

Listed Stock Code: 3041



ALi Corporation

**2023 General Meeting of
Shareholders**

Meeting Handbook

(TRANSLATION)

Date: 9:00 A.M., June 16, 2023

Location: No. 207, Sec. 2, Tiding Blvd., Neihu Dist.,
Taipei City
(Xuexue Institute Building)

Catalogue

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I. Meeting Procedure

1. Chairman Speech

2. Report Matters

3. Acknowledged Matters

4. Matters for Discussion

5. Extemporaneous Motions

6. Meeting Adjourned

II. Meeting Agenda

Time: 9: 00 A.M., Friday, June 16, 2023

Location: No. 207, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City (Xuexue Institute Building)

Meeting Method: Physical Shareholders Meeting

Procedure:

1. Chairman Speech
2. Report Matters
 - (1) 2022 Business Report
 - (2) Audit Committee's Review Report
 - (3) Report on 2022 employees' compensation and remuneration to directors
 - (4) Report on the Implementation of 2022 Sound Business Plan
 - (5) Report on the Execution of 2022 Private Placement for Common Shares
3. Acknowledged Matters
 - (1) 2022 Business Report and Financial Statements
 - (2) 2022 Earnings Distribution
4. Matters for Discussion
 - (1) Amendment to the "Articles of Association"
 - (2) Private Placement for Securities Cases
5. Extemporary Motions
6. Meeting Adjourned

Report Matters

Report Matter 1

Subject: 2022 Business Report

Descriptions: Annex 1 (page 11) for 2022 Annual Business Report

Report Matter 2

Subject: Audit Committee's Review Report

Descriptions: Annex 2 (page 13) for Audit Committee's Review Report

Report Matter 3

Subject: Report on 2022 employees' compensation and remuneration to directors

Descriptions:

- I. According to Article 19 of the Company's "Articles of Association", if there is any profit for a specific fiscal year (the so-called profit refers to the profit before tax deducting the distribution of employee compensation and director's remuneration), the Company shall allocate no less than 5% of the profit as employees' compensation and shall allocate at a maximum of 1.5% of the profit as remuneration to Directors, provided that the Company's accumulated losses shall have been covered in advance.
- II. The Board has adopted a proposal for distribution of 2022 profit as follows: employees' compensation is NT\$1,500,000 and the remuneration to directors is NT\$400,000; both shall be paid in cash.

Report Matter 4

Subject: Report on the Implementation of 2022 Sound Business Plan

Descriptions:

In accordance with the provisions of CHIN-KUAN-CHENG-FA-TZU No. 1080329607 issued by the Financial Supervision and Administration Commission on September 5, 2019; the report is as follows:

- I. On June 11, 2019, the Company passed the resolution of the 2019 regular shareholders meeting to reduce capital to make up for its losses. After the approval of CHIN-KUAN-CHENG-FA-TZU No. 1080329607 issued by the Financial Supervision and Administration Commission on September 5, 2019, the Company reported the implementation of the sound business plan to the shareholders meeting in accordance with the provisions therefrom.
- II. Please refer to Annex 3 (page 14) for report on the sound business plan implementation in accordance with the above-mentioned provisions.

Report Matter 5

Subject: Report on the Execution of 2022 Private Placement for Common Shares

Descriptions:

- I. The board of directors of the company was authorized by the general meeting of shareholders on June 14, 2022 to increase the capital in cash and issue common shares by means of private placement in several times within one year since date of the resolution made by the general meeting, depending on the capital demand of the company and not surpassing the common shares quota of 34.132 million shares.
- II. The above-mentioned private placement of common shares passed the board resolution on May 5th, 2023 and the quota uncompleted before June 14th, 2023 will not be continued since the day.

Acknowledged Matters

Acknowledged Matter 1

Subject: 2022 Business Report and Financial Statements (Proposed by the Board of Directors)

Descriptions:

- I. The preparation of the Company's 2022 business report and financial statements were completed and approved by the Board of Directors. Among them, the financial statements were audited by independent auditors, CPA Hsu, Sheng-Chung and CPA Hsu, Yung-Chien with PwC Taiwan. The aforesaid financial statements together with the business report were reviewed by the Audit Committee, and the written Audit Committee's review report form is presented.
- II. Please refer to Annex 1 (page 11) and Annex 4 and 5 (pages 15-39) for 2022 business report, independent auditor's report and financial statements.
- III. Please approve accordingly.

Resolution:

Acknowledged Matter 2

Subject: 2022 Earnings Distribution (Proposed by the Board of Directors)

Descriptions:

- I. The Company's 2022 net profit after-tax was NT\$ (the same below) 14,157,034, after recognized the legal reserve of 1,415,703, and adding unappropriated retained earnings at beginning of period of 0, the earnings available for distribution this year is 12,741,331.
- II. Considering the capital needs of future business plans and changes in the industrial environment, no dividend will be distributed to shareholders this year.
- III. The table of 2022 Earnings Distribution is attached. Please approve accordingly.

ALi Corporation
Table of 2022 Earnings Distribution

	Unit: NT\$
Unappropriated retained earnings at beginning of the period	<u>0</u>
Add: Net income of 2022	14,157,034
Less: Legal Reserve	<u>(1,415,703)</u>
Earnings available for distribution	<u>12,741,331</u>
Distribution item:	
Dividend to shareholders	<u>0</u>
Unappropriated retained earnings at the end of the period	<u><u>12,741,331</u></u>

Chairman: Sophia Liang

Manager: Sean Cheng

Chief account: Iris Huang

Resolution:

Matters for Discussion

Discussion Matter 1

Subject: Amendment to the “Articles of Association”. (Proposed by the Board of Directors)

Description:

- I. Article 20 of the Company's “Articles of Association” revised in 2022, the Department of Commerce of the Ministry of Economic Affairs requested additional text.
- II. Please refer to Annex 6 (page 40) for the comparison table of amendments to the “Articles of Association”.
- III. All those are submitted to for a referendum

Resolution:

Discussion Matter 2

Subject: Private Placement for Securities Cases (Proposed by the Board of Directors)

Description:

- I. In accordance with Article 43-6 of the Securities Exchange Act, it is proposed to increase the capital in cash and issue common shares or domestic convertible unsecured corporate bonds by means of private placement at an appropriate time, so as to facilitate the company to raise working capital when necessary in the future. When conducting the aforementioned issuance, within the same quota, the Company may choose to issue a part of common shares and a part of domestic convertible unsecured corporate bonds.
- II. The handling methods and contents are as follows:
 - (I). Issue terms:
 1. Type of private placement for securities: common shares or domestic convertible unsecured corporate bonds
 2. Total amount of private placement for securities: Handled within a quota of no more than NT\$1 billion, the actual amount raised shall be determined by the board of directors which is authorized by the shareholders meeting.
 - (II). Basis and rationality to determine the price of private placement:
 1. The price of the private placed common shares shall not be lower than 80% of the higher one of the two benchmark prices listed below on the pricing date of the company.
 - (1) The average closing price of the common shares from either 1, 3, or 5 business days before the pricing date, minus dividends adjustment, plus price discount adjustment due to capital reduction; or
 - (2) The average closing price of the common shares for a period of thirty business days before the pricing date, minus dividends adjustment, plus price discount adjustment due to capital reduction.

