ALI CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021

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.

ALI CORPORATION

DECEMBER 31, 2022 AND 2021 PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

Contents	Page/Number/Index

Contents	Page/Number/Index

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ALi Corporation

Opinion

We have audited the accompanying parent company only balance sheets of ALi Corporation (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Existence of operating revenue from overseas distributors

Description

Refer to Note 4(29) for the accounting policy on revenue recognition and Note 6(20) for details of sales revenue.

The Company recognised net operating revenue amounting to NT$ 2,474,814 thousand for the year ended December 31, 2022. The Company derives revenue mainly from the research, development, design and sales of chipsets for communication, consumer and multimedia products and a range of application specific integrated circuits. Operating revenue thereof is concentrated on the top ten customers, of which some customers are overseas IC distributors and proportion of sales from those types of customers to total sales was significant. Given that the impact of pressure for business growth and from the stiff competition in the industry on the Company might increase the risks related to the existence of operating revenue, we considered the existence of operating revenue from the top ten overseas distributors with significant growth a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed and tested the effectiveness of design and implementation of internal controls in relation to existence of sales revenue.
2. Selected samples and performed substantive tests, including verifying sales transactions against customer purchase orders, evidence of sales transactions and receipt vouchers.
3. Obtained and reviewed details of sales revenue, refunds and allowances during a certain period before and after the balance sheet date, and selected samples and verified against the original documents of sales revenue, refunds and allowances, and assessed whether there were any material or unusual transactions or material refunds after the balance sheet date to ascertain that the recognition of sales revenue meets the requirements for revenue recognition.

Evaluation of inventories

Description

Refer to Note 4(12) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(7) for information on inventory.

The Company is primarily engaged in the research, development, design and sales of chipsets for communication, consumer and multimedia products and a range of application specific integrated circuits. Due to rapid technology innovations of these inventories and the fluctuation of market prices, there is a higher risk of inventory losing value or becoming obsolete. The Company measures regularly sold inventory at the lower of cost and net realisable value. Inventories that are over a certain age and individually identified as obsolete inventory are individually assessed and losses are recognised based on the individually identified net realisable value.

As the amounts of the Company's inventories are material, the types of inventories vary, and the estimation of net realisable value is subject to management's judgement, we considered the Company's evaluation of inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

1. Obtained an understanding on and assessed the reasonableness of the policy to recognise allowance for inventory valuation losses.
2. Obtained the net realisable value report of inventories which was used in the valuation of management, discussed with management and obtained supporting documents and recalculated the net realisable value report.
3. Verified whether the systematic logic used in the Company's inventory aging report by management is appropriate and in accordance with the Company's accounting policy, and assessed the reasonableness of allowance for valuation loss on inventories with longer age.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method of the Company for the year ended December 31, 2022, which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT$ 54,975 thousand, constituting 1.47% of the total assets of the Company as at December 31, 2022, and other comprehensive loss of these investments accounted for under the equity method included in the Company's financial statements amounted to loss of NT$ 127,472 thousand, constituting (495.48%) of the total comprehensive income of the Company for the year ended December 31, 2022.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsu, Sheng-Chung	Hsu,Yung-Chien

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 27, 2023

The accompanying parent company only 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 parent company only 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.

ALI CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
	Current assets			
1100	Cash and cash equivalents	6(1)	$ 297,078	$ 123,743
1136	Financial assets at amortised cost - current	6(3)	247,600	505,500
1170	Accounts receivable, net	6(4)	169,708	337,962
1180	Accounts receivable due from related parties, net	7	91,313	-
1200	Other receivables	6(6)	146,926	126,958
1210	Other receivables due from related parties	7	86,945	138
1220	Current tax assets		766	1,788
130X	Current inventories	6(7)	275,682	365,938
1470	Other current assets		41,232	46,411
11XX	**Total current assets**		1,357,250	1,508,438
	Non-current assets			
1510	Financial assets at fair value through profit or loss - non-current	6(2)	205,105	119,601
1535	Financial assets at amortised cost - non-current	6(3) and 8	5,000	5,000
1550	Investments accounted for using equity method	6(8)	801,629	736,052
1600	Property, plant and equipment	6(9)	331,800	342,645
1755	Right-of-use assets	6(10)	1,151	3,009
1760	Investment property, net	6(11)	238,135	239,857
1780	Intangible assets	6(12)	97,336	134,462
1840	Deferred tax assets	6(24)	687,510	700,511
1920	Guarantee deposits paid		3,242	3,242
1990	Other non-current assets		9,243	22,409
15XX	**Total non-current assets**		2,380,151	2,306,788
1XXX	**Total assets**		$ 3,737,401	$ 3,815,226

(Continued)

ALI CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
	Current liabilities			
2130	Contract liabilities - current	6(20)	$ 2,640	$ 6,541
2170	Accounts payable		142,018	340,562
2200	Other payables	6(13)	240,708	272,959
2220	Other payables to related parties	7	70,823	73,724
2250	Current provisions		1,383	1,739
2280	Lease liabilities - current		1,240	1,970
2300	Other current liabilities	6(20)	8,804	18,997
21XX	**Total current liabilities**		467,616	716,492
	Non-current liabilities			
2570	Deferred tax liabilities	6(24)	2,759	801
2580	Lease liabilities - non-current		-	1,239
2645	Guarantee deposits received		1,220	2,596
25XX	**Total non-current liabilities**		3,979	4,636
2XXX	**Total liabilities**		471,595	721,128
	Equity			
	Share capital	6(16)		
3110	Ordinary share		1,942,019	1,934,499
3140	Advance receipts for share capital		-	2,100
3200	Capital surplus	6(17)	1,317,265	1,194,813
	Retained earnings	6(18)		
3310	Legal reserve		1,226	649,857
3350	Unappropriated retained earnings (accumulated deficit)		14,157	(648,631)
3400	Other equity interest	6(19)	10,324	(4,695)
3500	Treasury shares	6(16)	(19,185)	(33,845)
3XXX	**Total equity**		3,265,806	3,094,098
	Commitments and Contingent Liabilities	9		
3X2X	**Total liabilities and equity**		$ 3,737,401	$ 3,815,226

The accompanying notes are an integral part of these parent company only financial statements.

ALI CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)

	Items	Notes	Year ended December 31 2022 AMOUNT	2021 AMOUNT
4000	Operating revenue	6(20) and 7	$ 2,474,814	$ 2,746,626
5000	Operating costs	6(7)(22)	(1,506,406)	(1,708,123)
5900	Gross profit from operations		968,408	1,038,503
5910	Unrealised loss from sales		(12,721)	-
5920	Realised profit from sales		20,018	7,802
5950	Gross profit from operations		975,705	1,046,305
	Operating expenses	6(22) and 7		
6100	Selling expenses		(62,373)	(76,478)
6200	Administrative expenses		(172,050)	(195,497)
6300	Research and development expenses		(672,276)	(906,518)
6450	Impairment (loss) gain	12(2)	(34,109)	222
6000	Total operating expenses		(940,808)	(1,178,271)
6900	Operating profit (loss)		34,897	(131,966)
	Non-operating income and expenses			
7100	Interest income		5,455	5,753
7010	Other income	6(11) and 7	19,100	20,381
7020	Other gains and losses	6(21) and 7	26,874	(5,100)
7050	Finance costs		(136)	(134)
7070	Share of (loss) profit of associates and joint ventures accounted for using equity method		(59,967)	25,334
7000	Total non-operating income and expenses		(8,674)	46,234
7900	**Profit (loss) before income tax**		26,223	(85,732)
7950	Income tax expense	6(24)	(12,066)	(4,689)
8000	**Profit (loss) from continuing operations**		14,157	(90,421)
8200	**Profit (loss) for the year**		$ 14,157	($ 90,421)
	Other comprehensive income (loss)			
	Components of other comprehensive income (loss) that will be reclassified to profit or loss			
8361	Financial statements translation differences of foreign operations		$ 12,715	$ 2,582
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		1,748	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(24)	(2,893)	(517)
8360	Other comprehensive income that will be reclassified to profit or loss		11,570	2,065
8500	**Total comprehensive income (loss)**		$ 25,727	($ 88,356)
	Basic earnings (loss) per share	6(25)		
9750	Basic earnings (loss) per share		$ 0.07	($ 0.47)
	Diluted earnings (loss) per share			
9850	Diluted earnings (loss) per share		$ 0.07	($ 0.47)

The accompanying notes are an integral part of these parent company only financial statements.

