total comprehensive income of (NT$2,053) thousand, NT$5,121 thousand, NT$292 thousand and NT$7,764 thousand, constituting 7.46%, 5.68%, 0.30% and 3.02% of the consolidated total comprehensive income for the three-month and six-month periods then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors as described in the Basis for qualified conclusion section above, based on our reviews, 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 at June 30, 2023 and 2022, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Hsu Huei-Yu

Independent Auditors

Lin Tzu-Shu

PricewaterhouseCoopers, Taiwan
Republic of China
August 9, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	June 30, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%	June 30, 2022 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 1,508,447	36	$ 1,394,524	34	$ 1,760,414	38
1136	Financial assets at amortised cost - current	6(3)	42,401	1	42,916	1	29,762	1
1150	Notes receivable, net	6(4)	17,984	-	45,278	1	23,859	-
1170	Accounts receivable, net	6(4) and 12	493,685	12	599,657	14	866,105	19
1200	Other receivables		19,078	1	1,556	-	1,188	-
130X	Inventories	6(5)(7)	667,740	16	710,538	17	650,897	14
1410	Prepayments		7,800	-	7,248	-	15,437	-
11XX	**Total current assets**		2,757,135	66	2,801,717	67	3,347,662	72
	Non-current assets							
1510	Financial assets at fair value through profit or loss - non-current	6(2)(12)	176	-	180	-	400	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	422,168	10	349,116	8	540,765	12
1535	Financial assets at amortised cost-non-current	6(3) and 8	2,403	-	2,403	-	15,403	-
1600	Property, plant and equipment	6(7) and 8	819,214	20	829,440	20	523,898	12
1755	Right-of-use assets	6(8)	57,137	2	63,302	2	69,338	2
1780	Intangible assets	6(9)	26,541	1	28,162	1	9,176	-
1840	Deferred income tax assets	6(25)	35,732	1	41,713	1	31,914	1
1915	Prepayments for business facilities	6(9)	-	-	-	-	50,714	1
1920	Guarantee deposits paid		14,160	-	14,173	-	13,927	-
1960	Prepayments for investments	6(6)	-	-	20,000	1	-	-
1990	Other non-current assets		13,093	-	14,529	-	14,098	-
15XX	**Total non-current assets**		1,390,624	34	1,363,018	33	1,269,633	28
1XXX	**Total assets**		$ 4,147,759	100	$ 4,164,735	100	$ 4,617,295	100

(Continued)

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	June 30, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%	June 30, 2022 AMOUNT	%
	Current liabilities							
2130	Current contract liabilities	6(18)	$ 163,421	4	$ 49,499	1	$ 28,348	1
2150	Notes payable		-	-	963	-	2,612	-
2170	Accounts payable	7	199,624	5	357,618	9	442,824	10
2200	Other payables	6(10)	451,760	11	274,633	7	639,722	14
2230	Current income tax liabilities	6(25)	38,515	1	36,458	1	64,109	1
2250	Provisions for liabilities - current	6(11)	10,088	-	16,541	-	20,875	-
2280	Lease liabilities - current		5,688	-	10,101	-	11,002	-
2310	Advance receipts		637	-	14,723	-	-	-
21XX	**Total current liabilities**		869,733	21	760,536	18	1,209,492	26
	Non-current liabilities							
2530	Bonds payable	6(12)	847,364	20	874,714	21	967,366	21
2570	Deferred income tax liabilities	6(25)	25,708	1	42,865	1	25,708	-
2580	Lease liabilities - non-current		23,505	-	24,606	1	29,193	1
2640	Net defined benefit liabilities - non-current	6(13)	26,533	1	26,343	1	28,257	1
2645	Guarantee deposits received		3,739	-	3,793	-	2,466	-
25XX	**Total non-current liabilities**		926,849	22	972,321	24	1,052,990	23
2XXX	**Total liabilities**		1,796,582	43	1,732,857	42	2,262,482	49
	Equity							
	Share capital							
3110	Common stock	6(14)	833,239	20	833,239	20	833,239	18
3200	Capital surplus	6(12)(15)	503,561	12	466,556	10	473,211	11
	Retained earnings	6(6)(17)						
3310	Legal reserve		391,450	9	335,430	8	335,430	7
3320	Special reserve		22,672	1	22,672	1	22,673	-
3350	Unappropriated retained earnings		560,811	14	822,167	20	616,277	13
3400	Other equity interest	6(6)	138,264	3	86,164	2	140,432	3
3500	Treasury stocks	6(14)	(98,820)	(2)	(134,350)	(3)	(66,449)	(1)
3XXX	**Total equity**		2,351,177	57	2,431,878	58	2,354,813	51
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	**Total liabilities and equity**		$ 4,147,759	100	$ 4,164,735	100	$ 4,617,295	100

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	For the three-month periods ended June 30, 2023 AMOUNT	%	For the three-month periods ended June 30, 2022 AMOUNT	%	For the six-month periods ended June 30, 2023 AMOUNT	%	For the six-month periods ended June 30, 2022 AMOUNT	%
4000	Operating revenue	6(18)	$ 275,907	100	$ 764,883	100	$ 503,665	100	$ 1,394,474	100
5000	Operating costs	6(5)(9)(13)(23)(24) and 7	(132,215)	(48)	(428,992)	(56)	(245,393)	(48)	(766,165)	(55)
5900	Net operating margin		143,692	52	335,891	44	258,272	52	628,309	45
	Operating expenses	6(9)(13)(23)(24), 7 and 12								
6100	Selling expenses		(20,317)	(7)	(21,521)	(3)	(34,879)	(7)	(38,125)	(3)
6200	General and administrative expenses		(42,327)	(15)	(39,192)	(5)	(66,017)	(13)	(75,267)	(5)
6300	Research and development expenses		(90,042)	(33)	(102,077)	(13)	(157,158)	(31)	(192,887)	(14)
6450	Expected credit gains (losses)		(418)	-	(2,835)	(1)	2,537	-	(8,052)	-
6000	Total operating expenses		(153,104)	(55)	(165,625)	(22)	(255,517)	(51)	(314,331)	(22)
6900	Operating profit (loss)		(9,412)	(3)	170,266	22	2,755	1	313,978	23
	Non-operating income and expenses									
7100	Interest income	6(19)	6,534	2	1,404	-	10,589	2	1,745	-
7010	Other income	6(6)(20)	35,211	13	10,026	1	43,908	9	19,309	1
7020	Other gains and losses	6(2)(8)(12)(21) and 12	10,546	4	25,519	4	2,193	-	52,853	4
7050	Finance costs	6(8)(12)(22)	(2,549)	(1)	(3,137)	-	(5,364)	(1)	(4,664)	-
7000	Total non-operating income and expenses		49,742	18	33,812	5	51,326	10	69,243	5
7900	**Profit before income tax**		40,330	15	204,078	27	54,081	11	383,221	28
7950	Income tax expense	6(25)	(9,847)	(4)	(35,513)	(5)	(9,677)	(2)	(65,538)	(5)
8200	**Profit for the period**		$ 30,483	11	$ 168,565	22	$ 44,404	9	$ 317,683	23
	Other comprehensive income (loss)									
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
8316	Unrealised gain (loss) on valuation of financial assets at fair value through other comprehensive income	6(6)	($ 52,150)	(19)	($ 76,628)	(10)	$ 57,057	11	($ 74,552)	(6)
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		(5,868)	(2)	(1,746)	-	(4,974)	(1)	13,625	1
8300	**Total other comprehensive income (loss) for the period**		($ 58,018)	(21)	($ 78,374)	(10)	$ 52,083	10	($ 60,927)	(5)
8500	**Total comprehensive income (loss) for the period**		($ 27,535)	(10)	$ 90,191	12	$ 96,487	19	$ 256,756	18
	Profit attributable to:									
8610	Owners of the parent		$ 30,483	11	$ 168,565	22	$ 44,404	9	$ 317,683	23
	Comprehensive income (loss) attributable to:									
8710	Owners of the parent		($ 27,535)	(10)	$ 90,191	12	$ 96,487	19	$ 256,756	18
	Earnings per share (in dollars)	6(26)								
9750	Basic		$ 0.38		$ 2.07		$ 0.55		$ 3.90	
9850	Diluted		$ 0.37		$ 2.01		$ 0.55		$ 3.84	

