# EGIS TECHNOLOGY INC. AND SUBSIDIARIES AND SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS AND

## INDEPENDENT AUDITORS' REPORT

## DECEMBER 31, 2022 AND 2021

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

# EGIS TECHNOLOGY INC. AND SUBSIDIARIES
# DECEMBER 31, 2022 AND 2021 CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
## TABLE OF CONTENTS

| Contents | Page |
|---|---|

| Contents | Page |
|---|---|

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Egis Technology Inc.

## *Opinion*

We have audited the accompanying consolidated balance sheets of Egis Technology Inc. and subsidiaries (the "Group") as at December 31, 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the year 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 its consolidated financial performance and its consolidated cash flows for the year 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 audit 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 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:

***Key audit matter - Assessment of allowance for inventory valuation losses***

Descriptions

The Group is engaged in the design, manufacture and sales of integrated circuit related products. As the electronic products' life cycles are relatively short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. Refer to Note 4(13) for accounting policies on inventory, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(6) for details of the allowance for inventory valuation losses.

As the Group operates in an environment characterised by rapidly changing technology, the determination of net realisable values of obsolete and slow-moving inventories involves subjective judgement and high degree of estimation uncertainty, and considering that the inventory and allowance for inventory valuation losses are material to the financial statements, we considered the assessment of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Obtained an understanding of the Group's operations and industry to assess the reasonableness of provision policies on inventory valuation loss and allowance for inventory valuation losses.
B. Tested the basis of the net realisable value of individual inventory item numbers and selected samples to confirm the accuracy of the calculation of net realisable value.
C. Verified the accuracy of inventory aging report.

***Key audit matter - Assessment of reasonableness of the allocation of acquisition price relative to the merger transaction***

Description

On July 11, 2022, the Group obtained control over Alcor Micro, Corp. and was therefore dincluded as a consolidated entity. The related subsequent allocation of the acquisition price was completed in the fourth quarter of 2022. The merger transaction was accounted for in accordance with IFRS 3. Refer to Note 6(32) for the details of the allocation of acquisition price.

As the assessment of goodwill impairment requires the estimation and discounting of future cash flows to estimate the recoverable amount of a cash-generating unit, and the predictions of future cash flows involves management’s subjective judgment and a high degree of estimation uncertainty, we considered the impairment assessment of goodwill as a key audit matter.

How our audit addressed the matter

We obtained an understanding of the basis and process of purchase price allocation which was estimated by management. We reviewed the estimation method used for fair value of assets acquired and liabilities assumed in the price allocation report prepared by external experts, the reasonableness of key assumptions and the calculation of fair value used in the prediction of future cash flows of identifiable intangible assets to calculate goodwill. Our procedures also included the following:

A. Evaluated the competency and objectivity of the external appraiser engaged by the management.
B. Reviewed the valuation models used by external appraisers, assessed the reasonableness of the primary parameters, such as the expected growth rates and operating profit margin, by comparing with historical data, economic and industry forecasts documents.
C. Reviewed the reasonableness of weighted average cost of capital (WACC), the fair value of identifiable intangible assets, the determination of economic life of identifiable intangible assets, and the calculation of goodwill used in the price allocation report prepared by external experts.

***Key audit matter - Impairment assessment of goodwill***

Description

Refer to Note 4(18) for accounting policies on goodwill impairment, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to goodwill impairment, and Note 6(10) for details of goodwill impairment.

As the assessment of goodwill impairment requires the estimation and discounting of future cash flows to estimate the recoverable amount of a cash-generating unit, and the predictions of future cash flows involves management’s subjective judgment and a high degree of estimation uncertainty, we considered the impairment assessment of goodwill as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Assessed whether the valuation model used by the Group was reasonable for its industry, environment and assets to be valued.