ALI CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Capital			Retained Earnings		Other Equity Interest			
	Notes	Ordinary share	Advance receipts for share capital	Capital surplus	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unearned compensation	Treasury shares	Total equity
2021										
Balance at January 1		$1,945,399	$ -	$1,182,030	$ 649,857	($ 555,835)	($ 3,311)	($ 16,588)	($ 102,544)	$3,099,008
Loss for the year		-	-	-	-	(90,421)	-	-	-	(90,421)
Other comprehensive income		-	-	-	-	-	2,065	-	-	2,065
Total comprehensive (loss) income		-	-	-	-	(90,421)	2,065	-	-	(88,356)
Treasury shares transferred to employees	6(16)(17)	-	-	3,811	-	-	-	-	68,699	72,510
Share-based payments	6(15)(17)	-	-	7,815	-	-	-	13,139	-	20,954
Retirement of employee restricted stocks	6(16)(17)	(10,900)	-	10,900	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	6(17)	-	-	(11,386)	-	(2,375)	-	-	-	(13,761)
Exercise of employee stock options	6(16)(17)	-	2,100	1,643	-	-	-	-	-	3,743
Balance at December 31		$1,934,499	$ 2,100	$1,194,813	$ 649,857	($ 648,631)	($ 1,246)	($ 3,449)	($ 33,845)	$3,094,098
2022										
Balance at January 1		$1,934,499	$ 2,100	$1,194,813	$ 649,857	($ 648,631)	($ 1,246)	($ 3,449)	($ 33,845)	$3,094,098
Profit for the year		-	-	-	-	14,157	-	-	-	14,157
Other comprehensive income		-	-	-	-	-	11,570	-	-	11,570
Total comprehensive income		-	-	-	-	14,157	11,570	-	-	25,727
Legal reserve used to offset accumulated deficit	6(18)	-	-	-	(648,631)	648,631	-	-	-	-
Retirement of employee restricted stocks	6(16)(17)	(4,300)	-	4,300	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	6(17)	-	-	105,243	-	-	-	-	-	105,243
Treasury shares transferred to employees	6(16)(17)	-	-	1,767	-	-	-	-	14,660	16,427
Share-based payments	6(15)(17)	-	-	2,469	-	-	-	3,449	-	5,918
Exercise of employee stock options	6(16)(17)	11,820	(2,100)	6,961	-	-	-	-	-	16,681
Changes in ownership interests in subsidiaries	6(17)	-	-	1,712	-	-	-	-	-	1,712
Balance at December 31		$1,942,019	$ -	$1,317,265	$ 1,226	$ 14,157	$ 10,324	$ -	($ 19,185)	$3,265,806

The accompanying notes are an integral part of these parent company only financial statements.

ALI CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		$ 26,223	($ 85,732)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(22)	18,327	20,904
Amortization	6(22)	68,699	101,943
Expected credit loss (gain)	12(2)	34,109	(222)
Unrealised loss (gain) on financial assets or liabilities at fair value through profit or loss	6(21)	6,094	(6,892)
Interest expense		136	134
Interest income		(5,455)	(5,753)
Dividend income		-	(115)
Share-based payments	6(15)	5,918	20,954
Share of loss (profit) of associates and joint ventures accounted for using equity method		59,967	(25,334)
Gain on disposal of intangible assets	6(21) and 7	(28,170)	-
Loss on disposal of subsidiaries	6(21)	-	9,340
Unrealised foreign exchange gain		(7,598)	-
Unrealised loss from sales		12,721	-
Realised profit from sales		(20,018)	(7,802)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss, mandatorily measured at fair value		(125)	(77)
Accounts receivable		134,145	(143,506)
Accounts receivable due from related parties		(91,313)	88,572
Other receivables		(19,968)	(20,333)
Other receivable due from related parties		(7,238)	1,004
Inventories		90,256	(34,184)
Prepayments		18,345	45,971
Changes in operating liabilities			
Contract liabilities		(3,901)	251
Accounts payable		(198,544)	100,704
Other payables		(31,152)	(625)
Other payables to related parties		(2,901)	12,243
Provisions for liabilities		(356)	(207)
Other current liabilities		(10,193)	(14,375)
Cash inflow generated from operations		48,008	56,863
Interest received		5,455	5,753
Dividends received		-	115
Interest paid		(136)	(134)
Income taxes refund (paid)		1,022	(416)
Net cash flows from operating activities		54,349	62,181

(Continued)

ALI CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 19,800)	($ 39,600)
Proceeds from disposal of financial assets at amortised cost		277,700	101,200
Acquisition of financial assets at fair value through profit or loss		(227,831)	(465,367)
Proceeds from disposal of financial assets at fair value through profit or loss		136,358	400,646
Acquisition of investments accounted for using equity method		(789)	(165,899)
Proceeds from capital reduction of investments accounted for using equity method		-	14,774
Acquisition of property, plant and equipment	6(26)	(10,228)	(21,426)
Proceeds from disposal of property, plant and equipment	7	911	-
Acquisition of intangible assets	6(26)	(71,185)	(82,066)
Proceeds from disposal of intangible assets	6(26) and 7	7,071	-
Increase in refundable deposits		-	(6)
Net cash flows from (used in) investing activities		92,207	(257,744)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in guarantee deposits received		(1,376)	46
Payments of lease liabilities		(4,953)	(5,585)
Exercise of employee share options	6(16)	16,681	3,743
Treasury shares transferred to employees	6(16)(17)	16,427	72,510
Net cash flows from financing activities		26,779	70,714
Net increase (decrease) in cash and cash equivalents		173,335	(124,849)
Cash and cash equivalents at beginning of year		123,743	248,592
Cash and cash equivalents at end of year		$ 297,078	$ 123,743

The accompanying notes are an integral part of these parent company only financial statements.

ALI CORPORATION

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Ali Corporation (the "Company") was incorporated on June 10, 1993 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in the research, development, design and sales of chipsets for consumer electronic products and the provision of design and intellectual property rights services for the aforementioned integrated circuits.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 27, 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 effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts— cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 Company's financial condition and financial performance based on the Company's assessment.

(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 International Accounting Standards Board
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 International Accounting Standards Board
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

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

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts receivable

A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

C. The Company's operating pattern of accounts receivable that are expected to be factored is for the purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in profit or loss.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using the equity method – subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognise loss continuously in proportion to its ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

F. The Company and subsidiaries account for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Company and subsidiaries and its joint venture are eliminated to the extent of the Company's and subsidiaries' interest in the joint venture. The Company's and subsidiaries' share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Company's and subsidiaries' share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company and subsidiaries do not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

G. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 50 years
Research and development equipment	3 ~ 6 years
Office equipment	3 ~ 10 years
Leasehold improvements	3 ~ 5 years
Other equipment	3 ~ 15 years

(15) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(17) Intangible assets

Computer software and special technology acquired are stated at cost and amortised on a straight-line basis over its estimated economic useful life of 2 to 4 years.

(18) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services.

B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(24) Provisions

Provisions (including warranties, etc.) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pension

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(26) Employee share-based payment

A. 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.

B. Restricted stocks:

(a) Restricted stocks issued to employees 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.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(c) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Company will redeem at no consideration and retire those stocks, and the Company recognises such stocks redeemed as a deduction to share capital and an adjustment to capital surplus at the grant date in accordance with the terms and conditions of restricted stocks.

(27) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(28) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company’s shares that have been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

(29) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells chipsets for consumer electronic products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts or sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts or sales discounts and allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected volume discounts or sales discounts payable to customers in relation to sales made until the end of the reporting period.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

The Company provides design and intellectual property rights services for integrated circuits. Revenue from providing services is recognised in the accounting period in which the services are rendered.

The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Valuation of accounts receivable

The impairments assessment of accounts receivable relies on the Company's judgement and estimates to measure the credit risk of the accounts receivable to assess the expected credit loss, the credit risk is affected by various factors such as client's financial status, the Company's internal credit rating, transaction history and others which might affect the client's credit quality. The estimates are based on concerning expected credit loss as that on the balance sheet date. However, estimates may differ from the actual results which may result in a material adjustment.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

C. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 3	$ 4
Checking accounts and demand deposits	297,075	114,521
Cash equivalents		
Time deposits maturing within three months	-	9,218
	$ 297,078	$ 123,743

A. The Company 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. The Company reclassified the time deposits maturing over three months to 'financial assets at amortised cost'. Refer to Note 6(3) for details.

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

	December 31, 2022	December 31, 2021
Asset items		
Non-current items		
Financial assets mandatorily measured at fair value through profit or loss		
Fund beneficiary certificates	$ 205,105	$ 119,601

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31,	
	2022	2021
Equity instruments	$ -	$ 9,445
Beneficiary certificates	(6,009)	(2,649)
Derivative instruments	(125)	(76)
Hybrid instruments	40	172
	($ 6,094)	$ 6,892

The aforementioned derivative instruments are forward foreign exchange contracts which were entered into by the Company to hedge exchange rate risk of import or export proceeds and foreign currency positions. However, these forward foreign exchange contracts are not accounted for under hedge accounting. As of December 31, 2022 and 2021, the above forward foreign exchange transactions have been closed and settled.