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

			Capital Surplus			Retained Earnings			Other Equity Interest			
	Notes	Share capital - common stock	Additional paid-in capital	Treasury share transactions	Stock options	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) on valuation of financial assets at fair value through other comprehensive income	Treasury stocks	Total equity
For the six-month period ended June 30, 2022												
Balance at January 1, 2022		$ 833,239	$ 310,803	$ -	$ 108	$ 281,334	$ 22,737	$ 682,546	($ 37,132)	$ 275,114	($ 66,449)	$ 2,302,300
Net income for the six-month period ended June 30, 2022		-	-	-	-	-	-	317,683	-	-	-	317,683
Other comprehensive income (loss) for the six-month period ended June 30, 2022	6(6)	-	-	-	-	-	-	-	13,625	(74,552)	-	(60,927)
Total comprehensive income (loss) for the period		-	-	-	-	-	-	317,683	13,625	(74,552)	-	256,756
Distribution of 2021 net income												
Legal reserve		-	-	-	-	54,096	-	(54,096)	-	-	-	-
Cash dividends	6(17)	-	-	-	-	-	-	(366,543)	-	-	-	(366,543)
Reversal of special reserve		-	-	-	-	-	(64)	64	-	-	-	-
Disposal of financial assets at fair value through other comprehensive income	6(6)	-	-	-	-	-	-	36,623	-	(36,623)	-	-
Conversion options of convertible bonds	6(12)	-	-	-	162,300	-	-	-	-	-	-	162,300
Balance at June 30, 2022		$ 833,239	$ 310,803	$ -	$ 162,408	$ 335,430	$ 22,673	$ 616,277	($ 23,507)	$ 163,939	($ 66,449)	$ 2,354,813
For the six-month period ended June 30, 2023												
Balance at January 1, 2023		$ 833,239	$ 310,803	$ 9,798	$ 145,955	$ 335,430	$ 22,672	$ 822,167	($ 23,403)	$ 109,567	($ 134,350)	$ 2,431,878
Net income for the six-month period ended June 30, 2023		-	-	-	-	-	-	44,404	-	-	-	44,404
Other comprehensive income (loss) for the six-month period ended June 30, 2023	6(6)	-	-	-	-	-	-	-	(4,974)	57,057	-	52,083
Total comprehensive income (loss) for the period		-	-	-	-	-	-	44,404	(4,974)	57,057	-	96,487
Distribution of 2022 net income												
Legal reserve		-	-	-	-	56,020	-	(56,020)	-	-	-	-
Cash dividends	6(17)	-	-	-	-	-	-	(249,723)	-	-	-	(249,723)
Disposal of financial assets at fair value through other comprehensive income	6(6)	-	-	-	-	-	-	(17)	-	17	-	-
Repurchase of convertible bonds	6(12)	-	-	3,428	(5,403)	-	-	-	-	-	-	(1,975)
Treasury shares transferred to employees	6(14)	-	-	-	-	-	-	-	-	-	35,530	35,530
Cost of employee share options payments	6(16)(24)	-	-	38,980	-	-	-	-	-	-	-	38,980
Balance at June 30, 2023		$ 833,239	$ 310,803	$ 52,206	$ 140,552	$ 391,450	$ 22,672	$ 560,811	($ 28,377)	$ 166,641	($ 98,820)	$ 2,351,177

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the six-month periods ended June 30, 2023	For the six-month periods ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 54,081	$ 383,221
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on financial assets at fair value through profit or loss	6(2)(21)	4	2,300
Expected credit (gains) losses	12	(2,537)	8,052
(Reversal of allowance) provision for inventory market price decline	6(5)	(6,811)	3,121
Depreciation	6(7)(8)(21)	22,314	20,915
Amortisation	6(9)(23)	3,887	2,570
Gain from lease modification	6(8)(21)	-	(11)
Gain from repurchase of convertible bonds	6(12)(21)	(1,272)	-
Cost of employee share options payments	6(16)(24)	38,980	-
Interest income	6(19)	(10,589)	(1,745)
Dividend income	6(6)(20)	(18,992)	(4,276)
Interest expense	6(22)	5,364	4,664
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		27,294	154,938
Accounts receivable		108,531	(58,211)
Other receivables		151	6,810
Inventories		44,830	68,091
Prepayments		(552)	852
Changes in operating liabilities			
Current contract liabilities		113,922	1,085
Notes payable		(963)	1,566
Accounts payable		(157,994)	(261,258)
Other payables		(72,596)	1,428
Provisions for liabilities - current		(6,453)	(2,226)
Advance receipts		(14,086)	-
Net defined benefit liabilities - non-current		190	500
Cash inflow generated from operations		126,703	332,386
Dividends received		1,319	4,276
Interest received		10,589	1,745
Interest paid		(286)	(441)
Income tax paid		(18,796)	(61,635)
Net cash flows from operating activities		119,529	276,331

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ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the six-month periods ended June 30, 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		$ -	($ 719)
Proceeds from disposal of financial assets at amortised cost		515	-
Acquisition of financial assets at fair value through other comprehensive income		-	(225,961)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	4,005	101,217
Cash paid for acquisition of property, plant and equipment	6(27)	(3,228)	(6,511)
Acquisition of intangible assets		(2,273)	(4,832)
Cash paid for prepayments for business facilities	6(27)	-	(50,621)
Decrease (increase) in guarantee deposits paid		13	(9,277)
Decrease (increase) in other non-current assets		1,436	(3,333)
Net cash flows from (used in) investing activities		468	(200,037)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of short-term borrowings	6(28)	-	(80,000)
Repayment of lease principal	6(28)	(5,514)	(4,124)
Net amount of issuance of convertible bonds	6(28)	-	1,122,743
Repurchase of convertible bonds	6(12)(28)	(33,131)	-
Increase in guarantee deposits received	6(28)	-	54
Treasury stocks transferred	6(14)	35,530	-
Net cash flows (used in) from financing activities		(3,115)	1,038,673
Effect of foreign exchange rate changes on cash and cash equivalents		(2,959)	8,167
Net increase in cash and cash equivalents		113,923	1,123,134
Cash and cash equivalents at beginning of period	6(1)	1,394,524	637,280
Cash and cash equivalents at end of period	6(1)	$ 1,508,447	$ 1,760,414

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) All Ring Tech Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on May 24, 1996. Its primary business includes the design, manufacture, and assembly of automation machines, the research, development, and design of computer software, and the manufacture of optical instruments.

(2) The common shares of the Company have been listed on the Taipei Exchange since September 2002.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on August 9, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
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, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 － comparative information'	January 1, 2023
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
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation, basis of consolidation and the additional descriptions described below, the other principal accounting policies are in agreement with Note 4 of the consolidated financial statements for the year ended December 31, 2022. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, 'Interim Financial Reporting' that came into effect as endorsed by the FSC.

B. These consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is consistent with those for the preparation of consolidated financial statements for the year ended December 31, 2022.

B. The consolidated subsidiaries and changes of the current period are as follows:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) June 30, 2023	Ownership (%) December 31, 2022	Ownership (%) June 30, 2022	Description
All Ring Tech Co., Ltd.	PAI FU INTERNATIONAL LIMITED	Mechanical engineering automation, and research, development and design of software	100.00	100.00	100.00	Note 1
	Uni-Ring Tech Co., Ltd.	Other machine manufacture industry, electrical appliances, audio visual electronics and international trading industry	100.00	100.00	100.00	Note 1
	All Ring Tech USA, LLC	Other machine manufacture industry	100.00	—	—	Note 1 Note 2
	IMAGINE GROUP LIMITED	Investment business	71.60	71.60	71.60	Note 1 Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership (%) June 30, 2023	Ownership (%) December 31, 2022	Ownership (%) June 30, 2022	Description
PAI FU INTERNATIONAL LIMITED	Kunshan All Ring Tech Co., Ltd.	Research, development, and manufacture of specialized electronic equipment used for cutting capacitance and inductance; sales of self-manufactured products and provision of corresponding technology testing services	100.00	100.00	100.00	Note 1
	IMAGINE GROUP LIMITED	Investment business	28.40	28.40	28.40	Note 1 Note 3
IMAGINE GROUP LIMITED	All Ring Tech (Kunshan) Co., Ltd.	Research, development, and manufacture of specialized electronic equipment, testing of instruments and accessories; sales of self-manufactured products and provision of corresponding technology testing services	100.00	100.00	100.00	Note 1

Note 1: The financial statements and related information disclosed in Note 13 of insignificant consolidated subsidiaries as of and for the six-month periods ended June 30, 2023 and 2022 were not reviewed by independent auditors.

Note 2: It is an entity newly incorporated in May 2023.

Note 3: The Company and its subsidiaries own, directly or indirectly, more than 50% of the shares of these companies.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(6) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes during the period. Refer to Note 5 of the consolidated financial statements for the year ended December 31, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash:			
Cash on hand	$ 5,470	$ 4,764	$ 4,472
Checking accounts and demand deposits	1,001,143	849,262	1,119,446
	1,006,613	854,026	1,123,918
Cash equivalents:			
Time deposits	501,834	540,498	636,496
	$ 1,508,447	$ 1,394,524	$ 1,760,414

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Refer to Note 8 ‘Pledged Assets’ for information on the Group’s cash and cash equivalents that were pledged as collateral (shown as ‘Financial assets at amortised cost - non-current’) as at June 30, 2023, December 31, 2022 and June 30, 2022.

(2) Financial assets at fair value through profit or loss

	June 30, 2023	December 31, 2022	June 30, 2022
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Unlisted stocks	$ 21,184	$ 21,184	$ 21,184
Valuation adjustment	(21,184)	(21,184)	(21,184)
	-	-	-
Financial assets designated as at fair value through profit or loss			
Call options of bonds	2,700	2,700	2,700
Valuation adjustment	(2,524)	(2,520)	(2,300)
	176	180	400
	$ 176	$ 180	$ 400

A. The Group recognised net gain (loss) on financial assets at fair value through profit or loss amounting to $86 and ($3,900), ($4) and ($2,300) (listed as "Other gains and losses") for the three-month and six-month periods ended June 30, 2023 and 2022, respectively.

