

ALI CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2024 AND 2023

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, 2024 AND 2023 CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
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Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of ALi Corporation (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2024 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of ALi Corporation and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, ALi Corporation does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,
ALi Corporation
By

Sophia Liang, Chairman
February 27, 2025

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors of ALi Corporation

Opinion

We have audited the accompanying consolidated balance sheets of ALi Corporation and subsidiaries (the "Group") as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 consolidated financial statements section of our report. We are independent of the Group 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 Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated 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 Group's 2024 consolidated 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(24) for details of sales revenue.

The Group recognized net operating revenue amounting to NT\$1,628,224 thousand for the year ended December 31, 2024. The Group 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 from the business growth and competition in the industry on the Group might increase the risks related to the existence of operating revenue recognition, we considered the existence of operating revenue from the top ten overseas distributors 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 to perform 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 it against the original documents of sales revenue, refunds and allowances, and assessed whether there are any material or unusual transactions or material refunds after the balance sheet date to ascertain whether the recognition of sales revenue meets the requirements for revenue recognition.

Evaluation of Inventories

Description

Refer to Note 4(13) 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 Group 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 Group measures regularly sold inventory at the lower of cost and net realizable value. Inventories that are over a certain age and individually identified as obsolete inventory are individually assessed and losses are recognized based on the individually identified net realizable value.

As the amounts of the Group's inventories are material, the types of inventories vary, and the estimation of net realizable value is subject to management's judgement, we considered the Group'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 of, and assessed the reasonableness of the policy on recognizing allowance for inventory valuation losses.
2. Obtained the net realizable value report of inventories which was used in the valuation of management, discussed with management, obtained supporting documents and recalculated the net realizable value of certain inventories.

3. Verified whether the systematic logic used in the Group's inventory aging report by management is appropriate and in accordance with the Group's accounting policy, and assessed the reasonableness of allowance for valuation loss on inventories with longer age.

Other Matter – Parent Company Only Financial Reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of ALi Corporation as at and for the years ended December 31, 2024 and 2023.

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 consolidated 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.

Chieh-Ju, Hsu Shu-Chiung, Chang

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 27, 2025

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ALI CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	864,528	33	\$	588,588	23
1110	Current financial assets at fair value through profit or loss	6(2)		35,844	1		30,310	1
1136	Current financial assets at amortized cost	6(3) and 8		44,234	2		201,380	8
1170	Accounts receivable, net	6(4)		68,404	3		132,786	5
1200	Other receivables	6(6)		125,562	5		104,384	4
1220	Current tax assets			1,513	-		819	-
130X	Current inventories	6(7)		333,029	13		339,412	14
1470	Other current assets			78,295	3		52,975	2
11XX	Total current assets			1,551,409	60		1,450,654	57
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)		261,731	10		233,352	9
1535	Non-current financial assets at amortized cost	6(3) and 8		5,000	-		5,000	-
1550	Investments accounted for using equity method	6(8)		-	-		6,739	
1600	Property, plant and equipment	6(9) and 8		269,384	11		247,322	10
1755	Right-of-use assets	6(10)		8,550	-		15,769	1
1760	Investment property, net	6(11) and 8		294,669	11		325,572	13
1780	Intangible assets	6(12)		31,288	1		37,291	1
1840	Deferred tax assets	6(29)		174,847	7		215,637	9
1920	Guarantee deposits paid			3,495	-		4,784	-
1990	Other non-current assets			776	-		805	-
15XX	Total non-current assets			1,049,740	40		1,092,271	43
1XXX	Total assets		\$	2,601,149	100	\$	2,542,925	100

(Continued)

ALI CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			Notes	December 31, 2024		December 31, 2023		
				AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Current borrowings	6(14)	\$	-	-	\$	110,000	4
2130	Current contract liabilities	6(24)		11,333	1		3,791	-
2170	Accounts payable			108,904	4		150,779	6
2200	Other payables	6(15)		450,945	18		269,615	11
2230	Current tax liabilities			2,318	-		3,205	-
2250	Current provisions	6(19)		98,516	4		366,187	14
2280	Current lease liabilities			6,614	-		7,426	-
2300	Other current liabilities	6(24)		7,501	-		11,551	1
21XX	Total current liabilities			686,131	27		922,554	36
Non-current liabilities								
2540	Non-current borrowings	6(16)		560,000	22		-	-
2570	Deferred tax liabilities	6(29)		13,339	-		6,048	-
2580	Non-current lease liabilities			2,114	-		8,477	1
2645	Guarantee deposits received			1,840	-		2,063	-
25XX	Total non-current liabilities			577,293	22		16,588	1
2XXX	Total liabilities			1,263,424	49		939,142	37
Equity								
Equity attributable to owners of parent								
	Share capital	6(20)						
3110	Ordinary share			1,170,737	45		1,939,619	76
3140	Advance receipts for share capital			-	-		5,840	-
3200	Capital surplus	6(21)		447,093	17		1,346,248	54
	Retained earnings	6(22)						
3310	Legal reserve			-	-		2,642	-
3350	Accumulated deficit		(	280,612)	(11)	(	1,678,768)	(66)
3400	Other equity interest	6(23)		13,466	1		1,265	-
3500	Treasury shares	6(20)	(	13,781)	(1)	(	13,781)	(1)
31XX	Equity attributable to owners of parent			1,336,903	51		1,603,065	63
36XX	Non-controlling interests	6(31)		822	-		718	-
3XXX	Total equity			1,337,725	51		1,603,783	63
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		\$	2,601,149	100	\$	2,542,925	100

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

ALI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

	Items	Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(24) and 7	\$ 1,628,224	100	\$ 1,445,754	100
5000	Operating costs	6(7)(27) and 7	(1,169,172)	(71)	(1,140,555)	(79)
5900	Gross profit from operations		<u>459,052</u>	<u>29</u>	<u>305,199</u>	<u>21</u>
	Operating expenses	6(27)				
6100	Selling expenses		(43,891)	(3)	(45,470)	(3)
6200	Administrative expenses		(184,033)	(11)	(170,744)	(12)
6300	Research and development expenses		(485,418)	(30)	(712,294)	(49)
6450	Expect credit losses	12(2)	(312)	-	(30,008)	(2)
6000	Total operating expenses		<u>(713,654)</u>	<u>(44)</u>	<u>(958,516)</u>	<u>(66)</u>
6900	Net operating loss		<u>(254,602)</u>	<u>(15)</u>	<u>(653,317)</u>	<u>(45)</u>
	Non-operating income and expenses					
7100	Interest income		10,135	-	12,122	1
7010	Other income		12,066	1	14,340	1
7020	Other gains and losses	6(25) and 7	30,500	2	(504,227)	(35)
7050	Finance costs	6(26)	(30,020)	(2)	(1,436)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(8)	(3,015)	-	(82,809)	(6)
7000	Total non-operating income and expenses		<u>19,666</u>	<u>1</u>	<u>(562,010)</u>	<u>(39)</u>
7900	Loss before income tax		<u>(234,936)</u>	<u>(14)</u>	<u>(1,215,327)</u>	<u>(84)</u>
7950	Tax expense	6(29)	(45,597)	(3)	(476,108)	(33)
8200	Loss		<u>(\$ 280,533)</u>	<u>(17)</u>	<u>(\$ 1,691,435)</u>	<u>(117)</u>

(Continued)

ALI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

Items	Notes	Year ended December 31			
		2024		2023	
		AMOUNT	%	AMOUNT	%
Other comprehensive loss					
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Exchange differences on translation of foreign financial statements		\$ 15,274	1	(\$ 11,356)	(1)
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		-	-	17	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(29)	(3,048)	-	2,267	-
8360 Other comprehensive income (loss) that will be reclassified to profit or loss		12,226	1	(9,072)	(1)
8500 Total comprehensive loss		<u>(\$ 268,307)</u>	<u>(16)</u>	<u>(\$ 1,700,507)</u>	<u>(118)</u>
Loss attributable to:					
8610 Owners of parent		(\$ 280,612)	(17)	(\$ 1,691,509)	(117)
8620 Non-controlling interests		79	-	74	-
		<u>(\$ 280,533)</u>	<u>(17)</u>	<u>(\$ 1,691,435)</u>	<u>(117)</u>
Comprehensive loss attributable to:					
8710 Owners of parent		(\$ 268,411)	(16)	(\$ 1,700,568)	(118)
8720 Non-controlling interests		104	-	61	-
		<u>(\$ 268,307)</u>	<u>(16)</u>	<u>(\$ 1,700,507)</u>	<u>(118)</u>
Basic/diluted loss per share (in dollars)	6(30)				
9750 Basic/diluted loss per share		<u>(\$ 2.41)</u>		<u>(\$ 14.59)</u>	

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

ALI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Equity Attributable to Owners of the Parent									
		Capital			Retained Earnings		Exchange differences on translation of foreign financial statements	Treasury shares	Total	Non-controlling interests	Total equity
Notes	Ordinary share	Advance receipts for share capital	Capital surplus, additional paid-in capital	Legal reserve	Accumulated deficit						
<u>2023</u>											
		\$ 1,942,019	\$ -	\$ 1,317,265	\$ 1,226	\$ 14,157	\$ 10,324	(\$ 19,185)	\$ 3,265,806	\$ 1,097	\$ 3,266,903
		-	-	-	-	(1,691,509)	-	-	(1,691,509)	74	(1,691,435)
		-	-	-	-	-	(9,059)	-	(9,059)	(13)	(9,072)
		-	-	-	-	(1,691,509)	(9,059)	-	(1,700,568)	61	(1,700,507)
Appropriation and distribution of 2022 retained earnings											
		-	-	-	1,416	(1,416)	-	-	-	-	-
	6(18)(20)	(4,800)	-	4,800	-	-	-	-	-	-	-
	6(8)(21)	-	-	12,074	-	-	-	-	12,074	-	12,074
	6(20)(21)	-	-	1,393	-	-	-	5,404	6,797	-	6,797
	6(18)(21)	-	-	2,643	-	-	-	-	2,643	-	2,643
	6(20)(21)	2,400	5,840	7,742	-	-	-	-	15,982	-	15,982
		-	-	331	-	-	-	-	331	(440)	(109)
		<u>\$ 1,939,619</u>	<u>\$ 5,840</u>	<u>\$ 1,346,248</u>	<u>\$ 2,642</u>	<u>(\$ 1,678,768)</u>	<u>\$ 1,265</u>	<u>(\$ 13,781)</u>	<u>\$ 1,603,065</u>	<u>\$ 718</u>	<u>\$ 1,603,783</u>
<u>2024</u>											
		\$ 1,939,619	\$ 5,840	\$ 1,346,248	\$ 2,642	(\$ 1,678,768)	\$ 1,265	(\$ 13,781)	\$ 1,603,065	\$ 718	\$ 1,603,783
		-	-	-	-	(280,612)	-	-	(280,612)	79	(280,533)
		-	-	-	-	-	12,201	-	12,201	25	12,226
		-	-	-	-	(280,612)	12,201	-	(268,411)	104	(268,307)
	6(21)	-	-	(9,123)	-	-	-	-	(9,123)	-	(9,123)
	6(20)	(780,490)	-	-	-	780,490	-	-	-	-	-
	6(22)	-	-	-	(2,642)	2,642	-	-	-	-	-
	6(21)	-	-	(895,636)	-	895,636	-	-	-	-	-
	6(18)(21)	-	-	1,307	-	-	-	-	1,307	-	1,307
	6(20)(21)	11,608	(5,840)	4,297	-	-	-	-	10,065	-	10,065
		<u>\$ 1,170,737</u>	<u>\$ -</u>	<u>\$ 447,093</u>	<u>\$ -</u>	<u>(\$ 280,612)</u>	<u>\$ 13,466</u>	<u>(\$ 13,781)</u>	<u>\$ 1,336,903</u>	<u>\$ 822</u>	<u>\$ 1,337,725</u>