2. The issuance price of convertible bonds shall be no less than 80 percent of the theoretical price which is determined by a pricing model considering all options in the issuance terms.
 3. The actual pricing date, theoretical price and actual issuance price (including the conversion price of convertible bonds) shall be submitted to the shareholders' meeting for authoring the board of directors to make the decision according to the aforementioned method and the circumstances of negotiating with a specific person in the future. The price (including the conversion price of convertible bonds) determination above shall follow regulations from government authorities. Considering that Security and Exchange Act has set a no-trading period of 3 years on private placement securities, the price determination above shall be reasonable.
- (III). The method to determine specific parties:
The objects of private placement are limited to the strategic investors who comply with Article 43-6 of the Securities and Exchange Act and T.C.Z.Y.T. No. 0910003455 Order of the Financial Supervision and Administration Commission on June 13th, 2002, can help the company improve technologies and product quality, reduce cost, increase efficiency, expand markets, strengthen financial structure and so on, and agree with the company's business philosophy. Finding the strategic investors meeting the aforesaid requirements about the purpose, necessity and expected benefits to cope with the long-term development of the company. Assist the company to achieve the aforementioned benefits by means of the experience, knowledge, technology, access or layout of such strategic investors. The board of directors shall be fully authorized by the meeting of shareholders to handle matters related to determining specific persons.
- (IV). The necessity of private placement:
- 1.Reasons for not adopting public offering
Consider the situation of capital market, the timeliness, feasibility, issue cost of capital raising and the actual needs of introducing strategic investors. Since the private placement of securities is subject to transfer restrictions within a certain period of time, which can ensure the long-term cooperative relationship between the company and strategic investment partners, therefore, the Company proposed to raise capital through private placement, rather than public offering.
 - 2.The amount of private placement:
It is handled within the quota of NT\$ 1 billion.
 - 3.The capital usage plan and expected benefits of each private placement:
The company expects that the private placement will be handled for no more than three times within one year since the date of the resolution of the shareholders' meeting depending on the situation of the market and the negotiation with specific parties, and the funds raised in each time will be used entirely as operating capital. Each private placement is

expected to enhance the competitiveness of the company, improve operational efficiency and strengthen the financial structure, which will be beneficial to the shareholders' equity.

(V). Rights and obligations of common shares and domestic convertible unsecured corporate bonds in this private placement:

1. The rights and obligations of common shares and domestic convertible unsecured corporate bonds in this private placement and subsequent allotment are the same as those that the company has already issued; however, according to the regulations, the shares of this private placement can not be sold within three years since the date of this delivery, unless otherwise specified in Article 43-8 of the Securities and Exchange Act.
2. Three years after the delivery date of this private placement, the board of directors will be authorized to apply to the Taiwan Stock Exchange Corporation for approval and issuance of a consent letter meeting the listing standards in accordance with relevant provisions of the Criteria for Handling the Raising and Issuance of Securities by Issuers and the Criteria for Review of the Listing of Securities by Taiwan Stock Exchange Corporation and then report to the Financial Supervision and Administration Commission for a supplementary public offering. In addition, the book-entry transfer is adopted for delivery and application for listing, without printing entity.
3. Major changes in management rights within one year prior to the resolution of the board of directors for private placement or after the introduction of strategic investors through private placement, will there be a major change in management rights: There was no major change in the management rights in the previous year as the resolution of the Board of Directors of the Company. However, when introducing strategic investors in the future, it may be considered based on the strategic cooperation or business plan of the two parties, and there is a possibility of major changes in the management rights. In order to retain this flexibility and in accordance with relevant laws and regulations, the Company has asked President Securities to issue an assessment opinion on the necessity and rationality of private placement (please refer to Annex 7, page 42), the content of the assessment opinion will be stated in the notice of the general meeting of shareholders.

III. The board of directors is authorized to handle the matters related to this private placement of securities according to the actual situation of the raising, which shall not exceed three times within one year since the date of the resolution made by the shareholders' meeting. Meanwhile, no matter whether the shares have been fully raised within the one year, it is proposed that the shareholders' meeting shall authorize the board of directors to make a resolution. If the original plan is still feasible, it shall be deemed that the the share capital for the issuance of new shares in cash through private placement has been fully

collected and the raising has been completed.

- IV. The board of directors shall be authorized to determine the pricing date, actual issue price, and base date of the capital increase of the new shares to be issued in this private placement.
- V. The board of directors shall be authorized to handle the issue price, issue terms, planned items and other related matters of the new shares to be issued in the private placement of securities due to the changes in laws and regulations, opinions of the competent authority or market conditions.
- VI. The board of directors shall be authorized to amend other matters not covered, or changes in issue terms, planned items and other related issues due to changes in laws and regulations, opinions of the competent authority or market conditions.
- VII. All those are submitted to for a referendum.

Resolution:

Extemporary Motions

Meeting Adjourned

III. Annex

Annex 1

Business Report

The year 2022 is a year of change for the Company ending the losses for seven consecutive years.

The consolidated revenue for the Company in 2022 was NT\$2.651 billion, consolidated operating profit was NT\$96 million, profit after tax was NT\$17 million, and profit after tax per share was NT\$0.07. Overall, the upper half of 2022 has benefited from the demands from the World Cup with booming sales. On the other hand, sales growth was stagnant as the global semiconductor industry was adjusting. The Company shall prudently allocate production capacities and invest in product combinations to enhance the efficiency in use of resources. In summary, the operation scale was affected by the headwinds of the semiconductor industry and was unable to extend the growth trend. However, the gross margin has improved, and operation cost was greatly optimized. Losses have turned into profits for the entire year.

In terms of the development of our core business, cable TV and Set-Top Box products continue to expand their market shares in the emerging markets; under the waves of the World Cup, sales volume in Africa continued to grow in the upper half of the year; 5G transition planning by the government of Brazil has driven the constant stock up for the operators in South America. The sales of Set-Top Boxes have also undergone a wave of growth dynamic in the operating revenue benefiting from the conversion of analog digital signal of the Indonesian government. Generally, the second half of the year was affected by the reversed demands of the semiconductor industry and inflation. Despite the fact that our main business faced challenges in the sales dynamic, there was still growth in market share. This is due to our constant efforts in deepening relations with upstream and downstream partners as our strategy for execution. The outlook for 2023 shows that the 5G transition planning in the third phase by the Brazilian government and the ongoing conversion of analog to digital signal of the Indonesian government are expected to bring more growth opportunities for the paid and retail Set-Top Box. In terms of the Group business, the Company's smart device product line has become fruitful after many years of efforts, while we continue to explore the smart display and smart voice areas, planning for the next generation technology development to cope with the different application market demands. The smart mobile house cleaning products continuously won the adoption by brands. As our self-researched AI computing model becomes mature, we are able to enter the service robotics market. Smart IoT Chipsets entered mass production in 2023. It focuses on the new generation smart home appliances and IoT applications which can introduce a new growth momentum for the Group.

Over the long years, the Company has been deeply involved in the research and development capacity centering on the customers' demands for high efficiency and high quality of products. We continue to invest resources for the development of chip design, innovative and self-researched IP from intelligent computing, audio-visual processing, security encryption,

high speed transmission, AI algorithm and so on. This presents comprehensive property rights and a clear development layout. In addition, there are expectations in extending our tentacles to other fields through the collaboration method of ASIC design service with strategic partners. The other fields are, for example, vehicle use, audio and visual, and control. We aim to provide the most competitive ecosystem solution plan.

Looking ahead, the Company will continue to take the interests of stakeholders, employee development and social responsibilities as its responsibilities in the pursuit of a greater operation performance and growth breakthroughs. Thank you to all shareholders for your support to the Company. We wish you good health and prosperity.

Chairman: Sophia Liang

Audit Committee's Review Report

The Board of Directors prepared the Company's 2022 Annual Business Report, Financial Statements and Proposal for allocation of profits, in which the Financial Statements were audited and completed by PwC Taiwan, and the Independent Auditor's Report form is presented. The above-mentioned Business Report, Financial Statements and profit allocation proposal have been reviewed by the Audit Committee and the information be determined to be correct and accurate. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit the above report. Please be advised accordingly.