B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral as at June 30, 2023, December 31, 2022 and June 30, 2022.

C. Information relating to financial assets designated as at fair value through profit or loss – call options of bonds is provided in Note 6(12).

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Time deposits maturing over three months	$ 42,401	$ 42,916	$ 29,762
Non-current items:			
Pledged time deposits	$ 2,403	$ 2,403	$ 15,403

A. As at June 30, 2023, December 31, 2022 and June 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the book value.

B. Refer to Note 8 ‘Pledged Assets’ for information on the Group’s financial assets at amortised cost that were pledged as collateral as at June 30, 2023, December 31, 2022 and June 30, 2022.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investment in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	$ 17,984	$ 45,278	$ 23,859
Accounts receivable	$ 526,312	$ 634,843	$ 895,305
Less: Allowance for uncollectible accounts	(32,627)	(35,186)	(29,200)
	$ 493,685	$ 599,657	$ 866,105

A. The ageing analysis of accounts and notes receivable that were past due is as follows:

	June 30, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Less than 30 days	$ 72,867	$ 6,087	$ 63,578	$ 5,025
31～90 days	97,197	4,433	136,483	6,690
91～180 days	93,816	4,266	153,537	30,532
181～360 days	136,364	3,198	174,498	3,031
Over 360 days	126,068	-	106,747	-
	$ 526,312	$ 17,984	$ 634,843	$ 45,278

	June 30, 2022	
	Accounts receivable	Notes receivable
Less than 30 days	$ 151,306	$ 4,718
31～90 days	244,351	15,621
91～180 days	230,011	2,694
181～360 days	156,106	826
Over 360 days	113,531	-
	$ 895,305	$ 23,859

The above ageing analysis was based on invoice date.

B. As at June 30, 2023, December 31, 2022 and June 30, 2022, accounts and notes receivable were all from contracts with customers. As at January 1, 2022, the balance of receivables from contracts with customers amounted to $1,015,849.

C. The Group has no notes and accounts receivable pledged to others as collateral as at June 30, 2023, December 31, 2022 and June 30, 2022.

D. As at June 30, 2023, December 31, 2022 and June 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes and accounts receivable was the book value.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(5) Inventories

	June 30, 2023				
	Cost		Allowance for valuation loss		Book value
Raw materials	$ 258,667	($	8,375)	$	250,292
Work in process	240,155	(	48,221)		191,934
Finished goods	258,812	(	33,298)		225,514
	$ 757,634	($	89,894)	$	667,740

	December 31, 2022				
	Cost		Allowance for valuation loss		Book value
Raw materials	$ 270,456	($	6,333)	$	264,123
Work in process	392,483	(	52,613)		339,870
Finished goods	144,818	(	38,273)		106,545
	$ 807,757	($	97,219)	$	710,538

	June 30, 2022				
	Cost		Allowance for valuation loss		Book value
Raw materials	$ 221,266	($	9,313)	$	211,953
Work in process	362,037	(	37,216)		324,821
Finished goods	149,928	(	35,805)		114,123
	$ 733,231	($	82,334)	$	650,897

The cost of inventories recognised as expense for the period:

	For the three-month periods ended June 30,	
	2023	2022
Cost of goods sold	$ 138,555	$ 428,568
(Reversal of allowance) provision for inventory market price decline	(6,340)	424
	$ 132,215	$ 428,992

	For the six-month periods ended June 30,	
	2023	2022
Cost of goods sold	$ 252,204	$ 763,044
(Reversal of allowance) provision for inventory market price decline	(6,811)	3,121
	$ 245,393	$ 766,165

(Note) For the three-month and six-month periods ended June 30, 2023, the Group sold part of inventories for which a valuation loss was previously recognised, resulting in a gain on the reversal of net realizable value.

(6) Financial assets at fair value through other comprehensive income - non-current

Items	June 30, 2023	December 31, 2022	June 30, 2022
Non-current item:			
Equity instruments			
Listed stocks	$ 203,088	$ 207,109	$ 344,386
Emerging stocks	3,439	3,440	3,440
Unlisted stocks	49,000	29,000	29,000
	255,527	239,549	376,826
Valuation adjustment	166,641	109,567	163,939
	$ 422,168	$ 349,116	$ 540,765

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments was the book value as at June 30, 2023, December 31, 2022 and June 30, 2022.

B. The Group sold $－ and $49,086, $4,005 and $101,217 of equity instruments investments at fair value which resulted in cumulative gain (loss) of $－ and $16,134, ($17) and $36,623 on disposal during the three-month and six-month periods ended June 30, 2023 and 2022, respectively and was reclassified to retained earnings.

C. Amounts recognised in profit or loss and other comprehensive income in relation to financial assets at fair value through other comprehensive income are listed below:

	For the three-month periods ended June 30,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 52,150)	($ 76,628)
Cumulative gains reclassified to retained earnings due to derecognition	$ -	$ 16,134
Dividend income recognised in profit or loss	$ 17,673	$ -

	For the six-month periods ended June 30,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 57,057	($ 74,552)
Cumulative gains reclassified to retained earnings due to derecognition	($ 17)	$ 36,623
Dividend income recognised in profit or loss	$ 18,992	$ 4,276

D. As at June 30, 2023, December 31, 2022 and June 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the book value.

E. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

G. In September 2022, the Group participated in the cash capital increase of Ginger Aviation Co., Ltd. and the establishment of Phoenix IV Innovation Investment Co., Ltd. as of December 31, 2022, for an investment of $20,000. Since the capital increase and establishment procedures have not yet been completed, the amounts invested were recognised as ‘prepayments for investments’. The establishment procedures have been completed as of June 30, 2023.

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Assets leased to others	Other facilities	Total
January 1, 2023								
Cost	$ 383,512	$ 575,022	$ 28,713	$ 13,657	$ 23,709	$ 10,805	$ 58,497	$ 1,093,915
Accumulated depreciation	-	(174,574)	(15,967)	(12,318)	(16,842)	(7,878)	(36,896)	(264,475)
	$ 383,512	$ 400,448	$ 12,746	$ 1,339	$ 6,867	$ 2,927	$ 21,601	$ 829,440
For the six-month period ended June 30, 2023								
At January 1	$ 383,512	$ 400,448	$ 12,746	$ 1,339	$ 6,867	$ 2,927	$ 21,601	$ 829,440
Additions	-	-	-	2,774	220	-	234	3,228
Transferred from inventories	-	-	4,752	-	-	541	-	5,293
Depreciation	-	(9,541)	(1,300)	(255)	(1,179)	(1,664)	(2,443)	(16,382)
Net currency exchange differences	-	(2,084)	(221)	(11)	(31)	(1)	(17)	(2,365)
At June 30	$ 383,512	$ 388,823	$ 15,977	$ 3,847	$ 5,877	$ 1,803	$ 19,375	$ 819,214
June 30, 2023								
Cost	$ 383,512	$ 571,575	$ 32,973	$ 16,318	$ 23,795	$ 11,346	$ 58,669	$ 1,098,188
Accumulated depreciation	-	(182,752)	(16,996)	(12,471)	(17,918)	(9,543)	(39,294)	(278,974)
	$ 383,512	$ 388,823	$ 15,977	$ 3,847	$ 5,877	$ 1,803	$ 19,375	$ 819,214

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Assets leased to others	Other facilities	Total
January 1, 2022								
Cost	$ 89,805	$ 550,094	$ 25,586	$ 15,065	$ 22,448	$ 7,974	$ 47,043	$ 758,015
Accumulated depreciation	-	(155,172)	(13,633)	(12,716)	(16,214)	(3,689)	(32,609)	(234,033)
	$ 89,805	$ 394,922	$ 11,953	$ 2,349	$ 6,234	$ 4,285	$ 14,434	$ 523,982
For the six-month period ended June 30, 2022								
At January 1	$ 89,805	$ 394,922	$ 11,953	$ 2,349	$ 6,234	$ 4,285	$ 14,434	$ 523,982
Additions	203	2,501	758	-	2,453	-	5,164	11,079
Transferred from inventories	-	-	1,711	-	-	625	-	2,336
Depreciation	-	(9,242)	(1,207)	(426)	(1,083)	(2,108)	(2,243)	(16,309)
Disposals－Cost	-	-	-	-	(1,214)	-	(240)	(1,454)
－Accumulated depreciation	-	-	-	-	1,214	-	240	1,454
Net currency exchange differences	-	2,482	234	22	40	-	32	2,810
At June 30	$ 90,008	$ 390,663	$ 13,449	$ 1,945	$ 7,644	$ 2,802	$ 17,387	$ 523,898
June 30, 2022								
Cost	$ 90,008	$ 556,285	$ 28,524	$ 15,219	$ 23,826	$ 8,599	$ 52,034	$ 774,495
Accumulated depreciation	-	(165,622)	(15,075)	(13,274)	(16,182)	(5,797)	(34,647)	(250,597)
	$ 90,008	$ 390,663	$ 13,449	$ 1,945	$ 7,644	$ 2,802	$ 17,387	$ 523,898

A. The carrying amounts of some buildings and structures and assets leased to others of the Group for the use of business lease as of June 30, 2023, December 31, 2022 and June 30, 2022 are as follows:

	June 30, 2023		December 31, 2022		June 30, 2022	
Buildings and structures	$	72,000	$	72,363	$	75,176
Assets leased to others	$	1,803	$	2,927	$	2,802

B. The Group has not capitalised any interest for the six-month periods ended June 30, 2023 and 2022.

C. Refer to Note 8, 'Pledged assets' for information on the Group's property, plant and equipment that were pledged as collateral as of June 30, 2023, December 31, 2022 and June 30, 2022.