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

ALI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(\$ 234,936)	(\$ 1,215,327)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(27)	25,164	28,135
Amortization expense	6(27)	50,051	61,872
Expected credit loss	12(2)	312	30,008
Net loss on financial assets at fair value through profit or loss	6(25)	6,434	99,971
Impairment loss - prepayments to suppliers		-	17,527
Impairment loss - investments accounted for using equity method		-	14,678
(Gain on reversal) impairment loss on equity investment	6(25)	(13,623)	369,891
Share of loss of associates and joint ventures accounted for using equity method	6(8)	3,015	82,809
Finance costs	6(26)	30,020	1,436
Interest income		(10,135)	(12,122)
Share-based payments	6(18)	1,307	2,643
Loss on disposal of property, plant and equipment	6(25)	448	590
Gain on disposal of investments	6(25)(32)	(39,868)	-
Gain on disposal of intangible assets	6(25)	-	(3,960)
Gain on lease modification	6(10)	(55)	(13)
Unrealized foreign exchange (gain) loss		(3,203)	10,238
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		61,388	37,410
Accounts receivable due from related parties		-	(18,222)
Other receivables		(21,109)	46,387
Inventories		6,648	(33,929)
Prepayments		(25,029)	(992)
Changes in operating liabilities			
Contract liabilities		7,542	(1,839)
Accounts payable		(42,079)	(3,195)
Other payables		(90,873)	7,912
Provisions for liabilities		12,624	(377)
Other current liabilities		(4,048)	1,692
Cash outflow generated from operations		(280,005)	(476,777)
Interest received		10,135	12,122
Interest paid		(11,383)	(1,436)
Income taxes paid		(2,144)	(3,071)
Net cash flows used in operating activities		(283,397)	(469,162)

(Continued)

ALI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost		(\$ 10,000)	(\$ 33,753)
Proceeds from disposal of financial assets at amortized cost		168,300	79,300
Acquisition of financial assets at fair value through profit or loss	12(3)	(366,453)	(1,556,778)
Proceeds from disposal of financial assets at fair value through profit or loss	12(3)	362,309	1,409,668
Proceeds from disposal of investments accounted for using equity method		-	11,990
Acquisition of property, plant and equipment	6(32)	(7,895)	(9,471)
Acquisition of intangible assets	6(32)	(57,076)	(43,013)
Proceeds from disposal of intangible assets	6(32) and 7	-	68,194
Decrease in guarantee deposits paid		1,341	352
Net cash flows from (used in) investing activities		90,526	(73,511)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in current borrowings		-	140,000
Decrease in current borrowings		(110,000)	(30,000)
Increase in non-current borrowings		560,000	-
(Decrease) increase in guarantee deposits received		(223)	843
Payments of lease liabilities		(8,652)	(7,911)
Exercise of employee share options	6(20)	10,065	15,982
Treasury shares transferred to employees	6(20)	-	6,797
Acquisition of ownership interests in subsidiaries		-	(109)
Net cash flows from financing activities		451,190	125,602
Effect of exchange rate changes on cash and cash equivalents		17,621	(10,486)
Net increase (decrease) in cash and cash equivalents		275,940	(427,557)
Cash and cash equivalents at beginning of year		588,588	1,016,145
Cash and cash equivalents at end of year		\$ 864,528	\$ 588,588

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

ALI CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

1. History and Organization

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 and its subsidiaries (collectively referred herein as the “Group”) are 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 Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on February 27, 2025.

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[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
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
IFRS18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(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 recognized directly in equity.

- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized 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 Group loses control of a subsidiary, all gains or losses previously recognized 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.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
ALi Corporation	ALi (BVI) Microelectronics Corporation	Investment Company	100.00	100.00	
	ALitech India LLP	Research and development and customer technical services	99.00	99.00	
	ALi Innovations Corporation	Investment Company	100.00	100.00	
	ALi (Chengdu) Corporation	Research and development, sales and customer technical services	100.00	100.00	
	Shenzhen Tianchen Semiconductor Technology Co., Ltd.	Research and development, sales and customer technical services	100.00	100.00	
ALi (BVI) Microelectronics Corporation	ALi (China) Corporation	Research and development and customer technical services	100.00	100.00	
	ALitech India LLP	Research and development and customer technical services	1.00	1.00	
ALi (China) Corporation	ALi (Zhuhai) Corporation	Research and development and customer technical services	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
ALi (China) Corporation	Zhuhai Feiyang Management Consulting Partnership (Limited Partnership)	Investment Company	91.75	91.75	
	Xsail Technology Co., Ltd.	Research and development, sales and customer technical services	80.00	80.00	
Zhuhai Feiyang Management Consulting Partnership (Limited Partnership)	Xsail Technology Co., Ltd.	Research and development, sales and customer technical services	20.00	20.00	

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's 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 or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized 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 recognized 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 recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. 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 for each balance sheet presented 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 recognized 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 Group 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 Group 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.

(5) Classification of current and non-current assets and liabilities

- 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 realized, 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 realized 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) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) 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.

(7) 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 amortized 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 recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Group'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 amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group 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 recognized in profit or loss when the asset is derecognized or impaired.
- D. The Group'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.

(9) Accounts receivable

- A. Accounts and notes receivable entitle the Group 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 Group'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 recognized in profit or loss.

(10) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognizes 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 Group 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 Group has not retained control of the financial asset.

(12) Leasing arrangements (lessor) – operating leases

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

(13) Inventories

Inventories are stated at the lower of cost and net realizable 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 realizable 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.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost 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	3 ~ 50 years
Research and development equipment	2 ~ 9 years
Office equipment	2 ~ 10 years
Other equipment	3 ~ 15 years

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

- A. Leases are recognized 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 Group. For short-term leases or leases of low-value assets, lease payments are recognized 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 Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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;
- (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 recognized 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 recognize the difference in profit or loss.

(17) Investment property

An investment property is stated initially at 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.

(18) Intangible assets

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

(19) Impairment of non-financial assets

The Group 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 recognized 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 recognizing 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 amortized historical cost would have been if the impairment had not been recognized.

(20) Borrowings

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

(21) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Derecognition of financial liabilities

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

(23) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognized 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 recognized in profit or loss.

(24) Provisions

Provisions (including warranties and liabilities for compensation of equity investment arising from investment transactions, etc..) are recognized when the Group 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 recognized as interest expense. Provisions are not recognized 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 in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognized 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 recognized 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) 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 recognized 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 recognized 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 recognized 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 Group recognizes 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 have to pay to acquire those stocks, if the employees resign during the vesting period, they must return the stocks to the Group and the Group must refund their payments on the stocks. For restricted stocks issued with consideration with the grant date set on or after October 11, 2024, the Group recognizes the payments from the employees who had paid to acquire the stocks as liabilities at the grant date; For restricted stocks issued with consideration with the grant date set on or before October 10, 2024, the Group recognizes the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognizes the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus, restricted stock'.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 and its subsidiaries operate and generate 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 recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group 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 realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized 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 recognized amounts and there is an intention to settle on a net basis or realize 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 realize 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 equity share capital that has 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. Revenue from contracts with customers

- (a) The Group manufactures and sells chipsets for consumer electronic products. Sales are recognized 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 Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from these sales is recognized 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 recognized 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 recognized 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 recognized 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. Services

The Group provides design and intellectual property rights services for integrated circuits. Revenue from providing services is recognized 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 recognized. If the payments exceed the services rendered, a contract liability is recognized.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. Major Sources of Significant Accounting Assumptions, Judgement and Estimate Uncertainties

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group'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 Group's accounting policies

The judgment that the single largest shareholder does not have control.

The Group is the largest shareholder of an associate accounted for under the equity method. However, considering that the Group does not have the ability to obtain more than half of the seats in the board of directors and does not have the voting rights of more than half of the company's attendance, the Group does not have the actual ability to dominate the relevant activities, and the other shareholders have the substantive right to approve or block certain relevant activities, the Group has judged that it does not have the control, but only has the significant influence over the investee. Refer to Note 6(8) for details.

(2) Critical accounting estimates and assumptions

A. Valuation of accounts receivable

The impairments assessment of accounts receivable relies on the Group'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 Group'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. Details of the carrying amount of accounts receivable are provided in Note 6(4).

B. Valuation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group 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 realizable 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. Details of the carrying amount of inventories are provided in Note 6(7).

C. Realisability of deferred tax assets

Deferred tax assets are recognized 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. Details of the carrying amount of deferred tax assets are provided in Note 6(29).

D. Impairment assessment of non-financial assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future. Refer to Note 6(13) for details.

E. Financial assets - fair value measurement of convertible bonds without active market

The fair value of the convertible bonds held by the Group without active market is measured by reference to the target company's recent financing activities, operating conditions, operation plan, technological development, market conditions and other economic indicators. Any changes in these judgements and estimates will impact the fair value measurement of these convertible bonds. Refer to Notes 6(13) and 12(3) for details.

F. Impairment assessment of investments accounted for using equity method

The Group assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Group assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of expected cash dividends receivable from the investee and expected future cash flows from the disposal of the investee, and analyses the reasonableness of related assumptions. Refer to Notes 6(8) and (13) for details.

G. Provisions

As certain equity investment transactions involve compensation terms, covenants and their triggering conditions, the Group has a present legal or constructive obligation when the conditions are triggered, it is probable that an outflow of economic resources will be required to settle the obligation, and a provision for the obligation should be recognized when the amount of obligation can be reliably estimated. Related provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. Refer to Note 6(19) for details.

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 35	\$ 1
Checking accounts and demand deposits	782,208	579,393
Cash equivalents		
Time deposits maturing within three months	82,285	9,194
	<u>\$ 864,528</u>	<u>\$ 588,588</u>

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

B. The Group reclassified the time deposits maturing over three months to ‘financial assets at amortized cost’. Refer to Note 6(3) for details.

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

Assets	December 31, 2024	December 31, 2023
<u>Current items:</u>		
Financial assets mandatorily measured at fair value through profit or loss		
Structured deposits	\$ 35,844	\$ 30,310
<u>Non-current items:</u>		
Financial assets mandatorily measured at fair value through profit or loss		
Fund beneficiary certificates	\$ 229,756	\$ 233,352
Convertible preference share	31,975	-
	\$ 261,731	\$ 233,352

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

	December 31, 2024	December 31, 2023
Beneficiary certificates	(\$ 4,391)	(\$ 16,136)
Structured deposits	529	7,577
Derivative instruments	(75)	189
Convertible bonds	- (	91,601)
Convertible preference share	(2,497)	-
	(\$ 6,434)	(\$ 99,971)

B. The aforementioned derivative instruments are forward foreign exchange contracts which were entered into by the Group 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, 2024 and 2023, the above forward foreign exchange transactions have been closed and settled.