Hereby

Shareholders' Meeting of ALi Corporation 2023

ALi Corporation

Chairman of the Audit Committee

March 27, 2023

Report on the Implementation of Sound Business Plan

The company's report on sound business plan implementation of 2022 is as follows:

Unit: NT\$ Thousands	Plan	Financial Statements	Difference	Difference ratio (%)
Revenue	2,911,014	2,651,069	(259,945)	9
Gross profit	1,158,976	1,036,314	(122,662)	11
Operating expenses	(941,718)	(940,052)	1,666	0
Operating income (loss)	217,258	96,262	(120,996)	56
Non-operating income and expenses	(33,489)	(62,348)	(28,859)	86
Income (loss) before tax	183,769	33,914	(149,855)	82
Net income (loss)	147,015	16,669	(130,346)	89

The descriptions are as follows:

The Company's revenue and gross profit in 2022 were NT\$ 2,651,069 thousand and NT\$ 1,036,314 thousand respectively, compared with the sound operation plan, the difference amounts were NT\$ 259,945 thousand and NT\$ 122,662 thousand respectively, mainly due to the reversal of the global semiconductor industry in the second half of the year, resulting in lower revenue and gross profit than expected.

Although the revenue momentum in 2022 still faces severe challenges, the company continues to optimize resource allocation to improve operational efficiency. Operating expenses in 2022 were reduced by NT\$ 1,666 thousand compared to the plan, and non-operating income and expenses were higher due to the loss of equity method investment business was higher than the original plan, and the overall global environment changed intensified in the second half of the year, and exchange rate changes also eroded part of non-operating income, resulting in non-operating revenue and expenses increased by 28,859 thousand compared with the plan, as a result, the company's 2022 operating income and income before tax are NT\$ 96,262 thousand and NT\$ 33,914 thousand, respectively, both lower than the sound operating plan.

Overall, although the company's 2022 operations were affected by the reversal of global semiconductor demand and inflation, we still stood firm against the wind. When the operator market changes, we immediately adjusted strategy to seize business opportunities in the retail market, and with excellent management and control discipline, the inventory level was effectively reduced, successfully turned losses into profits, ending seven consecutive years of losses.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ALi Corporation

Opinion

We have audited the accompanying consolidated balance sheets of ALi Corporation and subsidiaries (the “Group”) as at December 31, 2022 and 2021, 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 significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the *Other matter section*), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's 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 2022 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 2022 consolidated financial statements are stated as follows:

Existence of operating revenue from overseas distributors

Description

Refer to Note 4(31) for the accounting policy on revenue recognition and Note 6(20) for details of sales revenue.

The Group recognised net operating revenue amounting to NT\$2,651,069 thousand for the year ended December 31, 2022. 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 with significant growth a key audit matter.

How our audit addressed the matter

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

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

Evaluation of inventories

Description

Refer to Note 4(13) for the 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 realisable value. Inventories that are over a certain age and individually identified as obsolete inventory are individually assessed and losses are recognised based on the individually identified net realisable value.

As the amounts of the Group's inventories are material, the types of inventories vary, and the estimation of net realisable value is subject to management's judgement, we considered the 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 on and assessed the reasonableness of the policy to recognise allowance for inventory valuation losses.
2. Obtained the net realisable value report of inventories which was used in the valuation of management, discussed with management and obtained supporting documents and recalculated the net realisable value report.
3. Verified whether the systematic logic used in the 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 – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method of the Group for the year ended December 31, 2022, which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$54,975 thousand, constituting 1.46% of the total assets of the Group as at December 31, 2022, and the comprehensive loss recognized from the aforementioned companies amounted to NT\$127,472 thousand, constituting (452.00%) of the total comprehensive income for the year ended December 31, 2022.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of ALi Corporation as at and for the years ended December 31, 2022 and 2021.

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 that came into effect 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 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.

Hsu, Sheng-Chung

Hsu, Yung-Chien

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 27, 2023

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

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

ALI CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
Current assets			
1100	Cash and cash equivalents	\$ 1,016,145	\$ 739,932
1136	Financial assets at amortised cost - current	247,600	505,500
1170	Accounts receivable, net	212,704	337,962
1200	Other receivables	162,859	131,114
1210	Other receivables due from related parties	69,236	-
1220	Current tax assets	1,644	1,788
130X	Current inventories	305,760	370,017
1470	Other current assets	61,275	64,715
11XX	Total current assets	<u>2,077,223</u>	<u>2,151,028</u>
Non-current assets			
1510	Financial assets at fair value through profit or loss - non-current	230,774	157,302
1535	Financial assets at amortised cost - non-current	5,000	5,000
1550	Investments accounted for using equity method	58,084	17,422
1600	Property, plant and equipment	348,499	358,796
1755	Right-of-use assets	4,814	14,292
1760	Investment property, net	238,135	239,857
1780	Intangible assets	98,197	135,657
1840	Deferred tax assets	687,663	700,665
1920	Guarantee deposits paid	5,165	6,297
1990	Other non-current assets	9,243	23,055
15XX	Total non-current assets	<u>1,685,574</u>	<u>1,658,343</u>
1XXX	Total assets	<u>\$ 3,762,797</u>	<u>\$ 3,809,371</u>

(Continued)

ALI CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
Current liabilities			
2130	Contract liabilities - current	\$ 5,631	\$ 6,671
2170	Accounts payable	154,048	347,171
2200	Other payables	307,118	311,340
2230	Current tax liabilities	4,773	5,784
2250	Current provisions	1,383	1,739
2280	Lease liabilities - current	4,628	10,685
2300	Other current liabilities	9,853	20,760
21XX	Total current liabilities	<u>487,434</u>	<u>704,150</u>
Non-current liabilities			
2570	Deferred tax liabilities	6,726	3,381
2580	Lease liabilities - non-current	514	4,276
2645	Guarantee deposits received	1,220	2,596
25XX	Total non-current liabilities	<u>8,460</u>	<u>10,253</u>
2XXX	Total liabilities	<u>495,894</u>	<u>714,403</u>
Equity			
Equity attributable to owners of parent			
	Share capital		
3110	Ordinary share	1,942,019	1,934,499
3140	Advance receipts for share capital	-	2,100
3200	Capital surplus	1,317,265	1,194,813
	Retained earnings		
3310	Legal reserve	1,226	649,857
3350	Unappropriated retained earnings (accumulated deficit)	14,157 (648,631)
3400	Other equity interest	10,324 (4,695)
3500	Treasury shares	(19,185)	(33,845)
31XX	Equity attributable to owners of parent	<u>3,265,806</u>	<u>3,094,098</u>
36XX	Non-controlling interests	<u>1,097</u>	<u>870</u>
3XXX	Total equity	<u>3,266,903</u>	<u>3,094,968</u>
	Commitments and Contingent Liabilities		
3X2X	Total liabilities and equity	<u>\$ 3,762,797</u>	<u>\$ 3,809,371</u>

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

ALI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)

	Items	Notes	Year ended December 31	
			2022	2021
			AMOUNT	AMOUNT
4000	Operating revenue	6(20) and 7	\$ 2,651,069	\$ 2,815,374
5000	Operating costs	6(7)(22)	(1,614,755)	(1,748,026)
5900	Gross profit from operations		1,036,314	1,067,348
	Operating expenses	6(22)		
6100	Selling expenses		(79,171)	(98,447)
6200	Administrative expenses		(191,164)	(217,644)
6300	Research and development expenses		(635,608)	(844,569)
6450	Impairment (loss) gain	12(2)	(34,109)	222
6000	Total operating expenses		(940,052)	(1,160,438)
6900	Operating profit (loss)		96,262	(93,090)
	Non-operating income and expenses			
7100	Interest income		14,338	6,678
7010	Other income	6(11)	26,144	24,606
7020	Other gains and losses	6(21) and 7	32,072	(16,669)
7050	Finance costs		(476)	(851)
7060	Share of (loss) profit of associates and joint ventures accounted for using equity method	6(8)	(134,426)	50
7000	Total non-operating income and expenses		(62,348)	13,814
7900	Profit (loss) before income tax		33,914	(79,276)
7950	Income tax expense	6(24)	(17,245)	(10,374)
8200	Profit (loss) for the year		\$ 16,669	(\$ 89,650)

(Continued)

ALI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)