(8) Leasing arrangements－lessee

A. The Group leased parcels of land located in the Luzhu Science Park from the Southern Taiwan Science Park Bureau and signed a contract with the government of the People's Republic of China to lease a designated parcel of land in Kunshan City of Jiangsu Province. Rental contracts are typically made for periods of 2 to 45 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	June 30, 2023		December 31, 2022		June 30, 2022	
	Carrying amount		Carrying amount		Carrying amount	
Land	$	57,137	$	63,302	$	69,338

	For the three-month periods ended June 30,			
	2023		2022	
	Depreciation charge		Depreciation charge	
Land	$	2,966	$	2,871

	For the six-month periods ended June 30,			
	2023		2022	
	Depreciation charge		Depreciation charge	
Land	$	5,932	$	4,606

C. For the three-month and six-month periods ended June 30, 2023 and 2022, the Group's additions to right-of-use assets were \$－ and \$8,510, \$－ and \$19,753, respectively; remeasurements of right-of-use assets were \$－ and \$－, \$－ and \$1,906, respectively.

D. When the Group decides on the lease term, it takes into account all the facts and circumstances that would have economic incentives for the exercise or non-exercise of the right to renew the lease. When a major event occurs in the assessment of the exercise or non-exercise of the right to renew the lease, the lease period will be re-estimated. Based on the assessment of the exercise or non-exercise of the right to renew the lease, the Group's right-of-use assets and lease liabilities as of June 30, 2022 were reduced by $10,679 and $10,690, respectively, and the gain from lease modifications was recognised by $11 (listed as "Other gains and losses"). There was no such transaction as of June 30, 2023.

E. The information on income and expense accounts relating to lease contracts is as follows:

	For the three-month periods ended June 30,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 70	$ 107
Expense on short-term lease contracts	1,459	1,441
Expense on leases of low-value assets	63	63

	For the six-month periods ended June 30,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 148	$ 213
Expense on short-term lease contracts	3,024	2,774
Expense on leases of low-value assets	129	123

F. For the six-month periods ended June 30, 2023 and 2022, the Group's total cash outflow for leases was $8,815 and $7,234, respectively.

(9) Intangible assets

	For the six-month periods ended June 30,	
	2023	2022
	Software	Software
January 1		
Cost	$ 43,587	$ 14,817
Accumulated amortisation	(15,425)	(9,783)
	$ 28,162	$ 5,034
At January 1	$ 28,162	$ 5,034
Additions	2,273	4,832
Transferred from prepayments for business facilities	-	1,858
Amortisation	(3,887)	(2,570)
Net currency exchange differences	(7)	22
At June 30	$ 26,541	$ 9,176
June 30		
Cost	$ 45,860	$ 20,073
Accumulated amortisation	(19,319)	(10,897)
	$ 26,541	$ 9,176

A. No interest was capitalised as part of intangible assets for the six-month periods ended June 30, 2023 and 2022.

B. Details of amortization on intangible assets are as follows:

	For the three-month periods ended June 30,	
	2023	2022
Operating costs	$ 415	$ 245
Selling expenses	220	71
General and administrative expenses	182	182
Research and development expenses	1,149	779
	$ 1,966	$ 1,277

	For the six-month periods ended June 30,	
	2023	2022
Operating costs	$ 818	$ 484
Selling expenses	358	143
General and administrative expenses	443	356
Research and development expenses	2,268	1,587
	$ 3,887	$ 2,570

(10) Other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Accrued salaries and bonuses	$ 122,683	$ 174,400	$ 119,102
Compensation payable to employees, directors and supervisors	31,185	34,093	86,065
Provision for employee benefits	13,997	13,269	12,545
Dividend payable	249,723	-	366,543
Others	34,172	52,871	55,467
	$ 451,760	$ 274,633	$ 639,722

(11) Provisions for liabilities

	For the six-month periods ended June 30,	
	2023	2022
Balance at beginning of period	$ 16,541	$ 23,101
Additional provisions	1,418	3,182
Used during the period	(7,871)	(5,408)
Balance at end of period	$ 10,088	$ 20,875

The Group’s warranty provision is primarily related to the sales of semiconductor equipment, passive component equipment, and light-emitting diode equipment. The amount of the provision is estimated according to historical warranty data. The Group expects the costs related to the provision to be realised in the next two years.

(12) Bonds payable

	June 30, 2023	December 31, 2022	June 30, 2022
Bonds payable	$ 865,300	$ 898,600	$ 1,000,000
Less: Discount on bonds payable	(17,936)	(23,886)	(32,634)
	$ 847,364	$ 874,714	$ 967,366

A. In February 2022, the Company issued the fourth domestic unsecured convertible bonds, which was listed on the Taipei Exchange on February 22, 2022. The terms of the domestic unsecured convertible bonds issuance are as follows:

(a) The Company was approved by the competent authority to raise and issue the fourth domestic unsecured convertible bonds with a total amount of $1,000,000 (related issuance cost was $5,091), with a coupon rate of 0% and a maturity period of 3 years from February 22, 2022 to February 22, 2025. The convertible bonds will be redeemed in cash at the face value of the bonds upon maturity.

(b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (May 23, 2022) to the maturity date (February 22, 2025), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and the conversion price at the time of issuance is set at $127 (in dollars) per share. The conversion price of the bonds is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted. Since August 1, 2023, the conversion price has been adjusted to $116.4 (in dollars).

(d) The Company may repurchase all the bonds outstanding in cash at the bonds face value at any time after the following events occur: (i) the closing price of the Company’s common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue (May 23, 2022) to 40 days before the maturity date (January 13, 2025), or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue (May 23, 2022) to 40 days before the maturity date (January 13, 2025). For the six-month period ended June 30, 2023, the Company repurchased convertible corporate bonds with a face value of $33,300 from the Taipei Exchange. In accordance with the requirements of IAS 32, the repurchase price (including transaction costs) of $33,131 was allocated to the liability and equity components. The difference between the amount apportioned to the liability component and its carrying amount of $1,272 (listed as "Other gains and losses") was recognized in profit or loss for the period, and the difference between the amount apportioned to the equity component and its carrying amount of $3,428 was recognized in 'capital surplus - treasury share transaction' and $5,403 was reversed to 'capital surplus - stock options'. There was no such transaction for the six-month period ended June 30, 2022.

(e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $162,300 were separated from the liability component and were recognised in 'capital surplus－stock options' in accordance with IAS 32. As at June 30, 2023, the balance of the aforementioned 'capital surplus - stock options' after repurchasing corporate bonds was $140,444. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets at fair value through profit or loss' in the net amount of $2,700 in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

C. Refer to Note 6(22), 'Finance costs' for information on the Group's interest expense recognised in profit or loss for the six-month periods ended June 30, 2023 and 2022.

(13) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. Related information on the defined benefit pension plan disclosed above is as follows:

(a) The pension cost under the aforementioned defined benefit pension plan of the Company for the three-month and six-month periods ended June 30, 2023 and 2022 were $354 and $256, $710 and $512, respectively.

(b) The Company's expected contributions under the defined benefit pension plan for the next year is $1,200.

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company and its domestic subsidiaries for the three-month and six-month periods ended June 30, 2023 and 2022 were $2,220 and $2,907, $5,370 and $5,682, respectively.

C. In accordance with the pension and insurance laws of the People's Republic of China, Kunshan All Ring Tech Co., Ltd. and All Ring Tech (Kunshan) Co., Ltd. contribute 19% of each employee's salary every month to a pension account managed by the government. Aside from the monthly contributions, the companies have no further obligations. The pension costs under the defined contribution pension plans of the Group for the three-month and six-month periods ended June 30, 2023 and 2022 were $535 and $566, $1,091 and $1,128, respectively..

(14) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	For the six-month periods ended June 30,	
	2023	2022
At January 1	80,556	81,454
Treasury shares transferred	1,000	-
At June 30	81,556	81,454

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows (in thousands of shares):

	For the six-month period ended June 30, 2023			
Reason for reacquisition	Opening Balance	Additions	Decrease	Ending Balance
To be reissued to employees	2,768	-	(1,000)	1,768

	For the six-month period ended June 30, 2022		
Reason for reacquisition	Opening Balance	Additions	Ending Balance
To be reissued to employees	1,870	-	1,870

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) For the year ended December 31, 2022, treasury shares in the amount of $67,901 (898 thousand shares) was acquired by the Company. As of June 30, 2023, December 31, 2022 and June 30, 2022, the balance of the Company's treasury shares were $98,820, $134,350 and $66,449, respectively.

(f) For the six-month period ended June 30, 2023, treasury shares in the amount of $35,530 were transferred to employees and the proceeds collected from the treasury shares amounted to $35,530. There was no such transaction for the six-month period ended June 30, 2022.