B. The Company has no financial assets at fair value through profit or loss pledged to others.

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

(3) Financial assets at amortised cost

	Year ended December 31, 2022	Year ended December 31, 2021
Current items		
Time deposits maturing over three months	$ 247,600	$ 505,500
Non-current items		
Time deposits maturing over three months	$ 5,000	$ 5,000

A. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

B. The Company 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.

(4) Accounts receivable

	Year ended December 31, 2022	Year ended December 31, 2021
Accounts receivable	$ 203,851	$ 337,996
Less: Allowance for uncollectible accounts	(34,143)	(34)
	$ 169,708	$ 337,962

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 148,819	$ 280,720
Up to 30 days	20,907	57,276
31-60 days	-	-
61-180 days	-	-
Over 180 days	34,125	-
	$ 203,851	$ 337,996

The above ageing analysis was based on past due date.

B. As of January 1, 2021, the balance of accounts receivable amounted to $204,934.

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

(5) Transfer of financial assets

Transferred financial assets that are derecognised in their entirety

A. The Company entered into a factoring agreement with financial institutions to sell its accounts receivable. Under the agreement, the Company is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Company does not have any continuing involvement in the transferred accounts receivable. Thus, the Company derecognised the transferred accounts receivable.

B. The information on accounts receivable transferred but not yet due as of December 31, 2022 and 2021 is as follows:

	December 31, 2022		December 31, 2021	
Accounts receivable transferred (amount derecognised)	$	44,708	$	53,286
Amount advanced	$	-	$	39,391
Amount retained (shown as 'other receivables')	$	44,708	$	13,895

C. The Company 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.

D. As of December 31, 2021, the interest rates of amount advanced ranged between 0.85% ~ 0.89%.

E. As of December 31, 2022 and 2021, the total limits of the accounts receivable factoring were USD 10 million and USD 10 million, respectively.

(6) Other receivables

	December 31, 2022		December 31, 2021	
Tax refund receivable	$	101,017	$	109,082
Amounts retained for accounts receivable factoring		44,708		13,895
Others (including related parties)		1,201		3,981
	$	146,926	$	126,958

The counterparties of the Company's other receivables are financial institutions and government organisations with high credit quality, so the Company expects that the probability of counterparty default is remote. Thus, there was no significant credit risk.

(7) Inventories

	December 31, 2022		December 31, 2021	
Raw materials	$	143,736	$	182,068
Work in progress		52,416		117,592
Finished goods		79,530		66,278
Total (net amount)	$	275,682	$	365,938

The cost of inventories recognised as expense for the year:

	Year ended December 31,			
	2022		2021	
Cost of goods sold	$	1,499,316	$	1,782,528
Loss on (gain on reversal of) decline in market value (Note)		7,090	(	74,405)
	$	1,506,406	$	1,708,123

Note: For the year ended December 31, 2021, the Company reversed a previous inventory write-down because part of the obsolete inventories were subsequently sold.

(8) Investments accounted for using the equity method

	December 31, 2022		December 31, 2021	
Subsidiaries:				
ALi (BVI) Microelectronics Corporation	$	637,187	$	567,828
ALi Innovations Corporation		83,248		83,086
ALi (Chengdu) Corporation		72,891		77,383
ALitech India LLP		8,303		7,755
	$	801,629	$	736,052

Refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for the information regarding the Company's subsidiaries.

(9) Property, plant and equipment

	2022						
	Land	Buildings and structures	Research and development equipment	Office equipment	Leasehold improvements	Other equipment	Total
At January 1							
Cost	$241,844	$ 141,188	$ 124,716	$ 27,875	$ 4,904	$ 8,903	$549,430
Accumulated depreciation and impairment	-	(66,958)	(105,607)	(23,445)	(1,872)	(8,903)	(206,785)
	$241,844	$ 74,230	$ 19,109	$ 4,430	$ 3,032	$ -	$342,645
2022							
Opening net book amount as at January 1	$241,844	$ 74,230	$ 19,109	$ 4,430	$ 3,032	$ -	$342,645
Additions	-	1,415	4,880	5,225	-	-	11,520
Disposals	-	-	(6,758)	(1,434)	(2,408)	-	(10,600)
Depreciation charge	-	(4,018)	(5,026)	(2,097)	(624)	-	(11,765)
Closing net book amount as at December 31	$241,844	$ 71,627	$ 12,205	$ 6,124	$ -	$ -	$331,800
At December 31							
Cost	$241,844	$ 142,603	$ 118,599	$ 29,537	$ -	$ 8,903	$541,486
Accumulated depreciation and impairment	-	(70,976)	(106,394)	(23,413)	-	(8,903)	(209,686)
	$241,844	$ 71,627	$ 12,205	$ 6,124	$ -	$ -	$331,800

	2021						
	Land	Buildings and structures	Research and development equipment	Office equipment	Leasehold improvements	Other equipment	Total
At January 1							
Cost	$241,844	$ 140,261	$ 107,641	$ 26,445	$ 3,854	$ 8,903	$528,948
Accumulated depreciation and impairment	-	(63,200)	(99,107)	(21,580)	(422)	(8,903)	(193,212)
	$241,844	$ 77,061	$ 8,534	$ 4,865	$ 3,432	$ -	$335,736
2021							
Opening net book amount as at January 1	$241,844	$ 77,061	$ 8,534	$ 4,865	$ 3,432	$ -	$335,736
Additions	-	927	17,118	1,534	1,050	-	20,629
Depreciation charge	-	(3,758)	(6,543)	(1,969)	(1,450)	-	(13,720)
Closing net book amount as at December 31	$241,844	$ 74,230	$ 19,109	$ 4,430	$ 3,032	$ -	$342,645
At December 31							
Cost	$241,844	$ 141,188	$ 124,716	$ 27,875	$ 4,904	$ 8,903	$549,430
Accumulated depreciation and impairment	-	(66,958)	(105,607)	(23,445)	(1,872)	(8,903)	(206,785)
	$241,844	$ 74,230	$ 19,109	$ 4,430	$ 3,032	$ -	$342,645

(10) Lease transactions－lessee

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 1 to 3 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:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Buildings and structures	$ 1,151	$ 3,009

	Year ended December 31,	
	2022	2021
	Depreciation charge	Depreciation charge
Buildings and structures	$ 4,840	$ 5,462

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $2,983 and $0, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31,	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 60	$ 99
Expense on short-term lease contracts	$ 1,126	$ 491

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $6,139 and $6,175, respectively.

(11) Investment property

	2022	2021
	Land and structures	Land and structures
At January 1		
Cost	$ 275,157	$ 275,157
Accumulated depreciation	(35,300)	(33,578)
	$ 239,857	$ 241,579
Opening net book amount as at January 1		
Depreciation charge	$ 239,857	$ 241,579
Closing net book amount as at December 31	(1,722)	(1,722)
	$ 238,135	$ 239,857
At December 31		
Cost	$ 275,157	$ 275,157
Accumulated depreciation	(37,022)	(35,300)
	$ 238,135	$ 239,857

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31,	
	2022	2021
Rental income from investment property (shown as 'other income')	$ 12,338	$ 10,714
Direct operating expenses arising from the investment property that generated rental income during the year (shown as 'other gains and losses')	($ 1,722)	($ 1,722)

The lease contract on the aforementioned investment property was terminated early following the notification by the lessee and mutual consent by both parties in May 2021. Thus, the lessee made a penalty payment of $5,200 to the Company as agreed in the contract, shown as 'other income'.

B. The fair value of the investment property held by the Company as at December 31, 2022 and 2021 was $576,363 and $526,654, respectively, which was valued using the comparison approach based on market transaction prices and is categorised within Level 3 in the fair value hierarchy.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2022	December 31, 2021
1st year	$ 7,073	$ 14,970
2nd year	7,073	7,732
3rd year	7,073	7,073
4th year	6,484	7,073
5th year	-	6,484
	$ 27,703	$ 43,332

(12) Intangible assets

	2022		
	Computer software	Acquired special technology	Total
At January 1			
Cost	$ 587,336	$ 471,579	$ 1,058,915
Accumulated amortisation	(524,460)	(399,993)	(924,453)
	$ 62,876	$ 71,586	$ 134,462
2022			
Opening net book amount as at January 1	$ 62,876	$ 71,586	$ 134,462
Additions	80,219	-	80,219
Disposals	(101)	(48,545)	(48,646)
Amortisation charge (mainly research and development expenses)	(56,165)	(12,534)	(68,699)
Closing net book amount as at December 31	$ 86,829	$ 10,507	$ 97,336
At December 31			
Cost	$ 667,420	$ 386,566	$ 1,053,986
Accumulated amortisation	(580,591)	(376,059)	(956,650)
	$ 86,829	$ 10,507	$ 97,336

	2021		
	Computer software	Acquired special technology	Total
At January 1			
Cost	$ 544,475	$ 450,957	$ 995,432
Accumulated amortisation	(464,687)	(357,823)	(822,510)
	$ 79,788	$ 93,134	$ 172,922
2021			
Opening net book amount as at January 1	$ 79,788	$ 93,134	$ 172,922
Additions	42,861	20,622	63,483
Amortisation charge (mainly research and development expenses)	(59,773)	(42,170)	(101,943)
Closing net book amount as at December 31	$ 62,876	$ 71,586	$ 134,462
At December 31			
Cost	$ 587,336	$ 471,579	$ 1,058,915
Accumulated amortisation	(524,460)	(399,993)	(924,453)
	$ 62,876	$ 71,586	$ 134,462

For the year ended December 31, 2022, the Company transferred certain assets to associates accounted for using the equity method with a total carrying amount of $47,916. Refer to Note 7 for details.