C. The Group entered into a structured time deposit contract with a bank which includes an embedded derivative instrument that is not closely related to the host contract. As the host contract included in this hybrid contract is an asset within the scope of IFRS 9, the assessment of the hybrid contract as a whole should be mandatorily classified as a financial asset at fair value through profit or loss.

- D. For the year ended December 31, 2023, the Group's subsidiary, ALi (China) Corporation, subscribed the convertible bonds issued by AIXlink Ltd. (hereinafter referred to as "AIXlink"), an associate accounted for under the equity method. The total subscription amounted to RMB20,900 thousand. It was agreed that the Group has the right to exercise the conversion within one year after the subscription of the convertible bonds. The above convertible bonds were fully recognized as the valuation loss amounting to \$91,601 for the year ended December 31, 2023. Refer to Note 6(13) for details of fair value measurement of convertible bonds and related description.
- E. In the third quarter of 2024, the Group acquired financial assets at fair value through profit or loss through share swap and recognized gain on disposal of investments amounting to \$39,868. Refer to 6(8) for details.
- F. The Group has no financial assets at fair value through profit or loss pledged to others.
- G. 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 amortized cost

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current items:</u>		
Time deposits maturing over three months	\$ 44,234	\$ 201,380
<u>Non-current items:</u>		
Time deposits maturing over one year	\$ 5,000	\$ 5,000

- A. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.
- B. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(4) Accounts receivable (including related parties)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	\$ 87,172	\$ 160,641
Accounts receivable-related parties	31,922	30,455
Less: Allowance for uncollectible accounts	(18,768)	(27,855)
Allowance for uncollectible accounts		
-related parties	(31,922)	(30,455)
	<u>\$ 68,404</u>	<u>\$ 132,786</u>

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

	December 31, 2024	December 31, 2023
Current	\$ 60,664	\$ 147,026
1 to 30 days past due	7,748	3,078
31 to 60 days past due	-	865
61 to 180 days past due	-	-
More than 180 days past due	50,682	40,127
	<u>\$ 119,094</u>	<u>\$ 191,096</u>

The above ageing analysis was based on past due date.

B. As of January 1, 2023, the balance of accounts receivable amounted to \$246,847.

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

D. Refer to Notes 6(13) and 7(2) for the details of the above accounts receivable - related parties and their allowance for uncollectible accounts.

(5) Transfer of financial assets

Transferred financial assets that are derecognized in their entirety

A. The Group entered into a factoring agreement with domestic financial institutions to sell its accounts receivable. Under the agreement, the Group 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 Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognized the transferred accounts receivable.

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

C. As of December 31, 2023, the total limit of the accounts receivable factoring was USD 10 million. No amount has been drawn or advanced from the said facility. For the year ended December 31, 2024, the Group has no facility for the accounts receivable factoring.

(6) Other receivables

	December 31, 2024	December 31, 2023
Tax refund receivable	\$ 124,433	\$ 102,776
Others	1,129	1,608
	<u>\$ 125,562</u>	<u>\$ 104,384</u>

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

(7) Inventories

	December 31, 2024	December 31, 2023
Raw materials	\$ 167,730	\$ 135,345
Work in progress	46,459	54,489
Finished goods	118,840	149,578
Total (net amount)	<u>\$ 333,029</u>	<u>\$ 339,412</u>

The cost of inventories recognized as expense for the year:

	Year ended December 31	
	2024	2023
Cost of goods sold	\$ 1,248,317	\$ 961,730
Inventory valuation and (reversal of) obsolescence losses (Note)	(79,145)	178,825
	<u>\$ 1,169,172</u>	<u>\$ 1,140,555</u>

Note: For the year ended December 31, 2024, the Group reversed a previous inventory write-down because part of the obsolete inventories were subsequently sold.

(8) Investments accounted for using the equity method

A. Details of investments accounted for under the equity method are as follows:

	December 31, 2024	December 31, 2023
Associates		
AIXlink, Ltd.	\$ -	\$ -
Others	-	6,739
	<u>\$ -</u>	<u>\$ 6,739</u>

B. The Group's investments accounted for using the equity method are individually immaterial associates and joint ventures, and the Group's share of the operating results are summarized below:

	Year ended December 31	
	2024	2023
Loss for the year from continuing operations	(\$ 3,015)	(\$ 82,809)
Other comprehensive income, net of tax	-	14
Total comprehensive loss	<u>(\$ 3,015)</u>	<u>(\$ 82,795)</u>

C. As of December 31, 2024, the Group is the largest shareholder of AIXlink with a 32.32% equity interest. Given that the Group was unable to obtain more than half of the seats of the Board of Directors and did not have more than half of the voting rights, and the other shareholders have the substantive right to approve or block certain relevant activities, the Group has judged that it does not have the control, but only has the significant influence over the investee.

D. For the years ended December 31, 2024 and 2023, the Group's share of losses in AIXlink which are recognized under the equity method amounted to \$0 and \$77,391, respectively. As of December 31, 2024, the capital surplus arising from adopting the equity method for AIXlink is provided in Note 6(13) B.

- E. In the fourth quarter of 2023, AIXlink was unable to maintain sufficient working capital to support its research and development activities as the operation did not perform as expected. As a result, the Group assessed that there has objective evidence of impairment for the investment in AIXlink and conducted an impairment test and then recognized an impairment loss on investment in AIXlink which accounted for under the equity method amounting to \$14,678, resulting in a balance of investment in AIXlink which was accounted for under the equity method amounting to \$0. Refer to Note 6(13) for details.
- F. In the third quarter of 2024, the Group exchanged shares of the Group's associate, AUTO Mobility Solutions Co., Ltd., with the preferred shares issued by Kiwi Campus Inc. through share swap. According to the terms of the share exchange contract, the share exchange ratio was that each of the ordinary share of AUTO Mobility Solutions Co., Ltd. can be exchanged for 0.03153281 preferred share of Kiwi Campus Inc.. When the share exchange was completed, the Group held 0.77% equity interest in Kiwi Campus Inc., which was subsequently recorded as financial assets at fair value through profit or loss. Refer to Note 6(2) for details.

(9) Property, plant and equipment

	2024						
	Land	Buildings	Research and development equipment	Office equipment	Leasehold improvements	Other equipment	Total
At January 1							
Cost	\$ 171,194	\$ 103,238	\$ 199,954	\$ 44,601	\$ 14,463	\$ 18,504	\$ 551,954
Accumulated depreciation and impairment	-	(53,617)	(181,268)	(37,659)	(13,594)	(18,494)	(304,632)
	<u>\$ 171,194</u>	<u>\$ 49,621</u>	<u>\$ 18,686</u>	<u>\$ 6,942</u>	<u>\$ 869</u>	<u>\$ 10</u>	<u>\$ 247,322</u>
<u>2024</u>							
Balance at January 1	\$ 171,194	\$ 49,621	\$ 18,686	\$ 6,942	\$ 869	\$ 10	\$ 247,322
Additions	-	5,247	1,741	896	-	15	7,899
Disposals	-	-	-	(15)	(433)	-	(448)
Reclassifications (Note 1)	22,775	5,608	-	-	-	-	28,383
Depreciation expense	-	(3,882)	(6,970)	(2,828)	(198)	(11)	(13,889)
Net exchange differences	-	-	69	34	13	1	117
Balance at December 31	<u>\$ 193,969</u>	<u>\$ 56,594</u>	<u>\$ 13,526</u>	<u>\$ 5,029</u>	<u>\$ 251</u>	<u>\$ 15</u>	<u>\$ 269,384</u>
At December 31							
Cost	\$ 193,969	\$ 119,160	\$ 202,767	\$ 44,875	\$ 12,389	\$ 17,518	\$ 590,678
Accumulated depreciation and impairment	-	(62,566)	(189,241)	(39,846)	(12,138)	(17,503)	(321,294)
	<u>\$ 193,969</u>	<u>\$ 56,594</u>	<u>\$ 13,526</u>	<u>\$ 5,029</u>	<u>\$ 251</u>	<u>\$ 15</u>	<u>\$ 269,384</u>

2023							
	Land	Buildings	Research and development equipment	Office equipment	Leasehold improvements	Other equipment	Total
At January 1							
Cost	\$ 241,844	\$ 142,603	\$ 199,510	\$ 47,051	\$ 14,191	\$ 20,254	\$ 665,453
Accumulated depreciation and impairment	-	(70,976)	(175,966)	(38,507)	(11,257)	(20,248)	(316,954)
	<u>\$ 241,844</u>	<u>\$ 71,627</u>	<u>\$ 23,544</u>	<u>\$ 8,544</u>	<u>\$ 2,934</u>	<u>\$ 6</u>	<u>\$ 348,499</u>
2023							
Balance at January 1	\$ 241,844	\$ 71,627	\$ 23,544	\$ 8,544	\$ 2,934	\$ 6	\$ 348,499
Additions	-	1,285	3,639	1,948	443	10	7,325
Disposals	-	(590)	-	-	-	-	(590)
Reclassifications (Note2)	(70,650)	(19,157)	-	-	-	-	(89,807)
Depreciation expense	-	(3,544)	(8,458)	(3,531)	(2,494)	(6)	(18,033)
Net exchange differences	-	-	(39)	(19)	(14)	-	(72)
Balance at December 31	<u>\$ 171,194</u>	<u>\$ 49,621</u>	<u>\$ 18,686</u>	<u>\$ 6,942</u>	<u>\$ 869</u>	<u>\$ 10</u>	<u>\$ 247,322</u>
At December 31							
Cost	\$ 171,194	\$ 103,238	\$ 199,954	\$ 44,601	\$ 14,463	\$ 18,504	\$ 551,954
Accumulated depreciation and impairment	-	(53,617)	(181,268)	(37,659)	(13,594)	(18,494)	(304,632)
	<u>\$ 171,194</u>	<u>\$ 49,621</u>	<u>\$ 18,686</u>	<u>\$ 6,942</u>	<u>\$ 869</u>	<u>\$ 10</u>	<u>\$ 247,322</u>

Note 1: The above reclassification pertained to the Group converting certain floors of general commercial office into self-use offices during the year ended December 31, 2024. As a result, ‘investment property’ was reclassified to ‘property, plant and equipment’. Refer to Notes 6(11) and 8 for details.

Note 2: The above reclassification pertained to the Group leasing certain offices to others during the year ended December 31, 2023. As a result, ‘property, plant and equipment’ was reclassified to ‘investment property’. Refer to Notes 6(11) and 8 for details.

For information about the Group's property, plant and equipment that was pledged to others as collateral, refer to Note 8.

(10) Leasing arrangements—lessee

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 2 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, 2024	December 31, 2023
	Carrying amount	Carrying amount
Buildings	<u>\$ 8,550</u>	<u>\$ 15,769</u>

	Year ended December 31	
	2024	2023
	Depreciation expense	Depreciation expense
Buildings	\$ 8,755	\$ 7,732

C. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$6,731 and \$18,954, respectively.

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

	Year ended December 31	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 438	\$ 337
Expense on short-term lease contracts	\$ 1,844	\$ 4,919
Gain on lease modification	\$ 55	\$ 13

E. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases were \$10,934 and \$13,167, respectively.