C. As of June 30, 2023, the Company's authorised capital was $1,500,000 (including $80,000 reserved for employee stock options), and the paid-in capital was $833,239 with a par value of $10 per share. The 83,324 thousand shares were issued over several installments. All proceeds from shares issued have been collected.

(15) Capital surplus

A. Pursuant to the R.O.C Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Information relating to capital surplus - stock options is provided in Note 6(12).

(16) Share-based payment

A. As of June 30, 2023, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury shares transferred to employees	2023.6.2	1,000	2023.6.2	Vested immediately

B. The incremental fair value measured by using the Black-Scholes option-pricing model is as follows:

Type of arrangement	Grant date	Share price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Treasury stock transferred to employees	2023.6.2	74.50	35.53	43.02%	0.033 Year	0.8993%	38.98

C. Expenses incurred on equity-settled share-based payment transactions that were recognised as compensation costs for the three-month and six-month periods ended June 30, 2023 both amounted to $38,980. There was no such transaction for the three-month and six-month periods ended June 30, 2022.

(17) Retained earnings

A. Pursuant to the R.O.C. Company Act, the Company shall set aside 10% of its after-tax profits as legal reserve until the balance is equal to the paid-in capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, considering the Company is operating in a volatile environment and in the stable growth stage of its life cycle, the Board of Directors shall determine earnings appropriation based on the Company's future capital expenditures and demand for capital, as well as the necessity of using retained earnings to meet capital needs, and set the amount of dividends to be distributed to stockholders and the portion of dividends to be paid in cash. The Company's current year's earnings shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Then, either a portion of the remaining amount is set aside as special reserve or an amount is reversed from the special reserve account and added to the remaining amount in accordance with applicable laws and regulations. The final remaining amount of current year earnings is added to the unappropriated earnings from the prior year and the total is the accumulated distributable earnings. At least 30% of the accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of total dividends distributed. The Board of Directors shall propose the earnings appropriation according to future operational and investment needs which shall be submitted to the stockholders during their meeting for approval.

C. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve in the amount of $22,672 on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognised dividends distributed to owners amounting to $366,543 ($4.5 (in dollars) per share) for the year ended December 31, 2022. On June 15, 2023, the Company's stockholders resolved the distribution of dividends from 2022 earnings in the amount of $249,723 ($3.1 (in dollars) per share).

(18) Operating revenue

	For the three-month periods ended June 30,	
	2023	2022
Revenue from contracts with customers	$ 275,907	$ 764,883

	For the six-month periods ended June 30,	
	2023	2022
Revenue from contracts with customers	$ 503,665	$ 1,394,474

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time. Revenue is primarily from sales of automation machinery and equipment. Related disclosures on operating revenue are provided in Note 14.

B. Contract liabilities

(a) The Group has recognised revenue-related contract liabilities amounting to $163,421, $49,499 and $28,348 as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

(b) As of January 1, 2023 and 2022, the Group's contract liabilities were $49,499 and $27,263, respectively. Revenue recognised that were included in the contract liability balance for the six-month periods ended June 30, 2023 and 2022 were $41,906 and $16,378, respectively.

(19) Interest income

	For the three-month periods ended June 30,	
	2023	2022
Interest income from bank deposits	$ 6,534	$ 1,404

	For the six-month periods ended June 30,	
	2023	2022
Interest income from bank deposits	$ 10,589	$ 1,745

(20) Other income

	For the three-month periods ended June 30,	
	2023	2022
Dividend income	$ 17,673	$ –
Rent income	6,719	4,047
Government grants income	10,342	–
Other income	477	5,979
	$ 35,211	$ 10,026

	For the six-month periods ended June 30,	
	2023	2022
Dividend income	$ 18,992	$ 4,276
Rent income	13,427	8,501
Government grants income	10,342	5,183
Other income	1,147	1,349
	$ 43,908	$ 19,309

(21) Other gains and losses

	For the three-month periods ended June 30,	
	2023	2022
Net foreign exchange gains	$ 12,757	$ 31,471
Net gains (losses) on financial assets at fair value through profit or loss	86	(3,900)
Depreciation of assets leased to others	(1,215)	(1,144)
Gain from repurchase of convertible bonds	84	–
Gain from lease modifications	–	11
Miscellaneous disbursements	(1,166)	(919)
	$ 10,546	$ 25,519

	For the six-month periods ended June 30,	
	2023	2022
Net foreign exchange gains	$ 5,684	$ 59,336
Depreciation of assets leased to others	(2,415)	(2,277)
Gain from repurchase of convertible bonds	1,272	–
Net losses on financial assets at fair value through profit or loss	(4)	(2,300)
Gain from lease modifications	–	11
Miscellaneous disbursements	(2,344)	(1,917)
	$ 2,193	$ 52,853

(22) Finance costs

	For the three-month periods ended June 30,	
	2023	2022
Interest expense:		
Convertible bonds	$ 2,449	$ 3,023
Bank borrowings	30	7
Interest expense on lease liabilities	70	107
	$ 2,549	$ 3,137

	For the six-month periods ended June 30,	
	2023	2022
Interest expense:		
Convertible bonds	$ 5,078	$ 4,223
Bank borrowings	138	228
Interest expense on lease liabilities	148	213
	$ 5,364	$ 4,664

(23) Expenses by nature

	For the three-month period ended June 30, 2023		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 21,401	$ 119,710	$ 141,111
Depreciation	3,886	6,022	9,908
Amortisation	415	1,551	1,966
	$ 25,702	$ 127,283	$ 152,985

	For the three-month period ended June 30, 2022		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 15,223	$ 119,204	$ 134,427
Depreciation	1,884	6,398	8,282
Amortisation	245	1,032	1,277
	$ 17,352	$ 126,634	$ 143,986

	For the six-month period ended June 30, 2023		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 36,668	$ 196,303	$ 232,971
Depreciation	8,559	11,340	19,899
Amortisation	818	3,069	3,887
	$ 46,045	$ 210,712	$ 256,757

	For the six-month period ended June 30, 2022		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 29,906	$ 224,417	$ 254,323
Depreciation	5,734	12,904	18,638
Amortisation	484	2,086	2,570
	$ 36,124	$ 239,407	$ 275,531

(24) Employee benefit expense

	For the three-month period ended June 30, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	$ 15,895	$ 73,109	$ 89,004
Employee compensation costs	2,923	36,057	38,980
Labour and health insurance expenses	1,095	5,301	6,396
Pension costs	696	2,413	3,109
Other personnel expenses	792	2,830	3,622
	$ 21,401	$ 119,710	$ 141,111

	For the three-month period ended June 30, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	$ 13,139	$ 106,221	$ 119,360
Labour and health insurance expenses	882	5,866	6,748
Pension costs	582	3,147	3,729
Other personnel expenses	620	3,970	4,590
	$ 15,223	$ 119,204	$ 134,427

	For the six-month period ended June 30, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	$ 28,355	$ 139,600	$ 167,955
Employee compensation costs	2,923	36,057	38,980
Labour and health insurance expenses	2,305	9,894	12,199
Pension costs	1,499	5,672	7,171
Other personnel expenses	1,586	5,080	6,666
	$ 36,668	$ 196,303	$ 232,971

	For the six-month period ended June 30, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	$ 25,775	$ 200,896	$ 226,671
Labour and health insurance expenses	1,637	10,234	11,871
Pension costs	1,189	6,133	7,322
Other personnel expenses	1,305	7,154	8,459
	$ 29,906	$ 224,417	$ 254,323

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the three-month and six-month periods ended June 30, 2023 and 2022, employees' compensation was accrued at $3,056 and $13,948, $3,871 and $26,696, respectively; while directors' remuneration was accrued at $556 and $2,536, $704 and $4,554, respectively. The aforementioned amounts were recognised in salary expenses and estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company's Articles of Incorporation. Employees' compensation and directors' remuneration for 2022 amounting to $34,093, as resolved by the Board of Directors was in agreement with the amount recognised in the 2022 financial statements. In addition, the Company's 2022 employees' compensation have not yet been distributed. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month periods ended June 30,	
	2023	2022
Current tax:		
Current tax on profits for the period	$ 4,200	$ 43,867
Tax on undistributed earnings	12,723	-
Prior year income tax overestimation	(10,496)	(13,720)
Total current tax	6,427	30,147
Deferred tax:		
Origination and reversal of temporary differences	3,420	5,366
Income tax expense	$ 9,847	$ 35,513

	For the six-month periods ended June 30,	
	2023	2022
Current tax:		
Current tax on profits for the period	$ 8,130	$ 64,237
Tax on undistributed earnings	12,723	-
Prior year income tax overestimation	-	(13,720)
Total current tax	20,853	50,517
Deferred tax:		
Origination and reversal of temporary differences	(11,176)	15,021
Income tax expense	$ 9,677	$ 65,538

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. As of August 9, 2023, no administrative relief has occurred.