	Items	Notes	Year ended December 31	
			2022	2021
			AMOUNT	AMOUNT
	Other comprehensive income (loss)			
	Components of other comprehensive income (loss) that will be reclassified to profit or loss			
8361	Financial statements translation differences of foreign operations		\$ 12,678	\$ 2,583
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method		1,748	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(24)	(2,893)	(517)
8360	Other comprehensive income that will be reclassified to profit or loss		11,533	2,066
8500	Total comprehensive income (loss)		<u>\$ 28,202</u>	<u>(\$ 87,584)</u>
	Profit (loss) attributable to:			
8610	Owners of parent		\$ 14,157	(\$ 90,421)
8620	Non-controlling interests		2,512	771
			<u>\$ 16,669</u>	<u>(\$ 89,650)</u>
	Other comprehensive income (loss) attributable to:			
8710	Owners of parent		\$ 25,727	(\$ 88,356)
8720	Non-controlling interests		2,475	772
			<u>\$ 28,202</u>	<u>(\$ 87,584)</u>
	Basic earnings (loss) per share			
9750	Basic earnings (loss) per share	6(25)	<u>\$ 0.07</u>	<u>(\$ 0.47)</u>
	Diluted earnings (loss) per share			
9850	Diluted earnings (loss) per share		<u>\$ 0.07</u>	<u>(\$ 0.47)</u>

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

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

	Equity attributable to owners of the parent											
	Capital			Retained Earnings			Other Equity Interest			Non-controlling interests	Total equity	
	Notes	Ordinary share	Advance receipts for share capital	Capital surplus	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unearned compensation	Treasury shares			Total
<u>2021</u>												
Balance at January 1		\$ 1,945,399	\$ -	\$ 1,182,030	\$ 649,857	(\$ 555,835)	(\$ 3,311)	(\$ 16,588)	(\$ 102,544)	\$ 3,099,008	\$ 71	\$ 3,099,079
(Loss) profit for the year		-	-	-	-	(90,421)	-	-	-	(90,421)	771	(89,650)
Other comprehensive income		-	-	-	-	-	2,065	-	-	2,065	1	2,066
Total comprehensive (loss) income		-	-	-	-	(90,421)	2,065	-	-	(88,356)	772	(87,584)
Treasury shares transferred to employees	6(16)(17)	-	-	3,811	-	-	-	-	68,699	72,510	-	72,510
Share-based payments	6(15)(17)	-	-	7,815	-	-	-	13,139	-	20,954	-	20,954
Retirement of employee restricted stocks	6(16)(17)	(10,900)	-	10,900	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	6(17)(26)	-	-	(11,386)	-	(2,375)	-	-	-	(13,761)	27	(13,734)
Exercise of employee stock options	6(16)(17)	-	2,100	1,643	-	-	-	-	-	3,743	-	3,743
Balance at December 31		\$ 1,934,499	\$ 2,100	\$ 1,194,813	\$ 649,857	(\$ 648,631)	(\$ 1,246)	(\$ 3,449)	(\$ 33,845)	\$ 3,094,098	\$ 870	\$ 3,094,968
<u>2022</u>												
Balance at January 1		\$ 1,934,499	\$ 2,100	\$ 1,194,813	\$ 649,857	(\$ 648,631)	(\$ 1,246)	(\$ 3,449)	(\$ 33,845)	\$ 3,094,098	\$ 870	\$ 3,094,968
Profit for the year		-	-	-	-	14,157	-	-	-	14,157	2,512	16,669
Other comprehensive income (loss)		-	-	-	-	-	11,570	-	-	11,570	(37)	11,533
Total comprehensive income		-	-	-	-	14,157	11,570	-	-	25,727	2,475	28,202
Legal reserve used to offset accumulated deficits	6(18)	-	-	-	(648,631)	648,631	-	-	-	-	-	-
Retirement of employee restricted stocks	6(16)(17)	(4,300)	-	4,300	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	6(8)(17)	-	-	105,243	-	-	-	-	-	105,243	-	105,243
Treasury shares transferred to employees	6(16)(17)	-	-	1,767	-	-	-	-	14,660	16,427	-	16,427
Share-based payments	6(15)(17)	-	-	2,469	-	-	-	3,449	-	5,918	-	5,918
Exercise of employee stock options	6(16)(17)	11,820	(2,100)	6,961	-	-	-	-	-	16,681	-	16,681
Changes in ownership interests in subsidiaries	6(17)(26)	-	-	1,712	-	-	-	-	-	1,712	(2,248)	(536)
Balance at December 31		\$ 1,942,019	\$ -	\$ 1,317,265	\$ 1,226	\$ 14,157	\$ 10,324	\$ -	(\$ 19,185)	\$ 3,265,806	\$ 1,097	\$ 3,266,903

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

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

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit (loss) before tax		\$ 33,914	(\$ 79,276)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(22)	33,293	36,946
Amortisation	6(22)	69,833	102,659
Expected credit loss (gain)	12(2)	34,109	(222)
Unrealised loss on financial assets or liabilities at fair value through profit or loss	6(21)	16,873	3,537
Interest expense		476	851
Interest income		(14,338)	(6,678)
Dividend income		-	(115)
Share-based payments	6(15)	5,918	20,954
Share of loss (profit) of associates and joint ventures accounted for using equity method	6(8)	134,426	(50)
(Gain) loss on disposal of property, plant and equipment	6(21) and 7	(1,762)	9
Gains on disposals of investments	6(21)	(18,389)	-
Loss on disposal of subsidiaries	6(21)	-	9,340
Gain on disposal of intangible asstes	6(21) and 7	(28,170)	-
Gain on lease modification	6(10)	(155)	-
Unrealized foreign exchange (loss) gain		2,624	(2,224)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss, mandatorily measured at fair value		(125)	(76)
Accounts receivable		91,149	(143,506)
Other receivables		(19,389)	(20,953)
Other accounts receivable due from related parties		617	-
Inventories		64,253	(35,490)
Prepayments		17,016	42,909
Changes in operating liabilities			
Contract liabilities		(1,071)	377
Accounts payable		(193,223)	100,191
Other payables		(3,778)	(55,628)
Provisions for liabilities		(356)	(207)
Other current liabilities		(10,909)	(12,640)
Cash inflow (outflow) generated from operations		212,836	(39,292)
Interest received		14,338	6,678
Dividends received		-	115
Interest paid		(476)	(851)
Income taxes (paid) refund		(4,793)	227
Net cash flows from (used in) operating activities		221,905	(33,123)

(Continued)

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

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 19,800)	(\$ 39,600)
Proceeds from disposal of financial assets at amortised cost		277,700	101,200
Acquisition of financial assets at fair value through profit or loss		(621,104)	(595,941)
Proceeds from disposal of financial assets at fair value through profit or loss		531,145	531,550
Proceeds from capital reduction of financial assets at fair value through profit or loss	6(2)	-	14,591
Acquisition of investments accounted for using equity method	6(8)	(85,700)	-
Proceeds from capital reduction of investments accounted for using equity method	6(8)	17,714	-
Acquisition of property, plant and equipment	6(27)	(16,162)	(33,088)
Proceeds from disposal of property, plant and equipment		10,029	-
Acquisition of intangible assets	6(27)	(76,201)	(82,066)
Proceeds from disposal of intangible assets	6(27) and 7	7,071	-
Decrease (increase) in refundable deposits		1,178	(589)
Net cash flows from (used in) investing activities		<u>25,870</u>	<u>(103,943)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in guarantee deposits received		(1,376)	45
Payments of lease liabilities		(12,015)	(15,055)
Exercise of employee share options	6(16)	16,681	3,743
Treasury shares transferred to employees	6(16)	16,427	72,510
Acquisition of ownership interests in subsidiaries	6(26)	(24)	(13,734)
Net cash flows from financing activities		<u>19,693</u>	<u>47,509</u>
Effect of exchange rate changes on cash and cash equivalents		8,745	(5,365)
Net increase (decrease) in cash and cash equivalents		276,213	(94,922)
Cash and cash equivalents at beginning of year		739,932	834,854
Cash and cash equivalents at end of year		<u>\$ 1,016,145</u>	<u>\$ 739,932</u>

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ALi Corporation

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Existence of operating revenue from overseas distributors