(13) Other payables

	December 31, 2022	December 31, 2021
Wages and salaries and bonuses payable	$ 79,267	$ 128,158
Intangible assets payable	73,875	64,841
Others	87,566	79,960
	$ 240,708	$ 272,959

(14) Pension

A. Defined contribution plan

Effective July 1, 2005, the Company has 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. The Company contributes 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.

B. The pension costs under defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were $13,299 and $17,027, respectively.

(15) Share-based payment

A. Compensatory employee stock options

(a) Details of the Company's payment arrangements for employee stock options as of December 31, 2022 are as follows:

Type of arrangement	Grant date	Unit granted (in thousands)	Contract period (years)	Vesting conditions
Employee stock options	2019.12.02	5,000	4.5	Note 1
〃	2020.03.19	500	4.5	Note 1
〃	2020.08.20	4,255	5	Note 2
〃	2020.10.20	330	5	Note 2

Note 1: Employees can exercise their stock options in tranches at a certain percentage each trance, subject to their continued service through the respective vesting dates (two, three and four years).

Note 2: Employees can exercise their stock options in tranches at a certain percentage each trance, subject to their continued service through the respective vesting dates (two and three years).

(b) The fair value of employee stock options granted on grant date is measured using the binomial and trinomial tree models. Relevant information is as follows:

Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life (in years)	Expected dividend rate	Risk-free interest rate	Fair value per unit (in dollars)
2019.12.02	17.90	17.90	42.16%	4.5	0%	0.5777%	6.33
2020.03.19	11.55	11.55	42.26%	4.5	0%	0.6211%	4.10
2020.08.20	23.85	23.85	46.01%	5	0%	0.3190%	8.06~8.79
2020.10.20	24.75	24.75	44.78%	5	0%	0.2304%	9.58

(c) Details of compensatory employee stock options for the years ended December 31, 2022 and 2021 are as follows:

	2022		2021	
Options	Number of options (in thousands)	Weighted-average exercise price (in dollars)	Number of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	6,285	$ 20.35	10,085	$ 20.32
Options forfeited	(690)	23.95	(3,590)	20.42
Options exercised	(972)	17.16	(210)	17.82
Options outstanding at December 31	4,623	20.48	6,285	20.35
Options exercisable at December 31	1,984	20.55	720	17.90

(d) The expenses arising from the Company's compensatory employee stock option transactions (equity-settled) for the years ended December 31, 2022 and 2021 amounted to $8,074 and $16,182, respectively.

B. Employee restricted stocks

(a) Details of the Company's share-based payment arrangements for employee restricted stocks as of December 31, 2022 are as follows:

Type of arrangement	Grant date	Units granted (in thousands)	Contract period (years)	Vesting conditions
Restricted stocks to employees (Note 2)	2020.08.20	1,900	3.0	Note 1
〃	2020.10.20	100	3.0	Note 1

Note 1: For employees who remain with the Company since the grant date of restricted stocks, whose operating performance achieve the target performance and overall contribution set out by the Company, and who did not violate the labour contract and relevant contract terms during the vesting period, restricted stocks are vested in tranches at a certain percentage each tranch during the contract period.

Note 2: The issued employee restricted stocks before meeting the vesting conditions are subject to certain restrictions as follows:

i. Employee restricted stocks cannot be sold, transferred, donated, pledged, requested the Company to buy back, or disposed in any other ways, except for inheritance.

ii. The rights to attend, propose, speak or vote at the shareholders' meeting are implemented in accordance with the trust custody contract.

iii. Other rights are the same as the issued ordinary shares of the Company. However, the return of capital from capital reduction of the Company needs to be kept in the trust before meeting the vesting conditions.

iv. Where employees fail to meet the vesting conditions, the Company will redeem at no consideration and retire those stocks.

(b) The fair value of employee restricted stocks granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life (in years)	Expected dividend rate	Risk-free interest rate	Fair value per unit (in dollars)
2020.08.20	23.85	-	60.09%	0.58~ 2.58	0%	0.1805%~ 0.2397%	23.85
2020.10.20	24.75	-	19.73%	0.42~ 2.42	0%	0.1479%~ 0.1873%	24.75

(c) Details of employee restricted stocks for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Employee restricted stocks	Number of shares (in thousands)	Number of shares (in thousands)
Stocks granted but not yet vested at January 1	910	2,000
Stocks retired	(430)	(1,090)
Stocks granted but not yet vested at December 31	480	910

(d) The expenses (reversal) arising from the Company's employee restricted stocks (equity-settled) for the years ended December 31, 2022 and 2021 amounted to ($3,781) and $156, respectively.

C. Treasury stock transferred to employees

(a) Details of the Company's payment arrangements for treasury shares transferred to employees as of December 31, 2022 are as follows:

Type of arrangement	Grant date	Units granted (in thousands)
Treasury stock transferred to employees	2021.01	2
〃	2021.04	297
〃	2021.07	423
〃	2021.08	22
〃	2021.12	214
〃	2022.04	489

(b) The fair value of treasury shares transferred to employees granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life (in years)	Expected dividend rate	Risk-free interest rate	Fair value per unit (in dollars)
2021.01	30.35	26.76	44.40%	0.15	0%	0.0466%	4.24
2021.04	23.49	14.94	47.19%	0.02	0%	0.0802%	8.55
2021.07	28.6	26.85	45.50%	0.09	0%	0.0463%	2.53
2021.08	29.7	23.65	46.16%	0.05	0%	0.0488%	6.07
2021.12	32.3	29.17	52.81%	0.09	0%	0.2067%	3.88
2022.04	18.75	14.97	57.77%	0.01	0%	0.0934%	3.78

(c) The expenses arising from the Company's treasury shares transferred to employees (equity-settled) for the years ended December 31, 2022 and 2021 amounted to $1,625 and $4,616, respectively.

(16) Share capital

A. As of December 31, 2022, the Company's authorised capital and paid-in capital were $3,600,000 and $1,942,019, respectively, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2022	2021
	Number of shares (in thousands)	Number of shares (in thousands)
At January 1	191,827	189,623
Treasury shares transferred to employees	703	3,294
Retirement of employee restricted stocks	(430)	(1,090)
Employee stock options exercised	1,182	-
At December 31	193,282	191,827

B. The Company retired 430 thousand shares of employee restricted stocks and reduced the capital as some employees did not meet the vesting conditions and resigned in 2020. The effective date was set on April 19, 2022.

C. For the year ended December 31, 2021, the total number of shares converted from employee stock options was 210 thousand shares, and the payment for the shares amounted to $3,743. As of December 31, 2021, there were 210 thousand shares unregistered, shown as 'advance receipts for share capital' of $2,100. The Board of Directors during its meeting on January 26, 2022 adopted a resolution to set the effective date of capital increase for the conversion on February 7, 2022.

D. Treasury shares

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

	2022		2021	
	Number of shares (in thousands)	Carring amount	Number of shares (in thousands)	Carring amount
At January 1	1,623	$ 33,845	4,917	$ 102,544
Treasury shares transferred to employees	(703)	(14,660)	(3,294)	(68,699)
At December 31	920	$ 19,185	1,623	$ 33,845

The Company repurchased its shares for transfer to employees.

(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.

(17) Capital surplus

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. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2022						
	Share premium	Treasury share transactions	Employee restricted stocks	Employee stock options	Net change in equity of associates	Changes in ownership interests in subsidiaries	Total
At January 1	$ 1,078,632	$ 35,149	($ 1,870)	$ 82,902	$ -	$ -	$ 1,194,813
Exercise of employee stock options	12,869	-	-	(5,908)	-	-	6,961
Retirement of employee restricted stocks	-	-	4,300	-	-	-	4,300
Treasury shares transferred to employees	-	1,767	-	-	-	-	1,767
Share-based payments	-	1,625	(7,230)	8,074	-	-	2,469
Recognition of change in equity of associates in portion to the Company's ownership interest	-	-	-	-	105,243	-	105,243
Changes in ownership interests in subsidiaries (Note 1)	-	-	-	-	-	1,712	1,712
At December 31	$ 1,091,501	$ 38,541	($ 4,800)	$ 85,068	$ 105,243	$ 1,712	$ 1,317,265

	2021					
	Share premium	Treasury share transactions	Employee restricted stocks	Employee stock options	Changes in ownership interests in subsidiaries	Total
At January 1	$ 1,075,660	$ 26,722	$ 213	$ 68,049	$ 11,386	$ 1,182,030
Exercise of employee stock options	2,972	-	-	(1,329)	-	1,643
Retirement of employee restricted stocks	-	-	10,900	-	-	10,900
Treasury shares transferred to employees	-	3,811	-	-	-	3,811
Share-based payments	-	4,616	(12,983)	16,182	-	7,815
Changes in ownership interests in subsidiaries (Note 2)	-	-	-	-	(11,386)	(11,386)
At December 31	$ 1,078,632	$ 35,149	($ 1,870)	$ 82,902	$ -	$ 1,194,813

(Note 1) In the fourth quarter of 2022, the Group acquired an additional 31% of issued shares of Zhuhai Feiyang Management Consulting Partnership (Limited Partnership). The carrying amount of non-controlling interest in Zhuhai Feiyang Management Consulting Partnership (Limited Partnership) was $2,248 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by $2,248 and an increase in the equity attributable to owners of the parent by $1,712. Refer to Note 6(26) in the Company's 2022 consolidated financial statements for details.