(26) Earnings per share

	For the three-month period ended June 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 30,483	80,589	$ 0.38
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 30,483	80,589	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	46	
Bonds payable	1,960	7,291	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 32,443	87,926	$ 0.37

	For the three-month period ended June 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 168,565	81,454	$ 2.07
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 168,565	81,454	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	370	
Bonds payable	2,418	3,325	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 170,983	85,149	$ 2.01

	For the six-month period ended June 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 44,404	80,572	$ 0.55
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 44,404	80,572	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	158	
Bonds payable	4,063	7,216	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 48,467	87,946	$ 0.55

	For the six-month period ended June 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 317,683	81,454	$ 3.90
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 317,683	81,454	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	473	
Bonds payable	3,378	1,653	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 321,061	83,580	$ 3.84

(27) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the six-month periods ended June 30,	
	2023	2022
(a) Acquisition of property, plant and equipment	$ 3,228	$ 11,079
Add: Opening balance of payable on equipment (shown as 'other payables')	-	383
Less: Ending balance of payable on equipment (shown as 'other payables')	-	(4,951)
Cash paid for acquisition of property, plant and equipment	$ 3,228	$ 6,511

	For the six-month periods ended June 30,	
	2023	2022
(b) Increase in prepayments for business facilities	$ -	$ 41,691
Add: Opening balance of notes payable	-	7,600
Opening balance of payable on equipment (shown as 'other payables')	-	1,857
Less: Ending balance of notes payable	-	-
Ending balance of payable on equipment (shown as 'other payables')	-	(527)
Cash paid for prepayments for business facilities	$ -	$ 50,621

B. Investing and financing activities with no cash flow effects

	For the six-month periods ended June 30,	
	2023	2022
(a) Prepayments for investments transferred to financial assets at fair value through other comprehensive income	$ 20,000	$ -
(b) Inventories transferred to property, plant and equipment	$ 5,293	$ 2,336
(c) Prepayments for business facilities transferred to intangible assets	$ -	$ 1,858
(d) Cash dividends declared but not paid (shown as 'other payables')	$ 249,723	$ 366,543

(28) Changes in liabilities from financing activities

	For the six-month period ended June 30, 2023			
	Lease liabilities	Bonds payable	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2023	$ 34,707	$ 874,714	$ 3,793	$ 913,214
Changes in cash flow from financing activities	(5,514)	(33,131)	-	(38,645)
Changes in other non-cash items	-	5,781	(54)	5,727
At June 30, 2023	$ 29,193	$ 847,364	$ 3,739	$ 880,296

	For the six-month period ended June 30, 2022				
	Short-term borrowings	Lease liabilities	Bonds payable	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2022	$ 80,000	$ 33,350	$ -	$ 2,412	$ 115,762
Changes in cash flow from financing activities	(80,000)	(4,124)	1,122,743	-	1,038,619
Changes in other non-cash items	-	10,969	(155,377)	54	(144,354)
At June 30, 2022	$ -	$ 40,195	$ 967,366	$ 2,466	$ 1,010,027

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Ding Ji Electrical Engineering Co., Ltd.	Other related party (Note)

(Note)The company became a related party due to the election of its responsible person as a representative of corporate director of the Company on July 20, 2021. The information disclosed pertains to transactions from the day of election.

(2) Significant transactions and balances with related parties

A. Purchases of goods

	For the three-month periods ended June 30,	
	2023	2022
Other related parties	$ 2,694	$ 11,055

	For the six-month periods ended June 30,	
	2023	2022
Other related parties	$ 3,778	$ 28,846

Payment term of purchases from other related parties is 120 days after receipt. Payment terms of purchases from other suppliers are 60 to 180 days. Except for the payment terms mentioned above, other terms of purchases are the same with third parties.

B. Payables to related parties

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable:			
Other related parties	$ 3,282	$ 11,622	$ 19,487

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

(3) Key management compensation

	For the three-month periods ended June 30,	
	2023	2022
Salaries and other short-term employee benefits	$ 35,899	$ 8,163
Post-employment benefits	106	283
	$ 36,005	$ 8,446

	For the six-month periods ended June 30,	
	2023	2022
Salaries and other short-term employee benefits	$ 56,253	$ 27,966
Post-employment benefits	556	502
	$ 56,809	$ 28,468

8. PLEDGED ASSETS

The Group's assets pledged as collateral were as follows:

Pledged asset	June 30, 2023	December 31, 2022	June 30, 2022	Purpose
Pledged time deposits (Note 1)	$ 2,403	$ 2,403	$ 15,403	Guarantee for land leases and performance bond
Land (Note 2)	338,108	338,108	−	Guarantee for short-term borrowings
Buildings and structures (Note 2)	274,381	279,881	247,786	Guarantee for short-term borrowings
	$ 614,892	$ 620,392	$ 263,189	

Note 1: Shown as 'financial assets at amortised cost - non-current'.

Note 2: Shown as 'property, plant and equipment, net'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group's guarantees and endorsements were as follows:

Endorser	Endorsee	June 30, 2023	December 31, 2022	June 30, 2022	Purpose
All Ring Tech Co., Ltd.	Uni-Ring Tech Co., Ltd.	$ 60,000	$ 30,000	$ 30,000	Pledged for borrowing facilities

As of June 30, 2023, December 31, 2022 and June 30, 2022, the actual amount of the endorsement used by the subsidiary, Uni-Ring Tech Co., Ltd., was $－.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

Details of financial instruments by category of the Group are described in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the

Group's foreign operations is managed primarily through liabilities denominated in the relevant foreign currencies.

iv. The Group's businesses involve some non-functional currency operations (The functional currency of the Company and several subsidiaries is the NTD; the functional currency of several subsidiaries is the USD and RMB). Information on assets and liabilities subject to significant foreign exchange risk is as follows:

	June 30, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 14,763	31.14	$ 459,720
USD:RMB	432	7.23	13,452
Financial liabilities			
Monetary items			
USD:NTD	529	31.14	16,473

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 20,802	30.73	$ 639,245
USD:RMB	417	6.98	12,814
Financial liabilities			
Monetary items			
USD:NTD	175	30.73	5,378

	June 30, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	$ 23,767	29.72	$ 706,355
USD:RMB	957	6.69	28,442
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	782	29.72	23,241

v. The sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated/depreciated by 1%, the Group's net income for the six-month periods ended June 30, 2023 and 2022 would have decreased/increased by $3,660 and $5,707, respectively.

vi. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2023 and 2022, amounted to $12,757 and $31,471, $5,684 and $59,336, respectively.

II. <u>Price risk</u>

i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group has set various stop loss points, to ensure not to be exposed to significant risk. Accordingly, no material market risk was expected.

ii. The Group's investments in equity securities comprise domestic stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the six-month periods ended June 30, 2023 and 2022 would have increased/decreased by $4,222 and $5,290, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

III. <u>Cash flow and fair value interest rate risk</u>

As of June 30, 2023, December 31, 2022, and June 30, 2022, with regard to sensitivity analysis of interest rate risk, if the borrowing interest rate had increased/decreased by 1% with all other variables held constant, there is no significant effect on after-tax profit for the six-month periods ended June 30, 2023 and 2022.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

II. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

III. The Group adopts the historical experience of collection and the level of customers' risk to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the payments were past invoice date over 180 days, there has been a significant increase in credit risk on that instrument since initial recognition.

IV. According to the historical experience of collection by the Group and the level of customers' risk, the default occurs when the payments are past invoice date over 270 days.

V. The Group considers the characteristics of credit risk on trade, and applies the modified approach using loss rate methodology to estimate expected credit loss under the loss rate basis. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable.

As of June 30, 2023, December 31, 2022 and June 30, 2022, details of expected credit loss using the loss rate methodology are as follows:

	Expected loss rate	Book value	Allowance for uncollectible accounts
June 30, 2023			
Taiwan			
Less than 90 days	0.03%	$ 150,450	$ -
91～180 days	0.03%～0.06%	77,977	-
181～360 days	0.05%～1%	126,094	1,259
Over 360 days	0.63%～100%	118,529	30,332
		473,050	31,591
Mainland China			
Less than 90 days	—	19,614	-
91～180 days	—	15,839	-
181～360 days	1%	10,270	103
Over 360 days	2%～100%	7,539	933
		53,262	1,036
		$ 526,312	$ 32,627

	Expected loss rate	Book value	Allowance for uncollectible accounts
December 31, 2022			
Taiwan			
Less than 90 days	0.03%	$ 169,998	$ -
91～180 days	0.03%～0.06%	136,106	-
181～360 days	0.05%～1%	155,448	1,578
Over 360 days	0.63%～100%	98,018	32,431
		559,570	34,009
Mainland China			
Less than 90 days	—	30,063	-
91～180 days	—	17,431	-
181～360 days	1%	19,050	197
Over 360 days	2%～100%	8,729	980
		75,273	1,177
		$ 634,843	$ 35,186

	Expected loss rate	Book value	Allowance for uncollectible accounts
June 30, 2022			
Taiwan			
Less than 90 days	0.03%	$ 361,874	$ -
91～180 days	0.03%～0.06%	195,637	-
181～360 days	0.05%~1%	141,119	1,422
Over 360 days	0.63%～100%	107,349	26,785
		805,979	28,207
Mainland China			
Less than 90 days	—	33,783	-
91～180 days	—	34,374	-
181～360 days	1%	14,987	150
Over 360 days	2%～100%	6,182	843
		89,326	993
		$ 895,305	$ 29,200

VI. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the six-month periods ended June 30,	
	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 35,186	$ 21,127
(Reversal of) provision for impairment	(2,537)	8,052
Net exchange differences	(22)	21
At June 30	$ 32,627	$ 29,200

(c) Liquidity risk

I. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times to ensure the sufficient financial flexibility of the Group.