B. Confirmed whether the future cash flows used in the valuation model was consistent with future annual budget of business segment, and obtained an understanding on the material assumptions used in the budget preparation.
C. Assessed the reasonableness of operating revenue growth rate, discounts rates and other significant parameters used in the valuation models, including the following procedures:
   (a) Verified the setting of parameters of valuation models and calculation formulas.
   (b) Compared the operating revenue growth rate with historical data, economic and industry forecasts documents.
   (c) Compared the discount rate with the cost of capital assumptions of cash generating units and rate of returns of similar assets.
   (d) Performed a sensitivity analysis on critical assumptions in order to assess the risk of goodwill impairment if the critical assumptions would change.

### *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 and information on investees disclosed in Note 13 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$1,396,881 thousand as at December 31, 2022, and the share of loss recognised from associates accounted for under the equity method amounted to NT$61,629 thousand for the year then ended.

### *Other matter – Prior period financial statements audited by other auditors*

The consolidated financial statements of the Group as at and for the year ended December 31, 2021 were audited by other auditors, whose report dated March 22, 2022 expressed an unmodified opinion on those statements.

### *Other matter – Parent company only financial reports*

We have audited and expressed an unqualified opinion on the parent company only financial statements of Egis Technology Inc. as at and for the year ended December 31, 2022.

### *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 the audit committee, are responsible for overseeing the Group's financial reporting process.

### *Auditors' responsibilities for the audit of the consolidated financial statements*

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

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

A. 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.
B. 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.
C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
D. 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.
E. 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.
F. 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.

Huang, Pei-Chuan Chen, Chin-Chang

for and on behalf of PricewaterhouseCoopers, Taiwan

March 29, 2023

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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 review 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 review report of independent auditors 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.

EGIS TECHNOLOGY INC. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | Assets | Notes | December 31, 2022 AMOUNT | % | December 31, 2021 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current assets** | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 1,544,842 | 13 | $ 2,325,144 | 26 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 978,914 | 8 | 798,248 | 9 |
| 1120 | Current financial assets at fair value through other comprehensive income | 6(3) | 26,223 | - | - | - |
| 1136 | Current financial assets at amortised cost | 6(4) and 8 | 698,116 | 6 | 677,300 | 8 |
| 1170 | Accounts receivable, net | 6(5) | 600,870 | 5 | 608,734 | 7 |
| 1180 | Accounts receivable due from related parties, net | 6(5) and 7 | 4,098 | - | - | - |
| 1200 | Other receivables | | 24,068 | - | 76,894 | 1 |
| 1210 | Other receivables due from related parties | 7 | 82,360 | 1 | - | - |
| 1220 | Current tax assets | | 3,173 | - | - | - |
| 130X | Inventory | 6(6) | 1,633,962 | 14 | 606,684 | 7 |
| 1410 | Prepayments | | 133,136 | 1 | 114,343 | 1 |
| 1470 | Other current assets | 6(6) and 8 | 33,344 | - | 876 | - |
| 11XX | **Total current assets** | | 5,763,106 | 48 | 5,208,223 | 59 |
| | **Non-current assets** | | | | | |
| 1510 | Non-current financial assets at fair value through profit or loss | 6(2) | 921,242 | 8 | 583,356 | 6 |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 6(3) and 8 | 1,934,377 | 16 | 409,070 | 5 |
| 1535 | Non-current financial assets at amortised cost | 6(4) and 8 | 35,486 | - | 400 | - |
| 1550 | Investments accounted for using equity method | 6(7) | 1,771,707 | 15 | 1,444,578 | 16 |
| 1600 | Property, plant and equipment | 6(8) | 129,750 | 1 | 94,724 | 1 |
| 1755 | Right-of-use assets | 6(9) | 180,606 | 2 | 110,902 | 1 |
| 1780 | Intangible assets | 6(10) | 882,999 | 7 | 194,247 | 2 |
| 1840 | Deferred income tax assets | 6(27) | 287,056 | 2 | 146,444 | 2 |
| 1960 | Non-current prepayments for investments | 6(11) | - | - | 672,000 | 8 |
| 1990 | Other non-current assets | 6(15) | 119,661 | 1 | 15,650 | - |
| 15XX | **Total non-current assets** | | 6,262,884 | 52 | 3,671,371 | 41 |
| 1XXX | **Total assets** | | $ 12,025,990 | 100 | $ 8,879,594 | 100 |