(11) Investment property

	2024	2023
	Land and structures	Land and structures
<u>At January 1</u>		
Cost	\$ 364,964	\$ 275,157
Accumulated depreciation	(39,392)	(37,022)
	<u>\$ 325,572</u>	<u>\$ 238,135</u>
Balance at January 1	\$ 325,572	\$ 238,135
Reclassifications (Note 6(9))	(28,383)	89,807
Depreciation expense	(2,520)	(2,370)
Balance at December 31	<u>\$ 294,669</u>	<u>\$ 325,572</u>
<u>At December 31</u>		
Cost	\$ 331,513	\$ 364,964
Accumulated depreciation	(36,844)	(39,392)
	<u>\$ 294,669</u>	<u>\$ 325,572</u>

For information about the Group's investment property that was pledged to others as collateral, refer to Note 8.

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

	Year ended December 31	
	2024	2023
Rental income from investment property (shown as 'other income')	\$ 8,516	\$ 7,480
Direct operating expenses arising from the investment property that generated rental income during the year (shown as 'other gains and losses')	(\$ 2,520)	(\$ 2,370)

B. The fair value of the investment property held by the Group as at December 31, 2024 and 2023 was \$791,119 and \$789,759, respectively. For the year ended December 31, 2024, the fair value was valued by independent valuers with reference to the recent market prices of similar investment properties in the same location and condition. For the year ended December 31, 2023, the fair value was valued using the comparison approach based on market transaction prices. Both are categorized 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, 2024	December 31, 2023
1st year	\$ 10,481	\$ 11,955
2nd year	10,075	11,955
3rd year	3,733	10,958
	<u>\$ 24,289</u>	<u>\$ 34,868</u>

(12) Intangible assets

	2024		
	Computer software	Acquired special technology	Total
<u>At January 1</u>			
Cost	\$ 671,464	\$ 388,955	\$ 1,060,419
Accumulated amortization	(635,836)	(387,292)	(1,023,128)
	<u>\$ 35,628</u>	<u>\$ 1,663</u>	<u>\$ 37,291</u>
<u>2024</u>			
Balance at January 1	\$ 35,628	\$ 1,663	\$ 37,291
Additions	37,943	5,798	43,741
Amortization expense (mainly research and development expenses)	(47,324)	(2,727)	(50,051)
Net exchange differences	-	307	307
Balance at December 31	<u>\$ 26,247</u>	<u>\$ 5,041</u>	<u>\$ 31,288</u>
<u>At December 31</u>			
Cost	\$ 709,526	\$ 392,363	\$ 1,101,889
Accumulated amortization	(683,279)	(387,322)	(1,070,601)
	<u>\$ 26,247</u>	<u>\$ 5,041</u>	<u>\$ 31,288</u>

	2023		
	Computer software	Acquired special technology	Total
<u>At January 1</u>			
Cost	\$ 669,714	\$ 389,731	\$ 1,059,445
Accumulated amortization	(582,880)	(378,368)	(961,248)
	<u>\$ 86,834</u>	<u>\$ 11,363</u>	<u>\$ 98,197</u>
<u>2023</u>			
Balance at January 1	\$ 86,834	\$ 11,363	\$ 98,197
Additions	667	-	667
Amortization expense (mainly research and development expenses)	(51,873)	(9,999)	(61,872)
Net exchange differences	-	299	299
Balance at December 31	<u>\$ 35,628</u>	<u>\$ 1,663</u>	<u>\$ 37,291</u>
<u>At December 31</u>			
Cost	\$ 671,464	\$ 388,955	\$ 1,060,419
Accumulated amortization	(635,836)	(387,292)	(1,023,128)
	<u>\$ 35,628</u>	<u>\$ 1,663</u>	<u>\$ 37,291</u>

(13) Impairment of financial assets and non-financial assets relating to AIXlink

- A. For the year ended December 31, 2022, the Group's wholly-owned subsidiary, ALi Innovations, invested RMB 16,765 thousand in AIXlink. Additionally, AIXlink continuously issued new shares during the year ended December 31, 2022, and the Group acquired its convertible bonds amounting to RMB 20,900 thousand during the year ended December 31, 2023, and the Group provided outsourced technology development services and received consideration during the years of 2022 and 2023. However, in the fourth quarter of 2023, the operations of AIXlink did not perform as expected and AIXlink was unable to maintain sufficient working capital to support its research and development activities. As a result, the Group assessed that there has objective evidence of impairment for its equity and debt investments in AIXlink as well as assets arising from business transactions, such as accounts receivable and prepayments to suppliers, and conducted an impairment test. The Group examined AIXlink's operating conditions and operation plan and commissioned the independent external appraisers to evaluate the fair value of AIXlink's distributable assets based on the asset approach. The Group considered the relevant order of value allocation in accordance with relevant laws, regulations and the Company's Articles of Incorporation, to evaluate the fair value of the equity, debt investments, financial assets and non-financial assets of AIXlink, and the losses of assets are recognized as follows:

Items	Year ended December 31	
	2023	
	Recognized in profit or loss	
Financial assets at fair value through profit or loss - Loss on valuation of convertible bonds	\$	91,601
Impairment loss - prepayments to suppliers		17,527
Impairment loss - investments accounted for using equity method		14,678
Accounts receivable - expected credit losses of related parties		30,455
	\$	<u>154,261</u>

The above losses on valuation of convertible bonds and impairment losses on prepayments and investments accounted for under the equity method are shown as “other gains and losses” for the year ended December 31, 2023. The expected credit losses on accounts receivable are shown as “expected credit impairment loss” for the year ended December 31, 2023. For the year ended December 31, 2024, there was no change in the Group’s above assessment of fair value and recoverable amount, and there was no recognition of incremental fair value or reversal of impairment loss.

- B. As of December 31, 2024, the capital surplus amounted to \$108,194 which resulted from AIXlink’s issuance of new shares that the Group did not acquire proportionally to its equity interest in the past years and changes in other ownership interests, which will be transferred to profit or loss when the Group loses significant influence over AIXlink.
- C. The related equity investment agreement of the Group in AIXlink includes compensation terms, which stipulates that if certain events occur, other investors of AIXlink will have the right to request ALi Innovations, a subsidiary of the Company, and the shareholders of AIXlink’s team to negotiate and compensate the investors for the loss of the investment in AIXlink held by the other investors, and the related provision incurred is provided in Note 6(19).

(14) Current borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Credit loan	<u>\$ 110,000</u>	1.84%~2.05%	None

The Group had no short-term borrowings as of December 31, 2024.

(15) Other payables

	December 31, 2024	December 31, 2023
Compensation of equity investment payable	\$ 266,672	\$ -
Wages, salaries and bonuses payable	61,541	94,782
Intangible assets payable	18,418	31,524
Royalties payable	18,963	21,244
Costs to provide technical services payable	-	53,878
Interest payable	18,675	-
Others	66,676	68,187
	<u>\$ 450,945</u>	<u>\$ 269,615</u>

A. The above costs to provide technical services payable arose from the Group's application of an international acoustic technology licensor's technology to manufacture and sell products for the year ended December 31, 2023. Due to the incomplete application of certain technology in the product specifications, the technology licensor requested the Group to adjust the application specifications of the technology within one year, and the Group was required to pay technology usage fees amounting to \$108,990 (USD 3,500 thousand) (shown as "research and development fee") which shall be paid in instalments. As of December 31, 2024, the Group had no unpaid technology usage fees. Additionally, if the adjusted application specifications still cannot meet the requirements of the technology licensors after reexamination, an additional charge of USD 1,500 thousand will be collected. As of the issuance date of financial statements, the Group has assessed that it will be able to meet the requirements of the technology licensors in preparing the adjusted application specifications.

B. The details of above liabilities for payable on compensation of equity investment is provided in Note 6(19).

(16) Non-current borrowings

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2024
Non-current bank borrowings				
Secured borrowings	May 2024 ~ May 2027	2.74%~2.95%	Property, plant and equipment and investment property	\$ 300,000
Secured borrowings	September 2024 ~ September 2027	2.85%	Property, plant and equipment and investment property	260,000
				<u>\$ 560,000</u>

A. In May 2024, the Group entered into a bank credit agreement with CTBC Bank in accordance with the terms of the agreement:

- (a) Mid-term secured borrowing facility: \$300,000
- (b) Mid-term secured borrowing facility period: Three years
- (c) Repayment method: Principal is repaid in installments quarterly starting from two years after the first drawdown date and the remaining principal is repaid in the final installment.
- (d) Loan covenant: The Company's financial statements in each quarter shall maintain the following financial ratios:
 - (i) Net assets shall not be less than \$11 billion.
 - (ii) Days sales of inventory should be less than 120 days in 2024, 105 days in 2025, and 90 days in 2026 and thereafter.
- B. The Group's financial ratios in the consolidated financial statements for the year ended December 31, 2024 met the financial commitments specified in the abovementioned borrowing contract.
- C. In August 2024, the Group entered into a bank credit agreement with Union Bank of Taiwan in accordance with the terms of the agreement:
 - (a) Mid-term secured borrowing facility: \$260,000
 - (b) Mid-term secured borrowing facility period: Three years
 - (c) Repayment method: Principal is repaid in installments quarterly starting from one year after the first drawdown date and the remaining principal is repaid in the final installment.
 - (d) Loan covenant: Starting from March 2025, the Group shall review quarterly each of the last three months' balance of the Group's deposits, and the total of the average Union Bank of Taiwan's all types of deposits must reach 20% of the total credit balance, otherwise, the Group will be charged at the approved interest rate plus 0.25% in the following month.
- D. Details of the Group's property, plant and equipment and investment property pledged as collateral for non-current borrowings are provided in Note 8.
- E. The Group had no non-current borrowings as of December 31, 2023.

(17) Pensions

A. Defined contribution plans

- (a) 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 Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The Company's foreign subsidiaries contribute pension in accordance with the respective pension regulations in their territory.

B. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2024 and 2023 were \$26,090 and \$30,992, respectively.

(18) Share-based payment

A. Compensatory employee stock options

(a) Details of the Company's share-based payment arrangements for employee stock options as of December 31, 2024 and 2023 are as follows:

Type of arrangement	Grant date	Units 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	5.0	Note 2
"	2020.10.20	330	5.0	Note 2
"	2024.07.17	700	5.0	Note 3

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

Note 3: Employees can exercise their stock options, subject to their continued service through the vesting dates (two 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 (Note)	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%	4.1
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
2024.07.17	23.35	23.35	51.36%	5	0%	1.5732%	10.66

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

- (c) Details of compensatory employee stock options for the years ended December 31, 2024 and 2023 are as follows:

Options	2024		2023	
	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	3,239	\$ 20.76	4,623	\$ 20.48
Options granted	700	23.35	-	-
Options forfeited	-	-	(560)	20.47
Options exercised	(577)	17.45	(824)	19.39
Options outstanding at December 31	<u>3,362</u>	21.87	<u>3,239</u>	20.76
Options exercisable at December 31	<u>2,662</u>	21.24	<u>3,039</u>	21.16

- (d) The expenses arising from the Company's compensatory employee stock option transactions (equity-settled) for the years ended December 31, 2024 and 2023 amounted to \$1,307 and \$2,643, respectively.