II. Group treasury invests surplus cash in interest bearing current accounts, time deposits and beneficiary certificates, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, and readily generate cash flows to manage liquidity risk.

III. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the following table are undiscounted contractual cash flows.

June 30, 2023	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Accounts payable	$ 199,624	$ -	$ -	$ -
Other payables	451,760	-	-	-
Bonds payable	-	865,300	-	-
Lease liabilities	5,920	2,420	7,259	15,324
Guarantee deposits received	1,213	1,018	-	1,508

December 31, 2022	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Notes payable	$ 963	$ -	$ -	$ -
Accounts payable	357,618	-	-	-
Other payables	274,633	-	-	-
Bonds payable	-	-	898,600	-
Lease liabilities	10,372	2,420	7,259	16,534
Guarantee deposits received	1,213	904	136	1,540

June 30, 2022	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Notes payable	$ 2,612	$ -	$ -	$ -
Accounts payable	442,824	-	-	-
Other payables	639,722	-	-	-
Lease liabilities	11,325	5,920	7,259	17,743
Guarantee deposits received	399	89	424	1,554

IV. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group’s investment in emerging stocks and listed stocks are included in

Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

Except for bonds payable, which are measured at the present value of the cash flow expected to be paid at the market interest rate on the balance sheet date, the carrying amounts of the Group's financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortised cost - current and non-current, notes receivable, accounts receivable, other receivables, guarantee deposits paid, notes payable, accounts payable, other payables and guarantee deposits received are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

June 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Call options of bonds	$ -	$ 176	$ -	$ 176
Financial assets at fair value through other comprehensive income				
Equity securities	$ 366,952	$ -	$ 55,216	$ 422,168

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Call options of bonds	$ -	$ 180	$ -	$ 180
Financial assets at fair value through other comprehensive income				
Equity securities	$ 322,985	$ -	$ 26,131	$ 349,116

June 30, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Call options of bonds	$ -	$ 400	$ -	$ 400
Financial assets at fair value through other comprehensive income				
Equity securities	$ 508, 664	$ -	$ 32, 101	$ 540, 765

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The following financial assets use quoted market prices as inputs for fair value measurement (level 1): for emerging stocks, the average trading price at the balance sheet date is used; for listed stocks, the closing price at the balance sheet date is used.

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The call options of bonds were evaluated based on the binomial-tree model for convertible bond pricing.

E. For the six-month periods ended June 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the six-month periods ended June 30, 2023 and 2022:

	Equity instruments
At January 1, 2023	$ 26, 131
Transferred from prepayments for investments	20, 000
Profit recognised in other comprehensive income	9, 085
At June 30, 2023	$ 55, 216

	Equity instruments
Beginning and ending balance, 2022	$ 32, 101

G. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updatinginputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at June 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 14,999	Discounted cash flow	Weighted average cost of capital	9.20%	The higher the weighted average cost of capital, the lower the fair value.
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
Venture capital stocks	30,217	Net asset value	Not applicable	—	Not applicable
Unlisted stocks	10,000	Net asset value	Not applicable	—	Not applicable

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 5,429	Discounted cash flow	Weighted average cost of capital	9.30%	The higher the weighted average cost of capital, the lower the fair value.
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
Venture capital stocks	20,702	Net asset value	Not applicable	—	Not applicable

	Fair value at June 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 6,027	Discounted cash flow	Weighted average cost of capital	10.20%	The higher the weighted average cost of capital, the lower the fair value.
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the
Venture capital stocks	26,074	Net asset value	Not applicable	—	Not applicable

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			June 30, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Weighted average cost of capital	± 10%	$ -	$ -	$ 2,601	($ 1,978)
	Discount for lack of marketability	± 10%	-	-	3,259	(2,440)
			$ -	$ -	$ 5,860	($ 4,418)

	Input	Change	December 31, 2022: Recognised in profit or loss: Favourable change	Unfavourable change	Recognised in other comprehensive income: Favourable change	Unfavourable change
Financial assets						
Equity instruments	Weighted average cost of capital	± 10%	$ -	$ -	$ 3,238	($ 2,410)
	Discount for lack of marketability	± 10%	-	-	4,019	(2,950)
			$ -	$ -	$ 7,257	($ 5,360)

	Input	Change	June 30, 2022: Recognised in profit or loss: Favourable change	Unfavourable change	Recognised in other comprehensive income: Favourable change	Unfavourable change
Financial assets						
Equity instruments	Weighted average cost of capital	± 10%	$ -	$ -	$ 595	($ 455)
	Discount for lack of marketability	± 10%	-	-	713	(527)
			$ -	$ -	$ 1,308	($ 982)

13. SUPPLEMENTARY DISCLOSURES

(According to the current regulatory requirements, the Group is only required to disclose the information for the six-month period ended June 30, 2023.)

(1) Significant transactions information

A. Loans to others: Refer to Table 1.

B. Provision of endorsements and guarantees to others: Refer to Table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to Table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting period: None.

J. Significant inter-company transactions during the reporting period: Refer to Table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to Table 5.

(3) Information on investments in Mainland China

A. Basic information: Refer to Table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Table 7.

(4) Major shareholders information

Major shareholders information: Refer to Table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Group’s chief operating decision-maker that are used to make strategic decisions. The Group’s chief operating decision-maker manages each entity in the organisation according to its role. There is no material change in the basis for information of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the six-month period ended June 30, 2023				
	All Ring Tech Co., Ltd.	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Others	Total
Total segment revenue	$ 496,167	$ −	$ 56,183	$ 8,953	$ 561,303
Inter-segment revenue	33,956	−	23,682	−	57,638
Revenue from external customers	462,211	−	32,501	8,953	503,665
Interest income	10,216	151	−	222	10,589
Depreciation and amortisation	18,385	72	5,662	2,082	26,201
Interest expense	5,364	−	−	−	5,364
Segment income (loss) before tax	54,081	(203)	699	(252)	54,325
Segment assets	4,097,900	41,546	381,778	109,527	4,630,751
Segment liabilities	1,746,724	1,230	85,171	6,958	1,840,083

	For the six-month period ended June 30, 2022				
	All Ring Tech Co., Ltd.	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Others	Total
Total segment revenue	$ 1,336,723	$ −	$ 58,542	$ 26,422	$ 1,421,687
Inter-segment revenue	12,286	−	14,808	119	27,213
Revenue from external customers	1,324,437	−	43,734	26,303	1,394,474
Interest income	1,575	96	61	13	1,745
Depreciation and amortisation	15,374	73	5,775	2,263	23,485
Interest expense	4,664	−	−	−	4,664
Segment income (loss) before tax	383,221	(225)	800	6,988	390,784
Segment assets	4,563,064	43,015	371,200	80,912	5,058,191
Segment liabilities	2,208,250	1,241	75,688	14,359	2,299,538

(3) Reconciliation about segment profit or loss, assets and liabilities

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income. A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations is provided as follows:

	For the six-month periods ended June 30,	
	2023	2022
Reportable segments income before tax	$ 54,577	$ 383,796
Other segments (loss) income before tax	(252)	6,988
Less: Inter-segment loss	(244)	(7,563)
Profit from continuing operations before tax	$ 54,081	$ 383,221

B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements. A reconciliation of assets of reportable segment and total assets is as follows:

	June 30, 2023	June 30, 2022
Assets of reportable segments	$ 4,521,224	$ 4,977,279
Assets of other operating segments	109,527	80,912
Less: Inter-segment transaction	(482,992)	(440,896)
Total assets	$ 4,147,759	$ 4,617,295

C. The amounts provided to the chief operating decision-maker with respect to total liabilities are measured in a manner consistent with that of the financial statements. A reconciliation of liabilities of reportable segment and total liabilities is as follows:

	June 30, 2023	June 30, 2022
Liabilities of reportable segments	$ 1,833,125	$ 2,285,179
Liabilities of other operating segments	6,958	14,359
Less: Inter-segment transaction	(43,501)	(37,056)
Total liabilities	$ 1,796,582	$ 2,262,482

All Ring Tech Co., Ltd. and Subsidiaries

Loans to others

For the six-month period ended June 30, 2023

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance	Ending balance	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Note
													Item	Value			
1	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Other receivables	Y	$ 34,256	$ 34,256	$ -	2%	Short-term financing	$ -	Repayment of borrowings and operations	$ -	—	$ -	$ 80,634	$ 80,634	—

(Note 1) Calculation of limit on loans granted to a single party and ceiling on total loans granted:The total loan amount cannot exceed 40% of the company's net worth. There are three possible circumstances:

1. Loan is made to company with which the Company has a business relationship. The total loan amount cannot exceed 20% of the company's net worth.
   The individual loan amount cannot exceed the total amount of business transactions between the two parties in the past year.
2. Loan is made to companies who need short-term financing. The total loan amount cannot exceed 20% of the company's net worth. The individual loan amount cannot exceed 10% of the net worth of the company.
3. The aforementioned limit does not apply if the loan is made to a company of which the parent company owns, directly or indirectly, 100% of the voting equity.
   Both the total and individual loan amounts do not exceed 200% of the net worth of the creditor based on the most recent financial statements.