Description

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

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

How our audit addressed the matter

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

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

Evaluation of inventories

Description

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

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

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

How our audit addressed the matter

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

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

Other matter – Reference to the audits of other auditors

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China

will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

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

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

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

Hsu, Sheng-Chung

Hsu, Yung-Chien

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 27, 2023

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

Comparison Table of Amendments to the “Articles of Association”

Before amendments	After amendments	Reason for amendments
<p>Article 20</p> <p>Before the Company distributes earnings, the Company shall first make up the accumulated deficits (including adjusting the undistributed surplus amount) and allocate 10% as the legal reserve according to law, with the amount of the items other than the current after-tax net profit added to the current after-tax net profit and included in the current year's undistributed surplus; However, this is not the case when the legal reserve has reached the paid-in capital of the Company.</p> <p>The special reserve shall be allocated or reversed in accordance with laws or regulations of the competent authority.</p> <p>When allocating the special surplus reserve, the under-reported amount for the “Net increase in fair value of investment properties accumulated in the previous period” and “Net decrease in other equity accumulated in the previous period” should be allocated from the previous period before the distribution of surplus, and the amount shall be allocating as special surplus reserve of the same amount. If there is still a shortage, the amount should be allocated from the current after-tax net profit add the items other than the current after-tax net profit and included in the current undistributed surplus.</p> <p>The remaining surplus, together with the undistributed surplus at beginning of period (including adjustment of the undistributed surplus amount), shall be proposed by the Board of Directors and submitted to the shareholders' meeting for resolution to distribute dividends and bonuses.</p> <p>The company's earnings distribution or loss appropriation may be made after the end of each quarter. If the earnings distribution is paid in cash, it may be handled by a special resolution of the board of directors in accordance with Paragraph 5 of Article 240 of the Company Law, and reported to the shareholders' meeting.</p> <p>The Company's affiliated industries are in the growth stage. Depending on investment environment, capital demand, company business, financial planning and other factors, the distributable surplus for the current year</p>	<p>Article 20</p> <p>Before the Company distributes earnings, the Company shall first make up the accumulated deficits (including adjusting the undistributed surplus amount) and allocate 10% as the legal reserve according to law, with the amount of the items other than the current after-tax net profit added to the current after-tax net profit and included in the current year's undistributed surplus; However, this is not the case when the legal reserve has reached the paid-in capital of the Company.</p> <p>The special reserve shall be allocated or reversed in accordance with laws or regulations of the competent authority.</p> <p>When allocating the special surplus reserve, the under-reported amount for the “Net increase in fair value of investment properties accumulated in the previous period” and “Net decrease in other equity accumulated in the previous period” should be allocated from the previous period before the distribution of surplus, and the amount shall be allocating as special surplus reserve of the same amount. If there is still a shortage, the amount should be allocated from the current after-tax net profit add the items other than the current after-tax net profit and included in the current undistributed surplus.</p> <p>The remaining surplus, together with the undistributed surplus at beginning of period (including adjustment of the undistributed surplus amount), shall be proposed by the Board of Directors and submitted to the shareholders' meeting for resolution to distribute dividends and bonuses.</p> <p>The company's earnings distribution or loss appropriation may be made after the end of each quarter. If the earnings distribution is paid in cash, it may be handled by a special resolution of the board of directors in accordance with Article 228-1 and Paragraph 5 of Article 240 of the Company Law, and reported to the shareholders' meeting.</p> <p>The Company's affiliated industries are in the growth stage. Depending on investment environment, capital demand, company business, financial planning and other factors, the distributable surplus for the current year</p>	<p>In accordance with the Department of Commerce of the Ministry of Economic Affairs requested additional text.</p>

<p>may be fully distributed. Surplus can be distributed in cash or stock, but the proportion of cash dividends distributed by shareholders shall not be less than ten percent (10%) of the total dividends of shareholders.</p>	<p>may be fully distributed. Surplus can be distributed in cash or stock, but the proportion of cash dividends distributed by shareholders shall not be less than ten percent (10%) of the total dividends of shareholders.</p>	
<p>Article 23 The Articles of Association was concluded on April 20, 1993 The first revision was made on December 3, 1993 The 2nd revision was made on June 24, 1995 The 3rd revision was made on January 8, 1996 The 4th revision was made on April 20, 1996 The 5th revision was made on June 27, 1996 The 6th revision was made on June 20, 1997 The 7th revision was made on April 3, 1998 The 8th revision was made on April 3, 1998 The 9th revision was made on April 27, 2000 The 10th revision was made on April 25, 2001 The 11th revision was made on June 13, 2002 The 12th revision was made on June 2, 2004 The 13th revision was made on August 26, 2004 The 14th revision was made on June 14, 2006 The 15th revision was made on June 15, 2007 The 16th revision was made on June 16, 2009 The 17th revision was made on June 18, 2010 The 18th revision was made on June 9, 2011 The 19th revision was made on June 20, 2012 The 20th revision was made on June 29, 2016 The 21st revision was made on June 11, 2019 The 22th revision was made on June 12, 2020 The 23th revision was made on June 14, 2022</p>	<p>Article 23 The Articles of Association was concluded on April 20, 1993 The first revision was made on December 3, 1993 The 2nd revision was made on June 24, 1995 The 3rd revision was made on January 8, 1996 The 4th revision was made on April 20, 1996 The 5th revision was made on June 27, 1996 The 6th revision was made on June 20, 1997 The 7th revision was made on April 3, 1998 The 8th revision was made on April 3, 1998 The 9th revision was made on April 27, 2000 The 10th revision was made on April 25, 2001 The 11th revision was made on June 13, 2002 The 12th revision was made on June 2, 2004 The 13th revision was made on August 26, 2004 The 14th revision was made on June 14, 2006 The 15th revision was made on June 15, 2007 The 16th revision was made on June 16, 2009 The 17th revision was made on June 18, 2010 The 18th revision was made on June 9, 2011 The 19th revision was made on June 20, 2012 The 20th revision was made on June 29, 2016 The 21st revision was made on June 11, 2019 The 22th revision was made on June 12, 2020 The 23th revision was made on June 14, 2022 <u>The 24th revision was made on June 16, 2023</u></p>	<p>Add the date of the twenty-fourth revision.</p>

ALi Corporation

Handle Private Placement of Domestic Securities in 2023

**The Rationality and Necessity of the Securities Underwriter's
Evaluation Opinion**

May 5 , 2023

ALi Corporation

Evaluation Opinion of Securities Underwriters Handling Private Placement of Domestic Securities in 2023

I. Preface

ALi Corporation (hereinafter referred to as "the Company" or "ALi") intends to handle the 2023 private placement of domestic securities in accordance with Article 43-6 of the Securities and Exchange Act in order to enrich its working capital and meet the capital needs of future development, the company plans to convene a board meeting on May 5, 2023 to resolve the private placement of securities. According to the contents of the proposal of the board of directors, within the amount of the raise amount not exceeding NT\$ 1 billion, by choosing one or matching method to handle private placement of domestic cash capital increase issuance of common shares or private placement of domestic convertible corporate bonds in batches or at the same time to raise funds, and it shall be handled no more than three times within one year from the date of the resolution of the shareholders' general meeting this year. The private placement price shall be no less than 80% of the reference price and theoretical price as the basis for setting the private placement price, and the selection method of the specific parties shall be limited to the specific parties who complies with Article 43-6 of the Securities and Exchange Act.

In addition, according to the Financial Supervisory Commission's "Precautions for Private Placement of Securities by Public Companies", if the board of directors decides to handle private placement of securities within one year before the delivery date of the private placement of securities, or after the private placement of strategic investors, it will cause significant changes in the management rights, it shall consult the securities underwriter to issue an evaluation opinion on the necessity and rationality of private placement, and record it in the notice of the shareholders' meeting, as a reference for shareholders' approval. The Company plans to conduct a private placement of raising amount not exceeding NT\$ 1 billion this time. Considering that if a single fundraiser participates in this private placement, it will not be ruled out in the future that the board members will change due to the change of shareholder structure, and there may be a change in management rights. Therefore, the company ask the securities underwriter to issue an evaluation opinion on the necessity and rationality of this private placement.