(Note 2) In the third quarter of 2021, the Group acquired an additional 5.05% of issued shares of Xsail Technology Co., Ltd. for a cash consideration of $13,734. The carrying amount of non-controlling interest in Xsail Technology Co., Ltd. was ($27) at the acquisition date. This transaction resulted in an increase in the non-controlling interest by $27 and a decrease in the equity attributable to owners of the parent by $13,761. Refer to Note 6(26) in the Company's 2022 consolidated financial statements for details.

(18) Retained earnings (Accumulated deficit)

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, 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 until the legal reserve equals the paid-in capital. The special reserve is set aside or reversed according to regulations when necessary. The appropriation of the remaining earnings, if any, along with the accumulated unappropriated retained earnings at beginning of year shall be proposed the Board of Directors and resolved at the shareholders' meeting as dividends to shareholders.

B. In accordance with the Company's Articles of Incorporation, the appropriation of earnings and the offset of deficits could be implemented after the end of each quarter. In accordance with Article 240 of the Company Act, the Board of Directors is authorised by the Company to resolve the distribution of dividends and bonuses, capital surplus or legal reserve, in whole or in part, in the form of cash by the resolution adopted by the majority vote in the meeting attended by two-thirds of the total number of directors, and then reported it to the shareholders. The above distribution is not subject to approval by the shareholders.

C. As the Company is in the growing stage, the Company takes into consideration its investment environment, capital needs, business and financial plans and other factors to determine the total distributable earnings of the year. The dividends will be distributed in the form of cash or shares. However, cash dividends shall account for at least 10% of the total dividends distributed. The information relating to employees' compensation and directors' remuneration asstipulated in the the Company's Articles of Incorporation is provided in Note 6(23).

D. 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 in proportion to their share ownership 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.

E. On June 14, 2022, the shareholders of the Company approved to offset the legal reserve against the accumulated deficit in the amount of $648,631.

F. The shareholders during their meetings in June 2022 and August 2021 resolved not to distribute dividends from 2021 and 2020 earnings, respectively. Information on the aforementioned resolutions adopted at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

G. In November 2022, the Company's Board of Directors during its meeting resolved not to distribute dividends from the third quarter earnings of 2022. Information on the aforementioned resolution of the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Other equity items

	2022		
	Foreign currency translation	Unearned compensation	Total
At January 1	($ 1,246)	($ 3,449)	($ 4,695)
Currency translation – group	10,172	-	10,172
Currency translation – associates	1,398	-	1,398
Share-based payments	-	3,449	3,449
At December 31	$ 10,324	$ -	$ 10,324

	2021		
	Foreign currency translation	Unearned compensation	Total
At January 1	($ 3,311)	($ 16,588)	($ 19,899)
Currency translation	2,065	-	2,065
Share-based payments	-	13,139	13,139
At December 31	($ 1,246)	($ 3,449)	($ 4,695)

(20) Operating revenue

	Year ended December 31	
	2022	2021
Sales of goods	$ 2,371,560	$ 2,745,202
Sales of services	103,254	1,424
	$ 2,474,814	$ 2,746,626

A. The Company's operating revenues are mainly revenue arising from contracts with customers, and revenue is recognised at a point in time.

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities - advance sales receipts	$ 2,640	$ 6,541	$ 6,290

Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Year ended December 31	
	2022	2021
Contract liabilities - advance sales receipts	$ 4,000	$ 5,761

C. Refund liabilities (shown as 'other current liabilities')

	December 31, 2022	December 31, 2021	January 1, 2021
Refund liabilities - current	$ 7,211	$ 15,924	$ 30,070

The Company's refund liabilities were mainly related to the sales of chipsets for consumer electronic products, and were estimated based on historical data on refunds and allowances and by taking into account management's judgement and other known factors indicating that sales returns and allowances are likely to occur.

(21) Other gains and losses

	Year ended December 31	
	2022	2021
Gains on disposals of intangible assets (including related parties)	$ 28,170	$ -
Foreign exchange gains (losses)	6,950	(604)
Losses on disposals of investments in subsidiaries	-	(9,340)
Depreciation charges on investment property	(1,722)	(1,722)
(Losses) gains on financial assets and liabilities at fair value through profit or loss	(6,094)	6,892
Others	(430)	(326)
	$ 26,874	($ 5,100)

(22) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense		
Short-term employee benefits	$ 373,620	$ 546,902
Share-based payment	5,918	20,954
Post-employment benefits	13,299	17,027
Depreciation	18,327	20,904
Amortisation	68,699	101,943
	$ 479,863	$ 707,730

(23) Employees' compensation and directors' remuneration

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' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 1.5% for directors' remuneration.

B. For the year ended December 31, 2022, the Company's employees' compensation was accrued at $1,500, and directors' and supervisors' remuneration was accrued at $400. The aforementioned amounts were recognised in salary expenses. For the year ended December 31, 2022, the employees' compensation and directors' and supervisors' remuneration were accrued based on the distributable profit of the current year.

The Company incurred losses for the year ended December 31, 2021, and thus did not accrue employees' compensation and directors' remuneration.

Information about the appropriation of employees' compensation and directors' remuneration by the Company as proposed by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Deferred tax:		
Origination and reversal of temporary differences	$ 12,066	$ 4,689
Income tax expense	$ 12,066	$ 4,689

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2022	2021
Currency translation differences	($ 2,893)	($ 517)

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2022	2021
Tax calculated based on profit (loss) before tax and statutory tax rate	$ 5,245	($ 17,146)
Expenses disallowed by tax regulation	1	9
Tax exempt income by tax regulation	736	(2,656)
Adjustment for temporary difference not recognised as deferred tax assets	6,084	24,482
Income tax expense	$ 12,066	$ 4,689

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
－Temporary differences:				
Loss on market value decline and obsolete and slow-moving inventories	$ 34,396	($ 5,919)	$ -	$ 28,477
Investments accounted for using the equity method	89,585	11,993	-	101,578
Unrealised exchange loss	14,657	(2,435)	-	12,222
Tax losses	549,673	(20,920)	-	528,753
Others	12,200	7,173	(2,893)	16,480
	$ 700,511	($ 10,108)	($ 2,893)	$ 687,510
Deferred tax liabilities:				
－Temporary differences:				
Others	($ 801)	($ 1,958)	$ -	($ 2,759)
	($ 801)	($ 1,958)	$ -	($ 2,759)

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
－Temporary differences:				
Loss on market value decline and obsolete and slow-moving inventories	$ 67,368	($ 32,972)	$ -	$ 34,396
Investments accounted for using the equity method	117,114	(27,529)	-	89,585
Unrealised exchange loss	13,043	1,614	-	14,657
Tax losses	492,946	56,727	-	549,673
Others	16,874	(4,157)	(517)	12,200
	$ 707,345	($ 6,317)	($ 517)	$ 700,511
Deferred tax liabilities:				
－Temporary differences:				
Unrealised gain on valuation of financial assets	($ 1,582)	$ 1,582	$ -	$ -
Others	(847)	46	-	(801)
	($ 2,429)	$ 1,628	$ -	($ 801)

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry date
2015	$ 111,888	$ 41,537	$ 41,537	2025
2016	315,962	315,962	315,962	2026
2017	560,532	560,532	120,348	2027
2018	659,850	659,850	-	2028
2019	534,669	534,669	-	2029
2020	264,966	264,966	-	2030
2021	744,095	744,095	-	2031

December 31, 2021				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry date
2015	$ 111,888	$ 111,888	$ 111,888	2025
2016	315,962	315,962	312,588	2026
2017	560,532	560,532	-	2027
2018	659,850	659,850	-	2028
2019	534,669	534,669	-	2029
2020	264,966	264,966	-	2030
2021	724,973	724,973	-	2031

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(25) Earnings (loss) per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the year	$ 14,157	192,247	$ 0.07
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	14,157	192,247	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	1,267	
Employee restricted stocks	-	439	
Employees' compensation	-	73	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 14,157	194,026	$ 0.07

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss for the year	($ 90,421)	190,397	($ 0.47)

The potential ordinary shares have anti-dilutive effect due to net loss for the year ended December 31, 2021, so the calculation of diluted loss per share is the same as the calculation of basic loss per share.