(Note 2) Foreign currency amounts in the table are converted into NTD according to the exchange rates on the financial reporting date (RMB:NTD = 1:4.282).

All Ring Tech Co., Ltd. and Subsidiaries

Provision of endorsements and guarantees to others

For the six-month period ended June 30, 2023

Table 2

Expressed in thousands of NTD

Number	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount	Outstanding endorsement/ guarantee amount	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Note
0	All Ring Tech Co., Ltd.	Uni-Ring Tech Co., Ltd.	(Note 1)	$ 470,235	$ 60,000	$ 60,000	$ -	$ -	2.55%	$ 940,471	Y	N	N	—

(Note 1) Companies where the Company owns more than 50% of voting shares (direct or indirect).

(Note 2) The total endorsements and guarantees of external parties by the Company cannot exceed 40% of the net worth as measured in the current period. The endorsement and guarantee of an individual business cannot exceed 20% of the net worth as measured in the current period. The total endorsements and guarantees of external parties by the Group cannot exceed 50% of the net worth as measured in the current period. The endorsement and guarantee of an individual business cannot exceed 20% of the net worth as measured in the current period. If the endorsement and guarantee are made for the purpose of conducting business, then the amount of endorsement and guarantee cannot exceed the total amount of business transactions between the guaranteed party and the Company for the period.

All Ring Tech Co., Ltd. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

June 30, 2023

Table 3

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2023 Number of shares	Book value	Ownership (%)	Fair value	Note
All Ring Tech Co., Ltd.	Stocks:							
	Egiga Source Technology Co., Ltd.	—	Financial assets at fair value through profit or loss - non -current	1,298	$ -	14.86%	$ -	—
	Tai-Tech Advanced Electronics Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non -current	2,945	287,180	2.89%	287,180	—
	Favite Inc.	—	Financial asset measured at fair value through other comprehensive income - non -current	3,300	66,825	4.17%	66,825	—
	Phoenix Innovation Investment Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non -current	1,000	10,262	3.13%	10,262	—
	Phoenix II Innovation Investment Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non -current	1,000	9,955	2.34%	9,955	—
	Hallmark Technology Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non -current	450	14,999	19.57%	14,999	—
	Tecstar Technology Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non -current	165	1,297	0.72%	1,297	—
	Max Echo Technology Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non -current	500	11,650	1.31%	11,650	—
	Phoenix IV Innovation Investment Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non -current	1,000	10,000	4.26%	10,000	—
	Ginger Aviation Inc	—	Financial asset measured at fair value through other comprehensive income - non -current	1,000	10,000	13.15%	10,000	—

All Ring Tech Co., Ltd. and Subsidiaries

Significant inter-company transactions during the reporting period

For the six-month period ended June 30, 2023

Table 4

Expressed in thousands of NTD

				Transaction			
Number	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	1	Sales of goods	$ 33,956	Receipt within 120 days	7%
				Purchases of goods	15,924	Payment within 90 days	3%
				Accounts receivable	31,840	—	1%
				Accounts payable	6,373	—	—
		Uni-Ring Tech Co., Ltd.	1	Endorsements and guarantees	60,000	—	1%

(Note 1) Business and other transactions between the parent company and its subsidiaries or between subsidiaries are not separately disclosed since the circumstances and amounts of each transaction is the same on each side. In addition, the disclosure threshold for significant transactions is set at 1 million dollars.

(Note 2) Relationship between transaction company and counterparty is classified into the following three categories;

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

(Note 3) The ratio of a transaction amount to total revenue or total assets is calculated as follows: balance sheet items are calculated by dividing the ending balance by total consolidated assets; profit or loss items are calculated by dividing the accumulated ending balance by total consolidated revenue.

(Note 4) Foreign currency amounts in the table are converted into NTD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:NTD =1 ：31.14; RMB:USD =1 ：0.1384); profit or loss items are converted using the average exchange rate for the six-month period ended June 30, 2023 (USD:NTD =1 ：30.55; RMB:USD = 1 ：0.1444).

All Ring Tech Co., Ltd. and Subsidiaries

Information on investees

For the six-month period ended June 30, 2023

Table 5

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at June 30, 2023	Initial investment amount: Balance as at December 31, 2022 (Note 1)	Shares held as at June 30, 2023: Number of shares	Shares held as at June 30, 2023: Ownership (%)	Shares held as at June 30, 2023: Book value	Net profit (loss) of the investee for the six-month period ended June 30, 2023	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2023	Note
All Ring Tech Co., Ltd.	PAI FU INTERNATIONAL LIMITED	British Virgin Islands	Mechanical engineering automation, and research, development and design of software	$ 65,263	$ 65,263	1,930,000	100.00	$ 137,570	$ 49	$ 259	Subsidiary
	Uni-Ring Tech Co., Ltd.	Taiwan	Other machine manufacture industry, electrical appliances, audio visual electronics and international trading industry	230,000	230,000	5,396,727	100.00	65,366	(432)	(247)	Subsidiary
	IMAGINE GROUP LIMITED	Mauritius	Investment business	182,840	182,840	5,220,000	71.60	231,622	685	(1,633)	Subsidiary
	ALL Ring Tech USA, LLC	American	Other machine manufacture industry	31,140	-	1	100.00	31,130	(10)	(10)	Subsidiary
PAI FU INTERNATIONAL LIMITED	IMAGINE GROUP LIMITED	Mauritius	Investment business	64,460	64,460	2,070,000	28.40	92,720	685	-	Subsidiary (Note 2)

(Note 1) This was the balance on December 31, 2022.
(Note 2) The investment income (loss) does not need to be disclosed per the rules.
(Note 3) Foreign currency amounts in the table are converted into NTD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:NTD = 1 ：31.14); profit or loss items are converted using the average exchange rate for the six-month period ended June 30, 2023 (USD:NTD =1 ：30.55).

All Ring Tech Co., Ltd. and Subsidiaries

Information on investments in Mainland China

For the six-month period ended June 30, 2023

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2023: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2023: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023	Net income of investee for the six-month period ended June 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2023 (Note 4)	Book value of investments in Mainland China as of June 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2023	Note
Kunshan All Ring Tech Co., Ltd.	Research, development, and manufacture of specialized electronic equipment used for cutting capacitance and inductance; sales of self-manufactured products and provision of corresponding technology testing services	$ 46,710	(Note 1)	$ 46,710	$ -	$ -	$ 46,710	($ 203)	100.00	($ 203)	$ 40,317	$ -	—
All Ring Tech (Kunshan) Co., Ltd.	Research, development, design, and manufacture of specialized electronic equipment, testing instruments and accessories; sales of self-manufactured products and provision of corresponding technology testing services	224,208	(Note 2) (Note 3)	188,419	-	-	188,419	699	100.00	699	296,607	-	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 5)
All Ring Tech Co., Ltd.	$ 235,129	$ 582,441	$ 1,410,706

(Note 1) Indirect investment in PRC through the existing company (PAI FU INTERNATIONAL LIMITED) located in the third area.
(Note 2) Indirect investment in PRC through the existing company (IMAGINE GROUP LIMITED) located in the third area.
(Note 3) $62,280 (USD $2,000 thousand) was indirectly invested in PRC through the existing company (PAI FU INTERNATIONAL LIMITED) located in a third area.
(Note 4) The Company recognised income (loss) based on unreviewed financial statements of the investee.
(Note 5) The limit is the net worth or 60% of the consolidated net worth, whichever is greater.
(Note 6) Foreign currency amounts in the table are converted into TWD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:TWD = 1 ：31.14; RMB:USD =1 ：0.1384; profit or loss items are converted using the average exchange rate for the six-month period ended June 30, 2023 (USD:TWD = 1 ：30.55 ; RMB:USD =1 ：0.1444).

All Ring Tech Co., Ltd. and Subsidiaries

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

For the six-month period ended June 30, 2023

Table 7

Expressed in thousands of NTD

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at June 30, 2023	%	Balance at June 30, 2023	Purpose	Maximum balance during the six-month period ended June 30, 2023	Balance at June 30, 2023	Interest rate	Interest during the six-month period ended June 30, 2023	Others
All Ring Tech (Kunshan) Co., Ltd.	$ 33,956	7%	$ -	—	$ 31,840	1%	$ -	-	$ -	$ -	—	$ -	—
	(15,924)	3%	-	—	(6,373)	—	-	-	-	-	—	-	—

All Ring Tech Co., Ltd. and Subsidiaries

Major shareholders information

June 30, 2023

Table 8

Expressed in shares

Name of major shareholders	Number of shares held			Note
	Common share	Preferred share	Ownership	
Fengqiao Investment Co., Ltd.	7,569,625	–	9.08%	–

(Note) The major shareholders information was derived from the Taiwan Depository & Clearing Corporation in accordance with the common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter.

The share capital which was recorded in the financial statements might be different from the number of shares held in dematerialised form because of a different calculation basis.