The company's board of directors proposed to handle the upper limit of the total amount of securities raised by the private placement of NT\$ 1 billion. If the private placement is fully issued within the upper limit of the raised amount, the company will not be excluded in the future under the condition that a specific parties holds a certain shareholding ratio in this private placement. Changes in directors due to changes in shareholder structure may result in major changes in management rights. In accordance with the provisions of the "Precautions for Private Placement of Securities by Public Companies", if the board of directors decides that there is a major change in the management right within one year before the private placement, or if the introduction of strategic investors after the private placement will result in a major change in the management right, the securities underwriter should be contacted to issue an evaluation opinion on the necessity and

rationality of private placement.

The company has conducted a fully re-election of directors at the general meeting of shareholders on June 14, 2022. The current session of the company has a total of five directors. There is no change in this re-election, and there is no major change in management rights within one year before the board of directors resolves to handle private placement. However, after this private placement and the introduction of strategic investors, there may be major changes in the management rights in the future, therefore, the underwriter of this securities is entrusted to issue an opinion on the necessity and rationality of private placement.

The content of this comment is only used as a reference for the resolution of this private placement by the board of directors and shareholders' meeting of ALi in 2023, and cannot be used for other purposes. The comment is issued based on the financial information provided by ALi and its announcement information in the MOPS. The securities underwriter are not responsible for any changes in the content of this opinion that may be caused by changes in the company's private placement plan or other circumstances in the future, and hereby declare.

II. Evaluation opinions of underwriters

(I) Legal suitability evaluation

After reviewing the content of the company's board of directors meeting on May 5, 2023, the specific parties will be limited to strategic investors, in order to comply with the provisions of Article 3 of "Precautions for Private Placement of Securities by Public Companies" which profit-making companies can handle private placement of securities under exceptional circumstances, and the selection method of future specific parties will comply with Article 43-6 of the Securities and Exchange Act, and there are no major abnormalities.

(II) General Information of ALi Corporation

ALi Corporation was established in June, 1993 and listed in August, 2002. Mainly engaged in the SoC design, research, development, design, production, manufacturing, testing, sales, etc. of system chipsets related to communication, consumption, multimedia chipsets and various special application integrated circuits. The products are mainly Set-top Box (STB) chips, including integrated STB chips with standard resolution and high resolution such as Satellite, Terrestrial, Cable and Internet Protocol (IP), and the revenue of the products accounts for nearly 90%.

(III) Necessity and rationality evaluation of this private placement case

1. Evaluation of the Necessity of Private Placement

Considering the Company's current operating status, industrial prospects, the Company's future business needs to inject working capital, and the timeliness, convenience and issue cost of fund-raising, it may not be easy to successfully obtain the required funds in a short time through public offering and issuance of securities. In order to avoid affecting the normal operation of the company, it is necessary to raise money from a specific parties by private placement, with the purpose of enriching the working capital, responding to the industrial changes, strengthening the company's operating physique and competitiveness, and improving the financial

physique and enhancing the overall shareholders' rights and interests.

2. Rationality of Private Placement

The underwriter evaluates the rationality of the company's handling of this private placement case in the following three aspects:

(1) The rationality of the private placement issue procedure

Upon examination of the meeting materials of the board of directors of the company to discuss the private placement of securities on May 5, 2023, the pricing method and the selection method of the private placement specific parties are still in compliance with the provisions of the Securities and Exchange Act and relevant laws and regulations, and there is no significant abnormality.

(2) Rationality of reasons for handling private placement of securities

The Company's after-tax net (loss) income in 2021 and 2022 was NT\$ (89,650) thousand and NT\$ 16,669 thousand, respectively, considering its capital market acceptance and stock liquidity and other factors, if raising funds through public offering may not be conducive to obtaining the required funds in a short time, while private offering is relatively time-sensitive and can obtain the required funds in a short time. Therefore, it is reasonable to use private placement instead of public offering this time.

(3) Rationality of the purpose and expected benefit of this private placement.

The purpose of the Company's private placement fund is intended to enrich the working capital or to meet other needs of the company's future development, the funds obtained through private placement can not only improve the company's usable capital level, but also positively help the company's operations, so it is reasonable.

(IV) Selection of the specific parties and evaluation of its feasibility and necessity.

1. Selection of the specific parties

According to the information of the meeting of the board of directors of the Company on May 5, 2023, the company's private placement will select a specific parties in accordance with Article 43-6 of the Securities and Exchange Act. The specific parties of this private placement case are mainly strategic investors who have full knowledge of the company's financial business. As for the selection of actual specific parties, it will be handled in accordance with relevant regulations. In the future, if there are any applicants who are willing to participate in the private placement, it will also meet the requirements of the competent authority.

2. Its feasibility and necessity.

Due to the drastic changes in the operating environment of the Company's industries, in order to consider the sustainable operation and development of the company, the company has handled private placement of securities to raise funds to enrich its working capital. In addition, in order to avoid the change of management right affecting the company's business development, under the consideration of stabilizing the management team, the basic principle for the selection of the actual specific parties in the future is still to stabilize the management right and keep the

business going. Therefore, the consultation of the specific parties in this private placement case should be feasible and necessary.

(V) The impact on the company's business, finance and shareholders' equity after the transfer of management rights.

1. Impact on the company's business

In order to actively deploy and expand the market, the company's smart device product lines have been cultivated for many years, and it continues to explore in smart display and smart voice, planning the development of next-generation technologies to meet the needs of different application markets, so this private placement of securities is conducted to enrich the company's working capital also does not rule out the introduction of strategic investors that are helpful to the company's future operations, with a view to assisting the company's future operations layout, thereby increasing the company's revenue and profits, therefore, it should be positively beneficial to the company's business.

2. Impact on the company's finance

With the Company's current operating situation, it is difficult to obtain better loan terms, and borrowing money will increase the company's financial cost. The purpose of this private placement is to enrich the working capital or other fund needs for the Company's future development. Apart from avoiding excessive reliance on bank loans, increasing debt ratio and interest expenses, which will increase financial risks, it can also meet the needs of future working development funds to strengthen the company's operating physique and competitiveness, and enhance the company's competitiveness. Therefore, the Company's immediate and effective private placement of funds will also have positive financial benefits.

3. Impact on the company's shareholder's equity

The Company's private placement targets are mainly strategic investors who understand the company's operation, with a view to assisting the Company to make layout in line with the future market development, enhance the overall competitiveness of the company and create profits. Although there may be a significant change in the management right of private placement, there is a restriction that private placement of securities cannot be freely transferred within three years, which can ensure the long-term cooperative relationship between the company and the specific parties and help stabilize the company's operation. In addition, if the private placement price of common shares is lower than the par value of the shares according to the pricing method stipulated in the above-mentioned laws and regulations, resulting in the company's accumulated losses, in the future, depending on the company's operation and market conditions, it will be handled by reducing capital, surplus or capital reserve to make up for the losses, and the corresponding way is also reasonable. Therefore, on the whole, this private placement should have a positive impact on the company's shareholders' rights and interests.

To sum up, the company's private placement is aimed at responding to the industrial changes, strengthening the company's operating physique and competitiveness, with a view to improving the financial physique and enhancing the overall shareholders' rights

and interests. After considering the company's current operating conditions and the feasibility of the raised funds, the company plans to handle the cash capital increase and issue new shares or domestic convertible corporate bonds by private placement, which is indeed necessary and reasonable; In addition, after the underwriter examined the information and procedures of the board meeting of the company on May 5, 2023, there was no obvious irrationality, and after comprehensive consideration of various factors such as the expected benefits of private placement and the influence of the choice of the specific parties on the Company's business, finance and shareholders' equity, it was necessary and reasonable for the company to handle the private placement of securities this time.