(26) Supplemental cash flow information

A. Investing activities with cash payments for purchases of property, plant and equipment:

	Year ended December 31	
	2022	2021
Purchase of property, plant and equipment	$ 11,520	$ 20,629
Add: Opening balance of payable on equipment	854	1,651
Less: Ending balance of payable on equipment	(2,146)	(854)
Cash paid during the year	$ 10,228	$ 21,426

B. Investing activities with cash payments for purchases of intangible assets:

	Year ended December 31	
	2022	2021
Purchase of intangible assets	$ 80,219	$ 63,483
Add: Opening balance of payable on intangible assets	64,841	83,424
Less: Ending balance of payable on intangible assets	(73,875)	(64,841)
Cash paid during the year	$ 71,185	$ 82,066

C. Investing activities with cash receipts from disposal of intangible assets:

	Year ended December 31, 2022
Disposal of intangible assets	$ 48,646
Add: Gains on disposals of intangible assets	28,170
Impact of changes in foreign exchange rate	7,598
Less: Ending balance of receivable on intangible assets	(69,881)
Changes in other non-cash items	(7,462)
Cash received during the year	$ 7,071

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Ali (BVI) Microelectronics Corporation	Subsidiary
ALitech India LLP	Subsidiary
ALi Innovations Corporation	Subsidiary
ALi (Chengdu) Corporation	Subsidiary
ALi (China) Corporation	Subsidiary
ALi (Zhuhai) Corporation	Subsidiary
Zhuhai Feiyang Management Consulting Partnership (Limited Partnership)	Subsidiary
Xsail Technology Co., Ltd.	Subsidiary
AIXlink Ltd.	Associate
Auto Dynamics Ltd.	Associate

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2022	2021
Sales of goods:		
Subsidiaries		
ALi (Chengdu) Corporation	$ 68,972	$ -
Design fees revenue:		
Associates		
AIXlink Ltd.	66,594	-
	$ 135,566	$ -

The Company's sales prices to the aforementioned related parties are determined by both parties with reference to the market price. The Company's prices of providing services to related parties are calculated by cost-plus pricing. The transaction terms are determined by both parties with reference to the market price.

B. Purchases

	Year ended December 31	
	2022	2021
Purchases of goods:		
Subsidiaries		
ALi (Chengdu) Corporation	$ 21,118	$ -

Prices of the Company's purchases from related parties were determined by both parties with reference to the market price.

C. Receivables from related parties

	December 31, 2022	December 31, 2021
Accounts receivable:		
Subsidiaries		
ALi (Chengdu) Corporation	$ 48,361	$ -
Associates		
AIXlink Ltd.	42,952	-
	91,313	-
Other receivable		
Subsidiaries		
ALi (China) Corporation	140	138
ALi Innovations Corporation	17,586	-
Associates		
AIXlink Ltd.	69,219	-
	86,945	138
	$ 178,258	$ 138

(a) The receivables due from related parties mainly arise from sales of goods, revenue from development commission service and sales of property. Receivables from sales of goods are due 180 days after the sale. Revenue from development commission service was calculated and collected in accordance with the contract. Property transactions were calculated by using the Company’s initial outsourcing cost and received in installments. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

(b) The aforementioned other receivables due from associates had been collected in February 2023.

D. Payables to related parties

	December 31, 2022	December 31, 2021
Other payables:		
Subsidiaries		
ALi (Zhuhai) Corporation	$ 50,868	$ 44,128
ALi (China) Corporation	18,876	28,415
ALitech India LLP	915	1,181
ALi Innovations Corporation	164	-
	$ 70,823	$ 73,724

Payables to related parties mainly arise from outsourcing services to related parties, and payments are due 30 days after the transaction. The payables bear no interest.

E. Property transactions

(a) Disposal of property, plant, and equipment:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain (loss) on disposal
AIXlink Ltd.	$ 9,812	$ 1,742	$ -	$ -

(b) Disposal of intangible assets:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain (loss) on disposal
AIXlink Ltd.	$ 80,047	$ 28,170	$ -	$ -

The gain arising from the aforementioned transactions was deferred according to the shareholding ratio of the Company in counterparties. Unrealised profit or loss was transferred to realised profit or loss according to the amortisation years of assets.

F. Outsourcing service expenses (shown as ‘operating expenses’)

	Year ended December 31	
	2022	2021
Commissioned service fees:		
Subsidiaries		
ALi (Zhuhai) Corporation	$ 208,050	$ 195,925
ALi (China) Corporation	75,133	106,557
ALitech India LLP	9,245	14,196
	$ 292,428	$ 316,678

Some of the Company’s products are outsourced to the above related parties, and the services fees are calculated on a cost-plus basis.

G. Lease transactions－lessor

	Year ended December 31	
	2022	2021
Rent revenue:		
Subsidiaries		
ALi Innovations Corporation	$ 1,581	$ -

H. Other income

	Year ended December 31	
	2022	2021
Other income:		
Subsidiaries		
Xsail Technology Co., Ltd.	$ 1,914	$ 2,337

(3) Key management compensation

	Year ended December 31	
	2022	2021
Short-term employee benefits	$ 27,014	$ 28,341
Share-based payment	(841)	3,238
Post-employment benefits	196	185
	$ 26,369	$ 31,764

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged assets	December 31, 2022	December 31, 2021	Purpose
Financial assets at amortised cost – non-current	$ 5,000	$ 5,000	Customs guarantee deposits

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. The Company issued promissory notes to banks as guarantees for short-term credit facilities, export bill negotiations and financial transactions. As of December 31, 2022 and 2021, the facilities available for use amounted to $1,177,780 and $995,560, respectively. These facilities have not yet been drawn down by the Company as of the respective balance sheet date.

B. The Company entered into a long-term outsourcing service contract with a supplier in 2020 whereby the Company promises to outsource a minimum quantity of packaging and testing at the lowest price.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' interest. The Company manages and adjusts its capital structure depending on changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(2) Financial instruments

A. Financial instruments by category

Information on the Company's financial assets (financial assets at fair value through profit or loss, financial assets at amortised cost, cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties)) and financial liabilities (accounts payable, other payables (including related parties) and lease liabilities) is provided in Note 6 and parent company only balance sheets.

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance. Information on the Company's usage of derivative financial instruments is provided in Note 6(2).

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company'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

Exchange rate risk

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

ii. Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency. The Company is required to hedge their entire foreign exchange risk exposure with the Company treasury. The Company treasury uses forward foreign exchange contracts to manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. 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 Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). According to the simulated results, if the exchange rates had changed by 1%, post-tax profit (loss) for the years ended December 31, 2022 and 2021 would have increased by $3,302 and $197, respectively. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022			December 31, 2021		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets						
Monetary items						
USD:NTD	$ 18,800	30.71	$577,348	$ 14,301	27.68	$395,852
RMB:NTD	7,491	4.408	33,020	4,170	4.344	18,114
Non-monetary						
RMB:NTD	$ 179,974	4.408	$793,326	$ 167,656	4.344	$728,297
Financial liabilities						
Monetary items						
USD:NTD	$ 6,852	30.71	$210,425	$ 11,613	27.68	$321,488
RMB:NTD	15,823	4.408	69,748	16,753	4.344	72,775

iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to $6,950 and ($604), respectively.

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. As of December 31, 2022 and 2021, the Company has no investment in equity securities issued by the above domestic and foreign companies.

Cash flow and fair value interest rate risk

The Company did not have any long-term and short-term borrowings, and thus assessed that the Company has no significant interest rate risk.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company 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. According to the Company's credit policy, the Company 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 management. The utilisation of credit limits is regularly monitored.

iii. Credit risk arises from cash and cash equivalents, derivative financial instruments, beneficiary certificates, deposits with banks and financial institutions, investments in funds and short-term financial products with banks and financial institutions and other financial instruments. Because the counterparties of the Company and performing parties are banks with good credit and financial institutions and government organisations with investment grade or above, the possibility of default is remote. Thus, the Company has no significant credit risk.

iv. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 180 days.

v. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

vi. The Company recognises expected credit losses based on the lifetime expected credit loss. The lifetime expected credit losses are estimated by using a provision matrix and taking into consideration the past default records and current financial position of the customer, economic condition of the industry in which the customer operates and the industry forecasts and outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix uses past due days of accounts receivable to determine expected loss rates and is not further distinguished according to the Company's different customer base.