B. Employee restricted stocks

- (a) Details of the Company's share-based payment arrangements for employee restricted stocks as of December 31, 2024 and 2023 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 tranche 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, 2024 and 2023 are as follows:

	2024	2023
Employee restricted stocks	Number of shares (in thousands)	Number of shares (in thousands)
Stocks granted but not yet vested at January 1	-	480
Stocks retired	-	(480)
Stocks granted but not yet vested at December 31	-	-

(d) No expense arising from the Company's employee restricted stocks (equity-settled) was recognized for the years ended December 31, 2024 and 2023.

C. Treasury stock transferred to employees

(a) Details of the Company's share-based payment arrangement for treasury shares transferred to employees as of December 31, 2024 and 2023 are as follows:

Type of arrangement	Grant date	Units granted (in thousands)
Treasury stock transferred to employees	2023.02	259

(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)
2023.02	\$ 15.81	\$ 26.23	43.35%	0.05	0%	0.6363%	\$ -

(c) No expense arising from the Company's treasury shares transferred to employees (equity-settled) was recognized for the years ended December 31, 2024 and 2023.

(19) Provisions-current

Items	December 31, 2024	December 31, 2023
Liabilities for compensation of equity investment	\$ 97,589	\$ 365,182
Warranty liabilities	927	1,005
	<u>\$ 98,516</u>	<u>\$ 366,187</u>

A. For the year ended December 31, 2022, the Group invested in AIXlink through its wholly-owned subsidiary, ALi Innovations. ALi Innovations and the other shareholders of AIXlink's team entered into a supplement agreement for the capital increase with other investors of AIXlink. The supplement agreement stipulates that AIXlink shall avoid future unfavorable circumstances in applying for a public offering and listing. Otherwise, other investors have the right to request ALi Innovations and the shareholders of the AIXlink's team to negotiate with them and compensate them by repurchasing their equity interests in AIXlink if they suffer losses from their equity investment. In the aforementioned supplemental terms, the circumstances in which AIXlink must avoid the circumstance that will trigger shareholders such as ALi Innovations having the right to negotiate compensation of equity investment by other investors are summarized as follows:

- (a) AIXlink did not complete the circumstances required by the Agreement, that was the Company failed to file its initial public offering materials to the A share (Main-Board Market, Sci-Tech innovation board or Second-board Market) of the stock exchange in Mainland China or to the other capital markets approved by the necessary authorized entities (e.g., the shareholders' meeting) by December 31, 2025.
- (b) Failure to obtain a resolution of the Board of Directors in accordance with the capital increase agreement, and any situation that would lead to a change in the control of AIXlink.
- (c) After the date of settling the investment amount, the accounting firms, law firms or brokerage firms agreed by each party have confirmed the occurrence of other circumstances in AIXlink that constitute substantial impediments to the qualification for listing of AIXlink or finding that the occurrence of other circumstances in AIXlink that constitute substantial impediments to the qualification for listing of AIXlink with no resolution of the aforementioned impediments.
- (d) After the date of settlement of settling the investment proceeds, without the consent of the investor, any shareholder of AIXlink pledges its direct or indirect equity interests in AIXlink, which may result in a change in the actual controller or controlling shareholder of AIXlink.
- (e) AIXlink did not comply with the "Anti-Dilution" covenant in the capital increase agreement.

- (f) The investors discover that AIXlink or its shareholders have concealed information from the investors that could have a material adverse effect on AIXlink's operating activities or financial condition (such as concealing from the investors on the liabilities, contingent liabilities and other circumstances that could result in losses to AIXlink or information that would constitute a material impediment to AIXlink's qualification for listing).
- (g) Significant breaches of the law or criminal penalties have been incurred by AIXlink and/or ALi Innovations and AIXlink's team shareholders.
- (h) Significant integrity issues (including, but not limited to, horizontal competition, transfer or concealment of assets, off-balance sheet sales, etc.) have arisen with respect to AIXlink and/or ALi Innovations and its team shareholders.
- (i) During the operation process, AIXlink has seriously violated the relevant provisions of the Articles of Incorporation and the capital increase agreement, which has resulted in serious losses to the investors and/or AIXlink.
- (j) AIXlink has been in a state of suspension or discontinuance of business for a cumulative period of five business days or more, which is not due to force majeure factors.
- (k) AIXlink, ALi Innovations and AIXlink's team shareholders, legal representatives and/or chairman of the Board of Directors have been involved in material litigation or arbitration and are the defendants/respondents in the relevant judicial proceedings; (the aforesaid "material" criterion is that the amount involved reaches or exceeds RMB10 million).
- (l) The relevant business qualification licenses or permits which should be done but not yet done by AIXlink, wherein AIXlink's business is not able to continue due to the fact that it has been banned by the relevant governmental authorities or has been subjected to severe penalties.
- (m) The equity interests in AIXlink directly or indirectly held by ALi Innovations and AIXlink's team shareholders has been substantially transferred or there is such a potential risk as the subcontractors exercised the pledge rights.
- (n) The production, operation and business scope of AIXlink are substantially adjusted and cannot obtain the written consent from the investors.
- (o) Other circumstances based on the common sense, reasonable and rational judgement, if the investor continuously holds the equity interests in the company would result in a material loss or the failure to realize investment expectations as the investors are treated unequally and unfairly.
- (p) ALi Innovations and AIXlink's team shareholders use the principal amount of the investment funds paid by the investors for any purpose other than as agreed in the capital increase agreement.
- (q) Key management personnel of AIXlink have resigned and there is no suitable person for these roles within 120 days. AIXlink and ALi Innovations agree to use their best endeavors to assist in finding a suitable replacer in such circumstances.

According to the supplemental terms of the capital increase agreement, AIXlink shall prevent from the above circumstances and the contractual situations in principle, and the other investors shall have the right to request ALi Innovations and the team shareholders of AIXlink to negotiate with the other investors to facilitate the acquisition of all or a portion of AIXlink's equity interests held by the other investors, unless the parties have negotiated and reached an agreement at that time. The negotiated terms of the repurchase compensation payment are based on the other investors' investment plus 8% simple interest per annum.

For the year ended December 31, 2023, although ALi Innovations assessed that there was no specific breach of the terms, however, it assessed that the operations of AIXlink did not perform as expected for the year ended December 31, 2023, and in the fourth quarter of 2023, it was not able to obtain the expected capital injection, and therefore may not be able to maintain sufficient working capital in the future, which may result in an increase in the possibility that the terms of the compensation will be triggered. The Group intends to commence the negotiation process for the repurchase based on a comprehensive consideration of avoiding business risk and long-term operational development. Accordingly, for the year ended December 31, 2023, the Group commissioned the independent external appraisers to estimate and measure the amount of potential compensation and recognized the related provision. In December 2024, the Group entered into contracts with above certain other investors to repurchase AIXlink's equity interest held by them. According to the new contract terms, the interest rate on the repurchase compensation payment was adjusted from 8% to 4% per annum, which resulted in the reversal of the provision of \$13,665 and interest payable of \$10,148, and the provision was reclassified to other payables amounting to \$266,672. Refer to Note 6(15) for details.

B. As mentioned in the preceding paragraph, in the same supplemental terms to the capital increase agreement, ALi Innovations and the team shareholders of AIXlink and other investors of AIXlink have also agreed that after receiving the investment from each party, AIXlink will endeavor to achieve operating revenue of not less than RMB7 billion for the years from 2022 to 2024 on a cumulative basis. If AIXlink does not achieve the performance target of RMB7 billion in cumulative operating revenue for three years, ALi Innovations and AIXlink's team shareholders will provide equity compensation to other investors in accordance with the calculation specified in the supplemental terms of the capital increase agreement.

As of December 31, 2024, the deadline for calculating the above performance target has expired. According to the above new agreement signed between the Group and certain other investors, the supplemental terms to the capital increase agreement were terminated and no longer had any effect. However, as certain investors had not yet entered into the new agreement, and AIXlink's performance did not reach the amount as agreed in the supplemental terms to the capital increase agreement, the possibility of triggering the equity compensation of the performance target has increased. However, after the Group has assessed the fair value of the equity investment in AIXlink and considered the possible future operating plans of AIXlink, the assessment of the equity compensation required to be provided for the performance targets that may be involved would not have a material impact on the Group's financial statements.

C. The above warranty liabilities were estimated based on the historical warranty experience of each product sold.

(20) Share capital

A. As of December 31, 2024, the Company's authorised capital and paid-in capital were \$3,600,000 and \$1,170,737, respectively, with a par value of \$10 (NT 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:

	2024	2023
	Number of shares (in thousands)	Number of shares (in thousands)
At January 1	193,301	193,282
Treasury shares transferred to employees	-	259
Employee stock options exercised	1,161	240
Retirement of employee restricted stocks	-	(480)
Capital reduction to offset against accumulated deficit	(77,785)	-
At December 31	116,677	193,301

B. For the year ended December 31, 2023, the Company retired 480 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 20, 2023.

C. For the year ended December 31, 2023, the total number of shares converted from employee stock options was 824 thousand shares, and the payment for the shares amounted to \$15,982 thousand. As of December 31, 2024, there were 584 thousand shares unregistered, shown as 'advance receipts for share capital' of \$5,840. The Board of Directors during its meeting on February 6, 2024 adopted a resolution to set the effective date of capital increase for the conversion on February 15, 2024.

D. On June 18, 2024, the Company's shareholders at their meeting resolved to carry out a capital reduction to offset against the accumulated deficit which was approved by the Taiwan Stock Exchange under Tai-Zheng-Shang-Yi-Zi No. 1131804239, dated September 10, 2024. The amount of capital to be reduced was \$780,490 with a total of 78,049 thousand issued shares to be cancelled. The capital reduction ratio was approximately 40% and the effective date of the capital reduction was set on September 16, 2024.

E. Treasury shares

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

	2024		2023	
	Number of shares (in thousands)	Carrying amount	Number of shares (in thousands)	Carrying amount
At January 1	661	\$ 13,781	920	\$ 19,185
Treasury shares transferred to employees	-	-	(259)	(5,404)
Capital reduction to offset against accumulated deficit	(264)	-	-	-
At December 31	<u>397</u>	<u>\$ 13,781</u>	<u>661</u>	<u>\$ 13,781</u>

The reason that the Company repurchased shares was to transfer the shares to employees, and when the capital reduction to offset a deficit was approved and the registration was completed, the Company eliminated 264 thousand shares in 2024.

- (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 realized 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.

(21) 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.

2024							
	Share premium	Treasury share transactions	Employee stock options	Net change in equity of associates	Changes in ownership interests in subsidiaries	Total	
At January 1	\$ 1,105,070	\$ 39,934	\$ 81,884	\$ 117,317	\$ 2,043	\$ 1,346,248	
Exercise of employee stock options	7,949	-	(3,652)	-	-	4,297	
Share-based payments	-	-	1,307	-	-	1,307	
Disposal of investments accounted for using equity method	-	-	-	(9,123)	-	(9,123)	
Capital surplus used to offset against accumulated deficit	(895,636)	-	-	-	-	(895,636)	
At December 31	<u>\$ 217,383</u>	<u>\$ 39,934</u>	<u>\$ 79,539</u>	<u>\$ 108,194</u>	<u>\$ 2,043</u>	<u>\$ 447,093</u>	

2023							
	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	\$ 1,091,501	\$ 38,541	(\$ 4,800)	\$ 85,068	\$ 105,243	\$ 1,712	\$ 1,317,265
Exercise of employee stock options	13,569	-	-	(5,827)	-	-	7,742
Retirement of employee restricted stocks	-	-	4,800	-	-	-	4,800
Treasury shares transferred to employees	-	1,393	-	-	-	-	1,393
Share-based payments	-	-	-	2,643	-	-	2,643
Changes in ownership interests in subsidiaries	-	-	-	-	-	331	331
Recognition of change in equity of associates in proportion to the Group's ownership interest	-	-	-	-	12,074	-	12,074
At December 31	<u>\$ 1,105,070</u>	<u>\$ 39,934</u>	<u>\$ -</u>	<u>\$ 81,884</u>	<u>\$ 117,317</u>	<u>\$ 2,043</u>	<u>\$ 1,346,248</u>

Details of the Company's resolution of shareholders at their meeting to offset a deficit by legal reserve and capital surplus-additional paid-in capital in 2024 are provided in Note 6(22).