IV. Other statements

- (I) The content of this opinion is only used as the resolution of the 2023 General Meeting of Shareholders of ALi Corporation to handle the private placement of securities this time, and will not be used for other purposes.
- (II) The content of this opinion is evaluated by referring to the meeting data of the board of directors provided by ALi on May 5, 2023, the company's financial information and the announcement information through the "MOPS", etc. It is hereby declared that this opinion will not bear any legal responsibility for the influence of the change of the content of this opinion in the future due to the change of the company's private placement plan or other circumstances.
- (III) This underwriter is not a related person of ALi or its insiders, which is hereby declared.

Evaluator: President Securities Corp.

President: Lin, Kuan-Cheng

May 5, 2023

(Only for securities underwriters' evaluation opinions of ALi Corporation handling private placement of securities in 2023)

IV. Appendix

Appendix 1

ALi Corporation Articles of Association (before Amendment)

- Chapter I**
- General**
- Article 1 The Company is organized in accordance with the Company Act and is named ALi Corporation.
- Article 2 The business of the Company is as follows:
1. CC01060 Wired Communication Equipment and Apparatus Manufacturing
 2. CC01070 Telecommunication Equipment and Apparatus Manufacturing
 3. CC01080 Electronic Parts and Components Manufacturing
 4. CC01110 Computers and Computing Peripheral Equipment Manufacturing
 5. F213060 Retail Sale of Telecom Instruments
 6. F218010 Retail Sale of Computer Software
 7. F219010 Retail Sale of Electronic Materials
 8. F401010 International Trade
 9. F601010 Intellectual Property
 10. I301010 Software Design Services
 11. I301020 Data Processing Services
 12. I501010 Product Designing
 13. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 Due to business and investment relations, the Company may endorse and guarantee to other parties.
- Article 4 The amount of the Company's foreign investment may not be limited by Article 13 of the Company Act.
- Article 5 The Company has its head office in Hsinchu city and may set up branches at home and abroad upon the resolution of the Board of Directors if necessary.
- Chapter II**
- Share**
- Article 6 The total capital of the Company is set at NT\$ 1.6 billion, divided into NT\$ 160 million shares, each with an amount of NT\$ 10, which authorizes the Board of Directors to issue the shares in batches.
- The total amount of capital referred to in the preceding paragraph is reserved NT\$ 250 million, divided into 25 million shares, with an amount of NT\$ 10 per share. It is reserved for use when exercising stock options and may be issued in batches in accordance with resolutions of the Board of Directors.
- Article 7 All the shares of the company are registered, signed or sealed by the directors representing the company, and issued after being legally certified.
- The shares issued by the company may be exempted from printing, but shall be negotiated and registered with the Institutions for Centralized Custody of Securities.
- Article 8 Unless otherwise provided by law, the shareholders of the Company shall handle the share affairs such as share transfer, right setting, loss reporting, inheritance, gift and address change, loss reporting or replacement of seal, etc. in accordance with the *Regulations Governing the Administration of Shareholder Services of Public Companies*.
- Article 9 The change of name and transfer of shares shall be suspended within 60 days before the regular shareholders' meeting, 30 days before the temporary shareholders' meeting or 5 days before the Company decides to distribute dividends and bonuses or other benefits.
- Article 9-1 The transfer objects of the treasury stocks purchased by the company in accordance with the law, the issuance objects of employee stock option certificates and restricted employee

rights new shares, and the objects of issuance of new shares reserved for employees to purchase shall include employees of controlled or subordinate companies who meet certain conditions, and the certain conditions shall be determined by the board of directors.

Chapter III

Meeting of Shareholders

Article 10

The shareholders' meeting is divided into two types: regular meeting and temporary meeting. The regular meeting is held once a year and shall be convened by the Board of Directors within six months after the end of each fiscal year. The temporary meeting will be convened according to law when necessary.

Article 10-1

The company's shareholders' meeting may be held by video conference or other methods announced by the central competent authority. The conditions to be met, operating procedures and other matters to be followed, if the securities competent authority otherwise stipulates, such regulations shall prevail.

Article 11

If a shareholder is unable to attend the shareholders' meeting for some reason, he/she may issue a power of attorney issued by the Company stating the scope of authorization, sign and seal it and entrust an agent to attend on his/her behalf.

Article 12

Shareholders of the Company have one vote per share, but those who have any of the circumstances specified in Article 179 of the Company Act have no vote.

Article 13

Unless otherwise provided in the Company Act and other laws and regulations, resolutions of the shareholders' meeting shall be made with the consent of a majority of the voting rights of shareholders present, representing a majority of the total number of issued shares. The shareholders of the company can exercise their voting rights electronically, and relevant matters shall be handled in accordance with the provisions of the order.

Chapter IV

Directors and Audit Committee

Article 14

The Company has five to seven directors, of whom at least three are independent directors. Candidate nomination system is adopted for the election of independent directors and non-independent directors.

The election of directors shall be conducted in accordance with the provisions of Article 198 of the Company Act. Independent directors and non-independent directors shall be elected together, and the number of seats to be elected shall be calculated respectively. Those who have more voting rights represented by the votes obtained shall be elected as independent directors and non-independent directors. Their term of office shall be three years and they may be re-elected.

The total number of registered shares held by all directors of the Company is determined in accordance with the standards set forth in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies promulgated by the Financial Supervisory Commission.

The remuneration of directors shall be determined by the board of directors according to the industry standard.

The Company may take out liability insurance for directors within the scope of compensation that the directors are liable for according to law.

Article 15

The Board of Directors shall be organized by directors, and two-thirds or more of the directors present and more than half of the directors present shall agree to elect one chairman from each other. The vice-chairman may be elected according to business needs, and the chairman shall represent the Company externally.

The Company may set up committee for audit, salary and remuneration or other functional committees.

The convening of the Board of Directors of the Company shall be notified to all directors before the deadline stipulated by law in advance, and the Company may convene the Board of Directors at any time in case of emergency. The Board of Directors of the Company may be convened in writing, E-mail or fax.

Article 16

If the chairman asks for leave or is unable to exercise his/her authority for some reason, his/her agent shall handle the matter in accordance with the provisions of Article 208 of the Company Act. Director if he/she is unable to attend the Board of Directors in person, he/she

may issue a power of attorney and entrust other directors to act as his/her agent, provided that the agent is only authorized by one person.

Chapter V

Manager

Article 17

The Company may have a chief executive, deputy chief executive, general manager, career general manager and deputy general manager. their appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act.

Chapter VI

Accountant

Article 18

At the end of each fiscal year, the Board of Directors shall compile the following statement and submit it to the shareholders' regular meeting for recognition:

Business Report.

Financial Statements.

Proposal on surplus distribution or loss compensation.

Article 19

If the Company has any profit (the so-called profit refers to the profit before-tax deduction of employee remuneration and director remuneration), it shall allocate less than 5% as employee remuneration and no more than 1.5% as director remuneration. However, when the Company still has accumulated deficit

(including adjusting the undistributed surplus amount), it shall reserve the compensation amount in advance.

The remuneration referred to in the preceding paragraph may be in the form of shares or cash, which may be distributed to employees of affiliated companies who meet the conditions set by the Board of Directors. The remuneration of directors referred to in the preceding paragraph can only be paid in cash.

The first two items shall be decided by the Board of Directors and reported to the board of shareholders.

Article 20

Before the Company distributes earnings, the Company shall first make up the accumulated deficits (including adjusting the undistributed surplus amount) and allocate 10% as the legal reserve according to law, with the amount of the items other than the current after-tax net profit added to the current after-tax net profit and included in the current year's undistributed surplus; However, this is not the case when the legal reserve has reached the paid-in capital of the Company.

The special reserve shall be allocated or reversed in accordance with laws or regulations of the competent authority.

When allocating the special surplus reserve, the under-reported amount for the "Net increase in fair value of investment properties accumulated in the previous period" and "Net decrease in other equity accumulated in the previous period" should be allocated from the previous period before the distribution of surplus, and the amount shall be allocated as special surplus reserve of the same amount. If there is still a shortage, the amount should be allocated from the current after-tax net profit add the items other than the current after-tax net profit and included in the current undistributed surplus.