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i.) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii.) Default or delinquency in interest or principal repayments;

(iii.) Adverse changes in national or regional economic conditions that are expected to cause a default.

viii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

ix. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. The calculation is as follows:

December 31, 2022	Not past due	1~30 days past due	31~60 days past due	61~180 days past due	Over 180 days past due	Total
Expected loss rate	0.01%	0.01%	0.01%	5.00%~ 50.00%	100.00%	
Total book value	$ 148,819	$ 20,907	$ -	$ -	$ 34,125	$ 203,851
Lifetime expected credit losses	($ 16)	($ 2)	$ -	$ -	($ 34,125)	($ 34,143)

December 31, 2021	Not past due	1~30 days past due	31~60 days past due	61~180 days past due	Over 180 days past due	Total
Expected loss rate	0.01%	0.01%	0.01%	5.00%~ 50.00%	100.00%	
Total book value	$ 280,720	$ 57,276	$ -	$ -	$ -	$ 337,996
Lifetime expected credit losses	($ 28)	($ 6)	$ -	$ -	$ -	($ 34)

x. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2022	2021
	Accounts receivable	Accounts receivable
At January 1	$ 34	$ 10,700
Provision for impairment	34,109	-
Reversal of impairment loss	-	(222)
Write-off during the year	-	(10,444)
At December 31	$ 34,143	$ 34

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company’s liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Company treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled 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 and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Non-derivative financial liabilities:					
Non-interest -bearing liabilities	$453,549	$ 1,220	$ -	$ -	$454,769
Lease liabilities	1,245	-	-	-	1,245

December 31, 2021	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Non-derivative financial liabilities:					
Non-interest -bearing liabilities	$687,245	$ 2,596	$ -	$ -	$689,841
Lease liabilities	2,002	1,245	-	-	3,247

Except for the abovementioned, none of the Company's financial liabilities expire within one year.

(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 Company's investment in listed stocks and fund beneficiary certificates is 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 Company's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(11).

C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), financial assets at amortised cost, accounts payable, other payables (including related parties) and lease liabilities are approximate to their fair values.

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
- Fund beneficiary certificates	$ -	$ -	$ 205,105	$ 205,105

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
- Fund beneficiary certificates	$ 18,334	$ -	$ 101,267	$ 119,601

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

ii. 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 fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.

iii. Forward exchange contracts are usually valued based on the current forward exchange rate.

iv. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company’s financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions

v. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company’s credit quality.

E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	2022	2021
Financial assets at fair value through profit or loss	Equity instruments	Equity instruments
At January 1	$ 101,267	$ -
Gains and losses recognised in profit or loss	(3,993)	-
Acquired during the year	107,831	101,267
At December 31	$ 205,105	$ 101,267

G. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

H. Treasury 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, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of 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 December 31, 2022	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Limited partnership private equity fund investment	$ 205,105	Net asset value	Recent non-active market price	Not applicable	The higher the recent market price, the higher the fair value

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Limited partnership private equity fund investment	$ 101,267	Net asset value	Recent non-active market price	Not applicable	The higher the recent market price, the higher the fair value

J. The Company 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 from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022	
Financial assets	Input	Change	Favourable change	Unfavourable change
Fund beneficiary certificates	Discount for lack of marketability	± 1%	$ 2,051	($ 2,051)

			December 31, 2021	
Financial assets	Input	Change	Favourable change	Unfavourable change
Fund beneficiary certificates	Discount for lack of marketability	± 1%	$ 1,013	($ 1,013)

(4) Other matter

The Company has adopted relevant epidemic prevention measures in response to the COVID-19 pandemic and various epidemic prevention measures promoted by the government. The pandemic has no material impact on the Company's operations and business in 2022.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.

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: Refer to table 2.

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 periods: Refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 4.

(4) Major shareholders information

Name of, number of shares held by and ownership percentage of shareholders who own 5% or more of shareholding ratio: None.

14. Operating segment information

Not applicable.

ALi Corporation

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

December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares or units	Book value	Ownership (%)	Fair value	Footnote
	Stocks							
ALi Corporation	MiiiCasa Holding (Cayman) Inc.	None	Financial assets at fair value through profit or loss - non-current	5,000,000	$ -	6.90	$ -	
ALi Corporation	EE SOLUTIONS, INC.	None	Financial assets at fair value through profit or loss - non-current	695,500	-	2.40	-	
	Beneficiary certificates							
ALi Corporation	NFC Fund III, LP.	None	Financial assets at fair value through profit or loss - non-current	209,098,014	205,105	-	205,105	
Ali (BVI) Microelectronics Corporation	CMC Capital Investment, L.P.	None	Financial assets at fair value through profit or loss - non-current	-	25,669	-	25,669	

ALi Corporation

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
ALi (Zhuhai) Corporation	ALi Corporation	Parent company	Service revenue	$ 208,050	100.00%	30 days end of month	Traded at prices agreed upon by both parties	No significant difference	$ 50,868	99.42%	

ALi Corporation

Significant inter-company transactions during the reporting period

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 4)
0	ALi Corporation	ALi (Zhuhai) Corporation	1	Outsourcing service expenses	$ 208,050	30 days end of month	7.85%
0	ALi Corporation	ALi (Zhuhai) Corporation	1	Other payables	50,868	30 days end of month	1.35%
0	ALi Corporation	ALi (China) Corporation	1	Outsourcing service expenses	75,133	30 days end of month	2.83%
0	ALi Corporation	ALi (Chengdu) Corporation	1	Sales revenue	68,972	180 days end of month	2.60%
0	ALi Corporation	ALi (Chengdu) Corporation	1	Accounts receivable	48,361	180 days end of month	1.29%
1	ALi (Chengdu) Corporation	ALi (Zhuhai) Corporation	3	Accounts receivable	33,642	In accordance with the contract	0.89%
1	ALi (Chengdu) Corporation	ALi (China) Corporation	3	Accounts receivable	33,642	In accordance with the contract	0.89%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: The standards of disclosure for inter-company transactions are purchased or sales of goods and receivables/payables from/to related parties reaching NT$25 million or 20% of paid-in capital or more.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

ALi Corporation

Information on investees

December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended	Investment income (loss) recognised by the Company for the year ended	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	December 31, 2022	December 31, 2022	Footnote
ALi Corporation	ALi（BVI）Microelectronics Corporation	British Virgin Islands	Investment company	$ 3,249,452	$ 3,249,452	105,916,532	100.00	$ 637,187	$ 49,326	$ 50,441	
ALi Corporation	ALitech India LLP	India	Research and development and customer technical services	5,850	5,850	-	99.00	8,303	567	561	
ALi Corporation	ALi Innovations Corporation	Cayman Islands	Investment company	83,535	83,535	3,000,000	100.00	83,248	(103,574)	(103,574)	
ALi (BVI) Microelectronics Corporation	ALitech India LLP	India	Research and development and customer technical services	52	52	-	1.00	84	567	6	

ALi Corporation

Information on investments in Mainland China

December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 1)	Investment method (Note 3)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to China	Remitted back to Taiwan							
ALi (Zhuhai) Corporation	Research and development and customer technical services	$ 25,197	2.1	$ 20,691	$ -	$ -	$ 20,691	$ 23,546	100.00	$ 23,546	$ 120,478	$ -	
ALi (China) Corporation	Research and development and customer technical services	225,486	2.1	230,325	-	-	230,325	61,252	100.00	61,252	642,875	-	
Shenzhen Tianchen Semiconductor Technology Partnership (Limited Partnership)	Investment company	-	-	-	-	-	-	79	-	40	-	-	Note 5
Shenzhen Tianchen Semiconductor Technology Co. Ltd.	Research and development, sales and customer technical services	-	-	-	-	-	-	24	100.00	24	-	-	
Zhuhai Feiyang Management Consulting Partnership (Limited Partnership)	Investment company	1,763	2.1	-	-	-	-	5,636	85.50	3,125	6,467	-	Note 6
ALi (Chengdu) Corporation	Research and development, sales and customer technical services	83,752	1	90,595	873	-	91,468	(18,302)	100.00	(7,395)	72,891	-	
Xsail Technology Co., Ltd.	Research and development, sales and customer technical services	8,816	2.1	-	-	-	-	28,165	97.10	25,655	36,722	-	Note 6
AIXlink Ltd.	Research and development, sales and customer technical services	141,202	2.2	-	81,052	-	81,052	(278,705)	32.32	(127,472)	54,975	-	
Auto Dynamics Ltd.	Research and development, sales and customer technical services	22,670	2.1	-	-	-	-	(23,548)	29.70	(6,994)	3,109	-	Note 7

ALi Corporation

Information on investments in Mainland China

December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	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 8)
ALi Corporation	$ 463,138	$ 655,089	$ 1,960,142

Note 1: The numbers in this table are expressed in New Taiwan Dollars. Foreign currencies are translated into New Taiwan dollars using the exchange rates on the financial reporting date or the average exchange rate during the reporting period.

Note 2: Investment income (loss) recognised by the Company for the year ended December 31, 2022 was evaluated based on each investee's audited financial statements for the corresponding period.