(22) 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 based on 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 as stipulated in the Company's Articles of Incorporation is provided in Note 6(28).
- 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 18, 2024, the Company's shareholders at their meeting approved the deficit compensation in 2023. The Company offset a deficit by legal reserve of \$2,642 and capital surplus – additional paid-in capital of \$895,636. Details of the shareholders' resolution are provided in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.
- F. The shareholders during their meetings in June 2024 and June 2023 resolved not to distribute dividends from 2023 and 2022 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 May 2024, August 2024, November 2024 and February 2025 and May 2023, August 2023, November 2023 and March 2024, the Company's Board of Directors during its meeting resolved not to distribute dividends from the first, the second, the third and the fourth quarter earnings of 2024 and 2023. 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.

(23) Other equity items

	2024	2023
	Foreign currency translation	Foreign currency translation
At January 1	\$ 1,265	\$ 10,324
Currency translation-group	12,201	(9,073)
Currency translation-associates	-	14
At December 31	<u>\$ 13,466</u>	<u>\$ 1,265</u>

(24) Operating revenue

	Year ended December 31	
	2024	2023
Revenue from contracts		
with customers (including related parties)	\$ 1,618,832	\$ 1,336,833
Services (including related parties)	9,392	108,921
	<u>\$ 1,628,224</u>	<u>\$ 1,445,754</u>

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

B. Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities -			
advance sales receipts	<u>\$ 11,333</u>	<u>\$ 3,791</u>	<u>\$ 5,631</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Contract liabilities - advance sales receipts	<u>\$ 3,648</u>	<u>\$ 5,489</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Refund liabilities - current	<u>\$ 5,513</u>	<u>\$ 8,950</u>	<u>\$ 7,212</u>

The Group'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.

(25) Other gains and losses

	Year ended December 31	
	2024	2023
Loss on financial assets and liabilities at fair value through profit or loss	(\$ 6,434)	(\$ 99,971)
Gain on disposal of intangible assets (including related parties)	-	3,960
Loss on disposal of property, plant and equipment	(448)	(590)
Gain on disposal of investments	39,868	-
Depreciation expense on investment property	(2,520)	(2,370)
Impairment loss		
-prepayments to suppliers	-	(17,527)
-investments accounted for using equity method	-	(14,678)
Gain on reversal (impairment loss) of compensation equity investment	13,623	(369,891)
Foreign exchange losses	(12,374)	(2,923)
Others	(1,215)	(237)
	<u>\$ 30,500</u>	<u>(\$ 504,227)</u>

For the net loss on financial assets at fair value through profit or loss, impairment losses and (gain on reversal) impairment loss of compensation equity investment, refer to Notes 6(2), (13) and (19), respectively.

(26) Finance costs

	Year ended December 31	
	2024	2023
Interest expense		
Interest on liabilities for compensation of equity investment	\$ 17,280	\$ -
Bank borrowings	12,279	1,083
Interest expense on lease liabilities	438	337
Imputed interest on deposits	23	16
	<u>\$ 30,020</u>	<u>\$ 1,436</u>

(27) Expenses by nature

	Year ended December 31	
	2024	2023
Employee benefit expense		
Short-term employee benefits	\$ 416,309	\$ 569,087
Share-based payment	1,307	2,643
Post-employment benefits	26,090	30,992
Depreciation	25,164	28,135
Amortization	50,051	61,872
	<u>\$ 518,921</u>	<u>\$ 692,729</u>

(28) 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. The Company incurred losses for the years ended December 31, 2024 and 2023, 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.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ 4,113	\$ 5,981
Prior year income tax over estimation	(3,549)	(3,488)
Total current tax	<u>564</u>	<u>2,493</u>
Deferred tax:		
Origination and reversal of temporary differences	45,033	473,615
Income tax expense	<u>\$ 45,597</u>	<u>\$ 476,108</u>

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

	Year ended December 31	
	2024	2023
Currency translation differences	(\$ 3,048)	\$ 2,267

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2024	2023
Tax calculated based on loss before tax and statutory tax rate	(\$ 45,255)	(\$ 257,662)
Expenses disallowed by tax regulation	55	20
Tax exempt income by tax regulation	(7,974)	-
Adjustment for temporary differences not recognized as deferred tax assets	102,320	737,238
Prior year income tax overestimation	(3,549)	(3,488)
Income tax expense	<u>\$ 45,597</u>	<u>\$ 476,108</u>

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

	2024			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
— Temporary differences:				
Loss on market value decline and obsolete and slow-moving inventories	\$ 62,882	(\$ 16,215)	\$ -	\$ 46,667
Investments accounted for using the equity method	119,288	(17,302)	-	101,986
Unrealized exchange loss	13,572	(5,025)	-	8,547
Others	19,895	800	(3,048)	17,647
	<u>\$ 215,637</u>	<u>(\$ 37,742)</u>	<u>(\$ 3,048)</u>	<u>\$ 174,847</u>
Deferred tax liabilities:				
— Temporary differences:				
Others	(6,048)	7,291	-	(13,339)
	<u>(\$ 6,048)</u>	<u>(\$ 7,291)</u>	<u>\$ -</u>	<u>(\$ 13,339)</u>

2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
— Temporary differences:				
Loss on market value decline and obsolete and slow-moving inventories	\$ 28,477	\$ 34,405	\$ -	\$ 62,882
Investments accounted for using the equity method	101,578	17,710	-	119,288
Unrealized exchange loss	12,222	1,350	-	13,572
Tax losses	528,753	(528,753)	-	-
Others	16,633	995	2,267	19,895
	<u>\$ 687,663</u>	<u>(\$ 474,293)</u>	<u>\$ 2,267</u>	<u>\$ 215,637</u>
Deferred tax liabilities:				
— Temporary differences:				
Others	(6,726)	678	-	(6,048)
	<u>(\$ 6,726)</u>	<u>\$ 678</u>	<u>\$ -</u>	<u>(\$ 6,048)</u>

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

December 31, 2024				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiry date
2015	\$ 111,864	\$ 39,990	\$ 39,990	2025
2016	315,947	315,947	315,947	2026
2017	560,507	560,507	560,507	2027
2018	659,809	659,809	659,809	2028
2019	534,603	534,603	534,603	2029
2020	264,876	264,876	264,876	2030
2021	743,981	743,981	743,981	2031
2023	445,763	445,763	445,763	2033
2024	381,442	381,442	381,442	2034

December 31, 2023				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiry date
2015	\$ 111,864	\$ 39,990	\$ 39,990	2025
2016	315,947	315,947	315,947	2026
2017	560,507	560,507	560,507	2027
2018	659,809	659,809	659,809	2028
2019	534,603	534,603	534,603	2029
2020	264,876	264,876	264,876	2030
2021	743,981	743,981	743,981	2031
2023	445,763	445,763	445,763	2033

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2024	December 31, 2023
Deductible temporary differences	\$ 23,438	\$ 29,703

F. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(30) Loss per share

Year ended December 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 280,612)	116,599	(\$ 2.41)
Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 1,691,509)	115,960	(\$ 14.59)

A. The potential ordinary shares have anti-dilutive effect due to net loss for the years ended December 31, 2024 and 2023, so the calculation of diluted loss per share is the same as the calculation of basic loss per share.

B. The weighted average number of ordinary shares outstanding was adjusted retroactively as the Company carried out a capital reduction to offset against accumulated deficit.

(31) Transactions with non-controlling interest

In the third quarter of 2023, the Group acquired an additional 6.25% of outstanding 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 \$440 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$440 and an increase in the equity attributable to owners of the parent by \$331.

	<u>Year ended December 31</u>
	<u>2023</u>
Carrying amount of non-controlling interest acquired	\$ 440
Consideration paid to non-controlling interest	(109)
Capital - recognition of changes in ownership interest in subsidiaries	<u>\$ 331</u>

(32) Supplemental cash flow information

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

	<u>Year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Purchase of property, plant and equipment	\$ 7,899	\$ 7,325
Add: Opening balance of payable on equipment	-	2,146
Effect of exchange rate changes	(4)	-
Cash paid during the year	<u>\$ 7,895</u>	<u>\$ 9,471</u>

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

	<u>Year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Purchase of intangible assets	\$ 43,741	\$ 667
Add: Opening balance of payable on intangible assets	31,524	73,875
Less: Ending balance of payable on intangible assets	(18,418)	(31,524)
Effect of exchange rate changes	229	(5)
Cash paid during the year	<u>\$ 57,076</u>	<u>\$ 43,013</u>

C. Investing activities with cash payments for disposals of intangible assets:

	<u>Year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Add: Opening balance of receivable on intangible assets	\$ -	\$ 69,236
Gain on disposal of intangible assets	-	3,960
Less: Changes in other non-cash items	-	(3,960)
Effect of exchange rate	-	(1,042)
Cash received during the year	<u>\$ -</u>	<u>\$ 68,194</u>

D. Investing activities with no cash flow effects:

	Year ended December 31	
	2024	2023
Acquisition of financial assets at fair value through profit or loss	\$ 34,472	\$ -
Gain on disposal of investments	(39,868)	-
Changes in other non-cash items	5,396	-
Cash paid during the year	\$ -	\$ -

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
AIXlink Ltd.	Associate
AUTO Mobility Solutions Co., Ltd.	Associate (Note)
Auto Dynamics Ltd.	Associate (Subsidiary of AUTO Mobility)

Note: AUTO Mobility Solutions Co., Ltd. became the Group's associate starting from March 2023. However, the Group exchanged all of its shares in August 2024, and therefore the entity was no longer a related party of the Group since August 2024.

(2) Significant related party transactions

A. Operating revenue:

	Year ended December 31,	
	2024	2023
Sales revenue:		
Auto Dynamics Ltd.	\$ 4	\$ 285
AUTO Mobility Solutions Co., Ltd.	132	65
Design fees revenue:		
AIXlink Ltd.	-	102,670
Total	\$ 136	\$ 103,020

- (a) The transaction price of the goods sold by the Group to the related party is determined in accordance with mutual agreement through negotiation with reference to market conditions.
- (b) The price and the transaction terms that the Group provided services to related parties is determined in accordance with mutual agreement through negotiation with reference to market conditions.

B. Purchases:

	Year ended December 31	
	2024	2023
AIXlink Ltd.	\$ 838	\$ -

C. Receivables from related parties:

	December 31, 2024	December 31, 2023
Accounts receivable:		
AIXlink Ltd.	\$ 31,922	\$ 30,455
Less: Allowance for uncollectible accounts	(31,922)	(30,455)
Total	<u>\$ -</u>	<u>\$ -</u>

(a) Receivables due from related parties mainly arise from property transactions and revenue from commissioned development services.