The remaining surplus, together with the undistributed surplus at beginning of period (including adjustment of the undistributed surplus amount), shall be proposed by the Board of Directors and submitted to the shareholders' meeting for resolution to distribute dividends and bonuses.

The company's earnings distribution or loss appropriation may be made after the end of each quarter. If the earnings distribution is paid in cash, it may be handled by a special resolution of the board of directors in accordance with Paragraph 5 of Article 240 of the Company Law, and reported to the shareholders' meeting.

The Company's affiliated industries are in the growth stage. Depending on investment environment, capital demand, company business, financial planning and other factors, the distributable surplus for the current year may be fully distributed. Surplus can be distributed in cash or stock, but the proportion of cash dividends distributed by shareholders shall not be less than ten percent (10%) of the total dividends of shareholders.

Article 21 The treasury stocks purchased by the company in accordance with the law shall be transferred to the employees at a price lower than the average price of the shares actually bought back, or the employee stock option certificates may be issued at a subscription price lower than the closing price of the common stocks of the company issued in Japan, with the consent of shareholders' meeting present by the shareholders representing more than half of the total number of issued shares and more than two-thirds of the voting rights of the shareholders present.

Chapter VII Supplementary Provisions

Article 22 Matters not covered in the Articles of Association shall be handled in accordance with the Company Act and other laws and regulations.

Article 23 The Articles of Association was concluded on April 20, 1993

The first revision was made on December 3, 1993

The 2nd revision was made on June 24, 1995

The 3rd revision was made on January 8, 1996

The 4th revision was made on April 20, 1996

The 5th revision was made on June 27, 1996

The 6th revision was made on June 20, 1997

The 7th revision was made on April 3, 1998

The 8th revision was made on April 3, 1998

The 9th revision was made on April 27, 2000

The 10th revision was made on April 25, 2001

The 11th revision was made on June 13, 2002

The 12th revision was made on June 2, 2004

The 13th revision was made on August 26, 2004

The 14th revision was made on June 14, 2006

The 15th revision was made on June 15, 2007

The 16th revision was made on June 16, 2009

The 17th revision was made on June 18, 2010

The 18th revision was made on June 9, 2011

The 19th revision was made on June 20, 2012

The 20th revision was made on June 29, 2016

The 21st revision was made on June 11, 2019

The 22th revision was made on June 12, 2020

The 23th revision was made on June 14, 2022

ALi Corporation

Rules and Procedure of Shareholders' Meeting

Adopted at the shareholders' meeting on June 20, 1997

Revised at the shareholders' meeting on April 03, 1998

Revised at the shareholders' meeting on May 15, 2003

1. The shareholders' meeting of the Company shall be conducted in accordance with the Rules.
2. Shareholders or their agents attending the shareholders' meeting shall sign in and the sign-in formalities shall be replaced by a attendance card; The number of shares attended shall be calculated based on the attendance card submitted.
3. The attendance and voting at the shareholders' meeting shall be based on shares.
4. The shareholders' meeting shall be held at the place where the Company is located or at a place convenient for shareholders to attend and suitable for the meeting. The starting time of the meeting shall not be earlier than 9 am or later than 3 pm.
5. If the shareholders' meeting is convened by the Board of Directors, the chairman of the meeting shall be the chairman of the Company. If the chairman asks for leave or is unable to exercise his/her authority for some reason, the chairman shall appoint one director to act for him/her. If the chairman does not appoint an agent, the directors shall appoint one representative from each other. If the shareholders' meeting is convened by a convener other than the Board of Directors, the chairman of the meeting shall be the convener.
6. The Company may appoint appointed lawyers, accountants or relevant personnel to attend the shareholders' meeting. The meeting personnel handling the shareholders' meeting shall wear identification cards or armbands.
7. The whole process of the shareholders' meeting will be recorded or videotaped and kept for one year.
8. When the meeting time has expired, the chairman will announce the meeting starting. However, in the absence of shareholders representing more than half of the total number of issued shares, the chairman may postpone the meeting for two times. The total delay shall not exceed one hour. If the delay is still insufficient for two times and shareholders representing more than one-third of the total number of issued shares are present, it may be regarded as a false resolution in accordance with the first paragraph of Article 175 of the Company Act. Before the end of the current meeting, if the number of shares represented by the shareholders present has reached more than half of the total number of shares issued, the chairman may, in accordance with the provisions of article 174 of the Company Act, re-submit the fake resolution made to the regular meeting for resolution.
9. If the shareholders' meeting is convened by the Board of Directors, its agenda shall be set by the Board of Directors; The meeting shall be held in accordance with the agenda and shall not be changed without a resolution of the shareholders' meeting. During the meeting, the chairman may declare a break at his/her discretion. Before the end of the meeting, the chairman shall not declare the meeting adjourned without a resolution. If the chairman violates the rules of procedure and declares the meeting adjourned, a majority of the voting rights of the shareholders present may agree to elect a chairman to continue the meeting.
10. Before attending a shareholder's speech, the chairman shall first fill in a speech form setting out the main message of the speech, the shareholder's account number and the name of the account, and the chairman shall determine the order of his/her speech. Shareholders present at the meeting will be deemed not to have spoken if they have only made a statement but have not spoken. If the

content of the speech is inconsistent with the statement, the content of the speech shall prevail; When a shareholder makes a speech, other shareholders shall not interfere with the speech without the consent of the chairman and the speaking shareholders, and the chairman shall stop the violator.

11. Each shareholder of the same proposal shall not speak more than twice without the consent of the chairman, and each time shall not exceed five minutes. If a shareholder's speech violates these regulations or exceeds the scope of the topic, the chairman may stop his/her speech.
12. When a legal person is entrusted to attend the shareholders' meeting, only one representative may be appointed to attend. If two or more representatives are appointed to attend, only one person may be allowed to speak on the same proposal.
13. After attending the shareholder's speech, the chairman may reply in person or designate relevant personnel.
14. When the chairman considers that the discussion of the proposal has reached the voting level, he/she may announce the suspension of the discussion and put it to the vote.
15. The scrutineers and tellers for voting on the proposal shall be designated by the chairman, but the scrutineers shall have the status of shareholders. The results of the voting shall be reported on the spot and recorded.
16. Unless otherwise provided in the Company Act and the Articles of Association of the Company, a motion shall be passed with the consent of more than half of the voting rights of the shareholders present. If there is no objection after consultation by the chairman, it shall be deemed as approved, and its effect shall be the same as that of voting.
17. If there are amendments or substitutes to the same proposal, the chairman shall decide the voting order with the original proposal. If one of the proposals has been approved, the other proposals will be regarded as rejected and there is no need to vote again.
18. The chairman may direct the guards (or security personnel) to assist in maintaining order at the venue. The guard (or security personnel) shall wear the armband with the word Guard when they are present to help maintain order.
19. In the event of force majeure during the meeting, the chairman may suspend the meeting or hold another meeting at a later date.
20. Matters not covered in the Rules shall be handled in accordance with the Company Act and other laws and regulations.
21. These Rules shall come into force after being approved by the shareholders' meeting, and the same shall apply to amendments.

Appendix 3

Shareholding of Directors

Director Independent Director	Name	Date of Appointment	Closing date: April 18, 2023	
			Holding share (share)	Holding proportion (%)
Director	Sophia Liang	2022.06.14	1,468,648	0.76
Director	Henry Shaw	2022.06.14	906,143	0.47
Independent Director	Jack Qi Shu	2022.06.14	-	-
Independent Director	Darren Huang	2022.06.14	-	-
Independent Director	Justin Tsai	2022.06.14	-	-
Total			2,374,791	1.23

Note 1: Total shares issued on April 18, 2023: 194,441,746 common shares.

Note 2: The number of independent directors of the Company exceeds one-half of the total number of directors and an audit committee has been set up. Therefore, the rules of number of shares to be held by all directors and supervisors are not applicable.