Note 3: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1). Directly invest in a company in Mainland China

(2). Through investing in an existing company in the third area, which then invested in the investee in Mainland China

(2.1). Through investing in ALi（BVI）Microelectronics Corporation in the third area, which then invested in the investee in Mainland China

(2.2). Through investing in ALi Innovations Corporation in the third area, which then invested in the investee in Mainland China

(3). Others

Note 4: The investment amount of USD 1,290 thousand previously made by the Company in ALi (Shanghai) Corporation, which was liquidated in August 2019, has been recovered by the Company's subsidiary, ALi (China) Corporation.

Note 5: ALi (China) Corporation jointly established Shenzhen Tianchen Semiconductor Technology Partnership (Limited Partnership) with Shenzhen Skyworth Digital Technology Co.,Ltd., and used its own capital to make capital contributions. It was dissolved and liquidated by the resolution of the board of directors on May 4, 2022 and had been liquidated in November, 2022.

Note 6: ALi (China) Corporation used its own capital to make capital contributions to Zhuhai Feiyang Management Consulting Partnership (Limited Partnership) and Xsail Technology Co., Ltd.

Note 7: ALi (China) Corporation used its own capital to make capital contributions to Auto Dynamics Ltd.

Note 8: It was calculated based on 60% of the Company's net asset value in the consolidated financial statements.

ALI CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Summary 1

Item	Description					Amount
Cash on hand and petty cash	KRW	115	In thousands	Exchange	0.025	$ 3
Bank deposits						
Demand deposits						94,884
Foreign currency deposits	EUR	-	In thousands	Exchange	32.720	13
	KRW	43,691	In thousands	Exchange	0.025	1,075
	RMB	502	In thousands	Exchange	4.408	2,212
	USD	6,476	In thousands	Exchange	30.710	198,890
	CHF	-	In thousands	Exchange	33.205	1
						$ 297,078

(Remainder of page intentionally left blank)

ALI CORPORATION
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 2

Client Name	Description	Amount	Note
Third parties			
Client A		$ 60,355	
Client B		36,308	
Client C		30,226	
Client D		17,572	
Client E		16,553	
Client F		15,033	
Client G		12,821	
Others		14,983	Balance of individual customers is less 5% of this account's balance.
		203,851	
Less: Allowance for uncollectible accounts		(34,143)	
		$169,708	

(Remainder of page intentionally left blank)

ALI CORPORATION
STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Summary 3

Item	Description	Amount: Cost	Amount: Net Realisable Value	Note
Raw materials and supplies		$ 249,045	$ 462,363	Replacement cost is used as net realisable value for raw materials and supplies, and work in progress and finished goods are evaluated by net realisable value.
Work in progress		54,301	87,570	
Finished goods		114,719	186,095	
		418,065	$ 736,028	
Less: Allowance for valuation loss		(142,383)		
		$ 275,682		

(Remainder of page intentionally left blank)

ALI CORPORATION
STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Summary 4

	Beginning Balance		Addition		Decrease		Ending Balance			
Name of Financial Instrument	Shares / units	Fair Value	Shares / units	Amount	Shares / units	Amount	Shares / units	Fair Value	Collateral	Note
Fund beneficiary certificates										
NFC Fund III, LP.	101,267,157	$101,267	107,830,857	$ 107,831	-	$ -	209,098,014	$ 205,105	None	
PGIM 4 Year Maturity Emerging Market Infrastructure Bond Fund	2,000,000	18,334	-	-	(2,000,000)	(18,334)	-	-	None	
		$119,601		$ 107,831		($18,334)		$ 205,105		

(Remainder of page intentionally left blank)

ALI CORPORATION
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Summary 5

	Beginning Balance		Addition (Note 1)		Decrease (Note 2)		Ending Balance			Market Value or Net Assets Value			
Name	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral	Note
Ali (BVI) Microelectronics Corporation	105,916,532	$ 567,828	-	$ 69,359	-	$ -	105,916,532	100%	$ 637,187	-	$ 706,138	None	None
ALi Innovations Corporation	3,000,000	83,086	-	107,697	-	(107,535)	3,000,000	100%	83,248	-	87,194	〃	〃
ALi (Chengdu) Corporation	-	77,383	-	3,387	-	(7,879)	-	100%	72,891	-	157,905	〃	〃
ALitech India LLP	-	7,755	-	561	-	(13)	-	99%	8,303	-	8,303	〃	〃
		$ 736,052		$181,004		($115,427)			$ 801,629		$ 959,540		

Note 1: Additions for the year include gains on investments accounted for using the equity method, accumulated translation adjustments and change in investee’s net equity value.
Note 2: Decreases for the year include losses on investments accounted for using the equity method and accumulated translation adjustments.

(Remainder of page intentionally left blank)

ALI CORPORATION
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 6

Supplier Name	Description	Amount	Note
Third parties			
Supplier A		$ 43,500	
Supplier B		28,597	
Supplier C		22,023	
Supplier D		18,402	
Supplier E		10,644	
Supplier F		10,318	
Others		8,534	Balance of individual suppliers is less 5% of this account's balance.
		$142,018	

(Remainder of page intentionally left blank)

ALI CORPORATION
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Summary 7

Item	Quantity (Units)	Amount
Sales revenue - chipsets	$ 42,089,109	$ 2,419,370
Design fees revenue	-	103,254
Less: Sales returns and allowances	(98,100)	(47,810)
	$ 41,991,009	$ 2,474,814

(Remainder of page intentionally left blank)

ALI CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Summary 8

Item	Amount
Beginning raw materials	$ 263,748
Add: Raw materials purchased	928,919
Transfers from engineering products	1
Outsourcing fees	345,655
Less: Raw materials scrapped	(20,487)
Ending raw materials	(249,045)
Used by other departments	(213)
Raw materials used	1,268,578
Manufacturing expense	25,342
Manufacturing cost	1,293,920
Add: Beginning work in progress	124,218
Transfers from engineering products	1
Less: Used by other departments	(146)
Work in progress scrapped	(350)
Ending work in progress	(54,301)
Cost of finished goods	1,363,342
Add: Beginning finished goods	149,953
Transfers from engineering products	48
Others	70
Less: Used by other departments	(456)
Finished goods scrapped	(16,253)
Ending finished goods	(114,719)
Cost of goods sold from finished goods	1,381,985
Add: Loss on scrapping inventory	37,090
Other operating costs	117,331
Less: Gain on reversal of decline in market value	(30,000)
Operating costs	$ 1,506,406

ALI CORPORATION
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Summary 9

Item	Amount		Note
Indirect labour	$	18,735	
Depreciation		2,168	
Other expenses		4,439	Balance of individual accounts is less 5% of this account's balance.
	$	25,342	

(Remainder of page intentionally left blank)

ALI CORPORATION
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Summary 10

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Losses	Total	Note
Wages and salaries	$ 16,651	$ 88,437	$ 220,615	$ -	$ 325,703	
Outsourcing service expenses	-	-	292,428	-	292,428	
Amortisation expense	-	1,607	67,092	-	68,699	
Other expenses	45,722	82,006	92,141	34,109	253,978	Balance of individual accounts is less 5% of this account's balance.
	$ 62,373	$ 172,050	$ 672,276	$ 34,109	$ 940,808	

(Remainder of page intentionally left blank)

ALI CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary 11

	Year ended December 31, 2022				Year ended December 31, 2021			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total
Employee Benefit Expense								
Wages and salaries	$ 18,735	$ 325,703	$ -	$ 344,438	$ 14,104	$ 511,611	$ -	$ 525,715
Labour and health insurance fees	620	22,290	-	22,910	1,020	27,806	-	28,826
Pension costs	358	12,941	-	13,299	515	16,512	-	17,027
Directors' remuneration	-	2,016	-	2,016	-	1,842	-	1,842
Other personnel expenses	421	9,753	-	10,174	350	11,123	-	11,473
	$ 20,134	$ 372,703	$ -	$ 392,837	$ 15,989	$ 568,894	$ -	$ 584,883
Depreciation	$ 2,168	$ 14,437	$ 1,722	$ 18,327	$ 2,038	$ 17,144	$ 1,722	$ 20,904
Amortisation	$ -	$ 68,699	$ -	$ 68,699	$ -	$ 101,943	$ -	$ 101,943

Note:

1. As at December 31, 2022 and 2021, the Company had 191 and 246 employees, including 4 and 4 non-employee directors, respectively.
2. The information on additional disclosure is as follows:
   (1) Average employee benefit expense in current year was $2,090. Average employee benefit expense in previous year was $2,409.
   (2) Average employee salaries in current year was $1,842. Average employee salaries in previous year was $2,172.
   (3) Adjustments of average employee salaries was -15.19% .
   (4) The Company has set up the audit committee and therefore it has no supervisors’ remuneration.
   (5) The Company’s compensation policy

   The Company’s directors are compensated according to remuneration prescribed in the Articles of Incorporation of the Company. The managers and employees are given reasonable compensation, which is determined by reference to overall operating performance, future operating risks and development trend in the industry, and by consideration of responsibilities and contribution of their positions in the Company.