(b) Revenue from commissioned development services was collected in accordance with the contract for a certain period.

(c) Receivables are unsecured in nature and bear no interest.

(d) Refer to Note 6(13) for the details of provision for expected credit impairment losses related to receivables from related parties.

D. Other current assets

	December 31, 2024	December 31, 2023
Prepayments to suppliers:		
AIXlink Ltd.	\$ 16,689	\$ 17,527
Accumulated impairment:		
AIXlink Ltd.	(16,689)	(17,527)
	<u>\$ -</u>	<u>\$ -</u>

E. Property transactions

(a) Disposal of intangible assets:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain on disposal
AIXlink Ltd.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,960</u>

The gain arising from the transaction was deferred according to the shareholding ratio of the Group in the counterparty. Unrealized profit or loss was transferred to realized profit or loss according to the amortization years of the related assets.

(b) Acquisition of financial assets:

			Year ended December 31, 2023
	Accounts	Objects	Consideration
AIXlink Ltd.	Financial assets at fair value through profit or loss	Convertible bonds	<u>\$ 91,601</u>

F. Outsourcing service expenses (Shown as “operating expenses”)

	Year ended December 31, 2024	Year ended December 31, 2023
Outsourcing service expenses		
AUTO Mobility Solutions Co., Ltd.	\$ -	\$ 4,583

The Group commissioned the abovementioned companies to conduct research and development services for certain products, and the transaction price was determined by mutual agreement with reference to the market price.

G. Other service fees (Shown as “operating expenses”)

	Year ended December 31	
	2024	2023
Other service fees		
AIXlink Ltd.	\$ 2,363	\$ -

H. Rent expense (Shown as “operating expenses”)

	Year ended December 31	
	2024	2023
Rent expense		
AIXlink Ltd.	\$ 1,040	\$ -

The Group leased offices from AIXlink. The contract period is six months and rents are paid quarterly.

I. Refer to Note 6(13) for details of the balances and impairment assessment for each of the Group’s other business transactions with AIXlink.

(3) Key management compensation

	Year ended December 31	
	2024	2023
Short-term employee benefits	\$ 22,659	\$ 20,300
Share-based payment	83	566
Post-employment benefits	342	205
	<u>\$ 23,084</u>	<u>\$ 21,071</u>

8. Pledged Assets

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

Pledged assets	Carrying amount		Purpose
	December 31, 2024	December 31, 2023	
Current financial assets at amortized cost	\$ 4,000	\$ -	Guarantee deposits of suppliers
Non-current financial assets at amortized cost	5,000	5,000	Customs guarantee deposits
Investment property – land	164,559	-	Guarantee for long-term bank borrowings
Investment property – buildings	26,611	-	Guarantee for long-term bank borrowings
Land	108,295	-	Guarantee for long-term bank borrowings
Buildings	17,422	-	bank borrowings
	<u>\$ 325,887</u>	<u>\$ 5,000</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

- A. Refer to Note 6(19) for the portion of provision recognized by the Group for equity compensation of equity investment and sales target related to the investment in AIXlink.
- B. Refer to Note 6(15) for details of contingencies arising from the Group's technology licensing contracts for the year ended December 31, 2024.

(2) Commitments

The Group issued promissory notes and property to banks as guarantees for long-term and short-term credit facilities, export bill negotiations and financial transactions. As of December 31, 2024 and 2023, the remaining facilities available for use amounted to \$375,570 and \$1,466,442, respectively. Except for the facilities which have been drawn down as of December 31, 2023, the remaining facilities have not yet been drawn down as of December 31, 2024.

10. Losses Due to Major Disaster

None.

11. Subsequent Events

None.

12. Others

(1) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' interest. The Group manages and adjusts its capital structure depending on changes in economic conditions. To maintain or adjust the capital structure, the Group 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 Group's financial assets (financial assets at fair value through profit or loss, financial assets at amortized cost, cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties)) and financial liabilities (short-term borrowings, accounts payable, other payables, long-term borrowings and lease liabilities) is provided in Note 6 and consolidated balance sheets.

B. Financial risk management policies

(a) The Group'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 Group's overall risk management programmed focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance. Information on the Group's usage of derivative financial instruments is provided in Note 6(2).

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

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

- ii. Management has set up a policy to require the Group to manage their foreign exchange risk against their functional currency. The Group is required to hedge their entire foreign exchange risk exposure with the Group treasury. The Group treasury uses forward foreign exchange contracts to manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group's businesses involve some non-functional currency operations (the Group's functional currency is NTD, while the functional currency of some subsidiaries is RMB). According to the simulated results, if the exchange rates had changed by 1%, net loss before tax for the years ended December 31, 2024 and 2023 would have increased by \$1,656 and decreased by \$1,023, 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:

(Foreign currency: functional currency)	December 31, 2024			December 31, 2023		
	Foreign currency (In thousands)	Exchange rate	Book value (NTD)	Foreign currency (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 10,151	32.785	\$ 332,801	\$ 6,086	30.705	\$ 186,871
USD:RMB	864	7.321	28,326	929	7.096	28,521
RMB:NTD	1,037	4.478	4,644	65	4.327	281
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 2,471	32.785	\$ 81,012	\$ 6,788	30.705	\$ 208,426
RMB:NTD	26,613	4.478	119,173	25,322	4.327	109,568

- iv. The total exchange loss, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2024 and 2023, amounted to \$12,374 and \$2,923, respectively.

Price risk

The Group'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 Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. The Group's short-term borrowings for the year 2023 are classified as fixed-rate debt. Changes in market interest rates do not affect the effective interest rate of the borrowings; therefore, the Group assesses that there is no significant interest rate risk.

- iii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, net loss before tax for the year ended December 31, 2024 would have increased or decreased by \$1,400.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was its carrying amount.

- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing 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 utilization 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 Group and performing parties are banks with good credit and financial institutions and government organization's with investment grade or above, the possibility of default is remote. Thus, the Group has no significant credit risk.
- iv. The Group adopts the assumption, that is, the default occurs when the contract payments are past due over 181 days.
- v. The Group 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 Group recognizes 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 Group'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 Group'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 another financial reorganization 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 Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- ix. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable. The calculation is as follows:

		1~30 days past due	31~60 days past due	61~180 days past due	More than 180 days past due	Individual assessment	Total
<u>December 31, 2024</u>	<u>Current</u>						
Expected loss rate	0%~0.01%	0.01%	0.01%	5.00%~ 50.00%	100.00%	100.00%	
Total book value	<u>\$ 60,664</u>	<u>\$ 7,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,760</u>	<u>\$ 31,922</u>	<u>\$ 119,094</u>
Lifetime expected credit losses	<u>(\$ 7)</u>	<u>(\$ 1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 18,760)</u>	<u>(\$ 31,922)</u>	<u>(\$ 50,690)</u>

		1~30 days past due	31~60 days past due	61~180 days past due	More than 180 days past due	Individual assessment	Total
<u>December 31, 2023</u>	<u>Current</u>						
Expected loss rate	0%~0.01%	0.01%	0.01%	5.00%~ 50.00%	100.00%	100.00%	
Total book value	<u>\$ 129,718</u>	<u>\$ 3,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,845</u>	<u>\$ 30,455</u>	<u>\$ 191,096</u>
Lifetime expected credit losses	<u>(\$ 10)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 27,845)</u>	<u>(\$ 30,455)</u>	<u>(\$ 58,310)</u>

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

	2024	2023
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 58,310	\$ 34,143
Provision for impairment	312	30,008
Write-off during the year	(9,299)	(5,841)
Effect of exchange rate changes	1,367	-
At December 31	<u>\$ 50,690</u>	<u>\$ 58,310</u>

(c) Liquidity risk

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

- ii. Group 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 Group'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.

	Less than 1	Between 1	Between 3	Over 5	
December 31, 2024	year	and 3 years	and 5 years	years	Total
<u>Non-derivative financial liabilities:</u>					
Non-interest-bearing liabilities	\$ 559,849	\$ 1,840	\$ -	\$ -	\$ 561,689
Lease liabilities	6,788	2,144	-	-	8,932
Long-term borrowings	20,330	577,343	-	-	597,673
	Less than 1	Between 1	Between 3	Over 5	
December 31, 2023	year	and 3 years	and 5 years	years	Total
<u>Non-derivative financial liabilities:</u>					
Non-interest-bearing liabilities	\$ 420,394	\$ 2,063	\$ -	\$ -	\$ 422,457
Lease liabilities	7,804	8,658	-	-	16,462
Short-term borrowings	111,083	-	-	-	111,083

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in 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 Group's investment in equity investment without active market, fund beneficiary certificates, convertible bonds, and convertible preference share are 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 amortized cost, short-term borrowings, accounts payable, other payables, lease liabilities and long-term borrowings 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 at December 31, 2024 and 2023 are as follows:

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

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
- Convertible preference share	\$ -	\$ -	\$ 31,975	\$ 31,975
- Fund beneficiary certificates	-	-	229,756	229,756
- Structured deposits	-	-	35,844	35,844
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,575</u>	<u>\$ 297,575</u>
December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
- Fund beneficiary certificates	\$ -	\$ -	\$ 233,352	\$ 233,352
- Structured deposits	-	-	30,310	30,310
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,662</u>	<u>\$ 263,662</u>

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

- i. 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 consolidated balance sheet date.

- ii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group'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 Group'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 consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- iii. The Group 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 Group's credit quality.
- E. For the years ended December 31, 2024 and 2023, 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, 2024 and 2023:

	2024	2023
<u>Financial assets at fair value through profit or loss</u>	<u>Equity instruments</u>	<u>Equity instruments</u>
At January 1	\$ 263,662	\$ 230,774
Gains and losses recognized in profit or loss	(6,434)	(99,971)
Acquired during the year	366,453	1,556,778
Sold during the year	(362,309)	(1,409,668)
Share swap for the year	34,472	-
Effect of exchange rate changes	1,731	(14,251)
At December 31	<u>\$ 297,575</u>	<u>\$ 263,662</u>

- G. For the years ended December 31, 2024 and 2023, 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. Convertible bonds are valued by external valuers commissioned by the Group.
- 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, 2024	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Private equity fund investment	<u>\$ 9,770</u>	Net asset value	Discount for lack of marketability	30~70% (55%)	The higher the discount for lack of marketability, the lower the fair value
Limited partnership private equity fund investment	<u>\$ 219,986</u>	Net asset value	Recent non- active market price	Not applicable	The higher the recent market price, the higher the fair value
Hybrid instruments:					
Structured deposit	<u>\$ 35,844</u>	It depends on the terms of the individual	It depends on the terms of the individual	Not applicable	Depending on the terms of the individual contract.
Debt instruments:					
Convertible preference share	<u>\$ 31,975</u>	Market comparable companies	Discount for lack of marketability	33%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Private equity fund investment	<u>\$ 24,096</u>	Net asset value	Discount for lack of marketability	15~30% (17%)	The higher the discount for lack of marketability, the lower the fair value
Limited partnership private equity fund investment	<u>\$ 209,256</u>	Net asset value	Recent non- active market price	Not applicable	The higher the recent market price, the higher the fair value
Hybrid instruments:					
Structured deposit	<u>\$ 30,310</u>	It depends on the terms of the individual	It depends on the terms of the individual	Not applicable	Depending on the terms of the individual contract.

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

			December 31, 2024	
			Recognized in profit or loss	
Financial assets	Input	Change	Favorable change	Unfavorable change
Fund beneficiary certificates	Discount for lack of marketability	± 1%	\$ 2,298	(\$ 2,298)
Hybrid instruments	Discount rate	± 1%	\$ 358	(\$ 358)
Debt instruments	Discount for lack of marketability	± 1%	\$ 320	(\$ 320)

			December 31, 2023	
			Recognized in profit or loss	
Financial assets	Input	Change	Favorable change	Unfavorable change
Fund beneficiary certificates	Discount for lack of marketability	± 1%	\$ 2,334	(\$ 2,334)
Hybrid instruments	Discount rate	± 1%	\$ 303	(\$ 303)

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 4.
- 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 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 1,2,3,4,5.

(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

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The Chief Operating Decision-Maker assesses the performance of the operating segments based on the consolidated financial statements. The accounting policy of operating segments is the same as that described in Note 4.

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

The revenue from external customers and segment financial information reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the consolidated statement of comprehensive income.

(4) Reconciliation for segment income (loss)

The segment assets, liabilities and profit before income tax reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the consolidated balance sheet and consolidated statement of comprehensive income. As a result, no reconciliation was reported.

(5) Information on products and services

Information on products and services for the years ended December 31, 2024 and 2023 are as follows:

	Year ended December 31	
	2024	2023
Revenue from contracts with customers	\$ 1,618,832	\$ 1,336,833
Services	9,392	108,921
	<u>\$ 1,628,224</u>	<u>\$ 1,445,754</u>

(6) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Revenue	Non-current assets	Revenue	Non-current assets
Hong Kong	\$ 941,089	\$ -	\$ 687,421	\$ -
Singapore	221,091	-	173,873	-
Mainland China	213,084	10,728	273,798	14,467
Korea	150,460	-	199,473	-
Taiwan	90,564	596,751	109,660	616,267
Others	11,936	683	1,529	809
	<u>\$ 1,628,224</u>	<u>\$ 608,162</u>	<u>\$ 1,445,754</u>	<u>\$ 631,543</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31	
	2024	2023
A	\$ 444,374	\$ 471,854
B	419,885	158,287
C	131,849	194,433
D	137,763	151,281
	<u>\$ 1,133,871</u>	<u>\$ 975,855</u>

ALi Corporation and Subsidiaries

Loans to others

Year ended December 31, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2024 (Note 3)	Balance at December 31, 2024 (Note8)	Actual amount drawn down	Interest rate	Nature of loan (Note4)	Amount of transactions with the Borrower borrower (Note5)	Reason for short-term financing (Note6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Note
													Item	Value			
1	ALi (China) Corporation	ALi Corporation	Accounts receivable– related parties	Yes	\$ 231,795	\$ 89,560	\$ 89,560	1%	2	\$ -	Business operation	\$ -	\$ -	\$ -	\$ 488,639	\$ 488,639	Note 7

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'. The code should be the same for the same company.

Note 2: Fill in the name of account in which the loans are recognized, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2024.

Note 4: Fill in the nature of the loan as follows:

(1) Fill in 1 for business transactions.

(2) Fill in 2 for short-term financing.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

(a) For companies having short-term loans, financial limit on loans granted to others and to a single party shall both exceed 100% of the company's net assets based on the most recent audited financial statements of the company.

(b) ALi (China) Corporation's limit on total loans granted to others and to a single party shall both not exceed 100% of the company's net assets based on the most recent audited financial statements of the company.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment.

In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

ALi Corporation and Subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2024 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2024 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company(%)	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
1	ALi (China) Corporation	ALi Corporation	3	\$ 488,639	\$ 252,830	\$ -	\$ -	\$ -	0%	\$ 488,639	N	Y	N	Note 8

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'. The code should be the same for the same company.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: In accordance with the Company's "Procedures for Provision of Loans and Endorsements and Guarantees, limit on endorsement/guarantee provided to a single party shall not exceed 100% of the company's net assets based on the latest audited or reviewed financial statements.

Note 4: In accordance with the Company's "Procedures for Provision of Loans and Endorsements and Guarantees, the limit on total amount of endorsement and guarantee granted by the Company and subsidiaries shall not exceed 50% of the equity attributable to the owners of the parent company based on the Company's latest audited or reviewed consolidated financial statements.

Additionally, limit on endorsement and guarantee provided to a single party shall not exceed 10% of the equity attributable to the owners of the parent company based on the Company's latest audited or reviewed consolidated financial statements.

Note 5: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities.

And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 8: The limit on total amount of endorsement and guarantee granted by the Company's subsidiary and ceiling on endorsement and guarantee provided to a single party both shall not exceed 100% of the company's net assets based on the most recent audited financial statements of the company.

ALi Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2024				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares or units	Book value	Ownership (%)	Fair value	Footnote
	<u>Stocks</u>							
ALi Corporation	MiiiCasa Holding (Cayman) Inc.	None	Non-current financial assets at fair value through profit or loss	5,000,000	\$ -	6.90	\$ -	
ALi Corporation	EE SOLUTIONS, Inc.	None	Non-current financial assets at fair value through profit or loss	695,500	-	2.40	-	
	<u>Beneficiary certificates</u>							
ALi Corporation	NFC Fund III, LP.	None	Non-current financial assets at fair value through profit or loss	-	219,986	-	219,986	
Ali (BVI) Microelectronics Corporation	CMC Capital Investment, L.P.	None	Non-current financial assets at fair value through profit or loss	-	9,770	-	9,770	
	<u>Convertible bonds</u>							
ALi (China) Corporation	Convertible Bonds of AIXlink Ltd.	Associate	Current financial assets at fair value through profit or loss	-	-	-	-	Note
	<u>Convertible preference share</u>							
ALi Corporation	KIWI CAMPUS Inc.	None	Non-current financial assets at fair value through profit or loss	315,328	31,975	0.77	31,975	
	<u>Structured deposit</u>							
ALi (Zhuhai) Corporation	Bank of Communications yuntong wealth fixed term structured deposit for 63 days	None	Current financial assets at fair value through profit or loss	-	35,844	-	35,844	

Note: The above amount of convertible bonds was fully recognized as valuation loss on December 31, 2023. Refer to Note 6(2) in the financial statements for details.

ALi Corporation and Subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
For the year ended December 31, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction					Differences in transaction terms compared to third party		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	transactions		Percentage of total notes/accounts receivable (payable)			
							Unit price	Credit term	Balance			
ALi (Zhuhai) Corporation	ALi Corporation	Parent company	Service revenue	\$ 153,369	100.00%	180 days end of month	Traded at prices agreed upon by both parties	No significant difference	\$ 79,826	99.87%		

ALi Corporation and Subsidiaries
Significant inter-company transactions during the reporting period
For the year ended December 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount	Transaction terms	
0	ALi Corporation	ALi (Zhuhai) Corporation	1	Outsourcing service expenses	\$ 153,369	180 days after the end of month	9.42%
0	ALi Corporation	ALi (Zhuhai) Corporation	1	Other payables	79,826	180 days after the end of month	3.07%
0	ALi Corporation	ALi (China) Corporation	1	Outsourcing service expenses	74,228	180 days after the end of month	4.56%
0	ALi Corporation	ALi (China) Corporation	1	Other payables	39,160	180 days after the end of month	1.51%
0	ALi Corporation	ALi (China) Corporation	1	Other payables	89,918	According to the contractual agreement	3.46%

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 above significant inter-company transactions are purchases or sales of goods from or 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 and Subsidiaries

Information on investees

December 31, 2024

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Ownership			of the investee for the	recognized by the Company	
						Number of shares	(%)	Book value	year ended December 31, 2024	for the year ended December 31, 2024	
ALi Corporation	ALi (BVI) Microelectronics Corporation	British Virgin Islands	Investment company	\$ 3,102,325	\$ 3,249,452	101,416,532	100.00	\$ 486,598	\$ 13,277	\$ 14,393	
ALi Corporation	ALitech India LLP	India	Research and development and customer technical services	5,850	5,850	-	99.00	8,958	(343)	(339)	
ALi Corporation	ALi Innovations Corporation	Cayman Islands	Investment company	105,571	83,535	3,700,000	100.00	(381,958)	(22,724)	(22,724)	
ALi Corporation	AUTO Mobility Solutions Co., Ltd.	Taiwan	Research and development and customer technical services	-	10,037	-	-	-	(14,979)	(3,015)	Note 3
ALi (BVI) Microelectronics Corporation	ALitech India LLP	India	Research and development and customer technical services	52	52	-	1.00	90	(343)	(4)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2024' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each ((ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the year ended December 31, 2024' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognized by the Group for the year ended December 31, 2024' column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Note 3: In the third quarter of 2024, the Group exchanged shares of the Company's associate, AUTO Mobility Solutions Co., Ltd., with the preferred shares issued by Kiwi Campus Inc. Refer to Note 6(8) for details.

ALi Corporation and Subsidiaries
Information on investments in Mainland China
December 31, 2024

Table 7

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	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China	Net income of investee for the year ended December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2024	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
				as of January 1, 2024	Remitted to China	Remitted back to Taiwan	as of December 31, 2024			(Note 2)		Taiwan as of December 31, 2024	
ALi (Zhuhai) Corporation	Research and development and customer technical services	\$ 25,596	2.1	\$ 21,568	\$ -	\$ -	\$ 21,568	\$ 14,616	100.00	\$ 14,616	\$ 153,839	\$ -	
ALi (China) Corporation	Research and development and customer technical services	83,094	2.1	281,280	-	(147,128)	134,152	28,018	100.00	28,018	488,639	-	Note 5, 6
Shenzhen Tianchen Semiconductor Technology Co. Ltd.	Research and development, sales and customer technical services	-	-	-	-	-	- (3)	100.00	(3)	4	-		
Zhuhai Feiyang Management Consulting Partnership (Limited Partnership)	Investment company	1,791	2.1	-	-	-	-	964	91.75	884	9,140	-	Note 4
ALi (Chengdu) Corporation	Research and development, sales and customer technical services	85,082	1	95,296	-	-	95,296 (14,279)	100.00	(3,372)	65,342	-		
Xsail Technology Co., Ltd.	Research and development, sales and customer technical services	8,956	2.1	-	-	-	-	4,816	98.35	4,737	48,981	-	Note 4
AIXlink Ltd.	Research and development, sales and customer technical services	143,444	2.2	84,448	-	-	84,448 (29,489)	32.32	-	-	-	-	

ALi Corporation and Subsidiaries
Information on investments in Mainland China
December 31, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	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
ALi Corporation	\$ 335,464	\$ 532,896	Note 7

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) recognized by the Company for the year ended December 31, 2023 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: 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 5: The investment amount of US\$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 6: The investment amount of US\$7,500 thousand made by ALi (China) Corporation. In July 2024, the Company carried out a capital reduction and remitted the money back.

The Company has obtained the approval documents from the Investment Commission, MOEA on November 21, 2024.

Note 7: The Company received an approval letter issued by the Industrial Development Bureau of the Ministry of Economic Affairs on November 1, 2024, effective from October 24, 2024 to October 23, 2027. Hence, calculation of investment limit is not needed.