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | Liabilities and Equity | Notes | December 31, 2022 AMOUNT | % | December 31, 2021 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Liabilities** | | | | | |
| | **Current liabilities** | | | | | |
| 2100 | Short-term borrowings | 6(12) | $ 1,238,584 | 10 | $ 100,000 | 1 |
| 2170 | Accounts payable | | 243,915 | 2 | 331,422 | 4 |
| 2200 | Other payables | 6(13) | 690,293 | 6 | 451,602 | 5 |
| 2220 | Other payables to related parties | 7 | 7,364 | - | - | - |
| 2230 | Current income tax liabilities | | 100,695 | 1 | 603,949 | 7 |
| 2280 | Current lease liabilities | 6(9) | 66,552 | 1 | 33,951 | - |
| 2320 | Long-term liabilities, current portion | 6(14) | 423,636 | 3 | 37,500 | 1 |
| 2365 | Current refund liabilities | | 89,376 | 1 | 75,139 | 1 |
| 2399 | Other current liabilities | 6(21) | 17,890 | - | 13,248 | - |
| 21XX | **Total current liabilities** | | 2,878,305 | 24 | 1,646,811 | 19 |
| | **Non-current liabilities** | | | | | |
| 2540 | Long-term borrowings | 6(14) | 1,273,700 | 11 | 812,500 | 9 |
| 2570 | Deferred income tax liabilities | 6(27) | 102,971 | 1 | 1,995 | - |
| 2580 | Non-current lease liabilities | 6(9) | 124,043 | 1 | 85,738 | 1 |
| 2600 | Other non-current liabilities | | 15,451 | - | - | - |
| 25XX | **Total non-current liabilities** | | 1,516,165 | 13 | 900,233 | 10 |
| 2XXX | **Total liabilities** | | 4,394,470 | 37 | 2,547,044 | 29 |
| | **Equity** | | | | | |
| | Share capital | 6(17) | | | | |
| 3110 | Common stock | | 692,718 | 6 | 692,718 | 8 |
| | Capital surplus | 6(18) | | | | |
| 3200 | Capital surplus | | 1,005,857 | 8 | 968,659 | 11 |
| | Retained earnings | 6(19) | | | | |
| 3310 | Legal reserve | | 725,338 | 6 | 284,300 | 3 |
| 3320 | Special reserve | | 75,368 | 1 | - | - |
| 3350 | Unappropriated retained earnings | | 2,358,198 | 19 | 4,450,106 | 50 |
| | Other equity interest | 6(20) | | | | |
| 3400 | Other equity interest | | ( 857,729) | ( 7) | ( 75,368) | ( 1) |
| 31XX | **Equity attributable to owners of parent** | | 3,999,750 | 33 | 6,320,415 | 71 |
| 36XX | **Non-controlling interests** | 6(29) | 3,631,770 | 30 | 12,135 | - |
| 3XXX | **Total equity** | | 7,631,520 | 63 | 6,332,550 | 71 |
| | Significant contingent liabilities | 9 | | | | |
| | Significant events after the balance sheet date | 11 | | | | |
| 3X2X | **Total liabilities and equity** | | $ 12,025,990 | 100 | $ 8,879,594 | 100 |

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | Items | Notes | 2022 AMOUNT | 2022 % | 2021 AMOUNT | 2021 % |
|---|---|---|---|---|---|---|
| 4000 | Sales revenue | 6(21) and 7 | $ 3,289,300 | 100 | $ 3,442,807 | 100 |
| 5000 | Operating costs | 6(6)(26) | ( 2,126,936) | ( 65) | ( 2,072,913) | ( 60) |
| 5900 | Net operating margin | | 1,162,364 | 35 | 1,369,894 | 40 |
| | Operating expenses | 6(26) and 7 | | | | |
| 6100 | Selling expenses | | ( 236,418) | ( 7) | ( 132,298) | ( 4) |
| 6200 | General and administrative expenses | | ( 345,388) | ( 11) | ( 342,910) | ( 10) |
| 6300 | Research and development expenses | | ( 1,542,376) | ( 47) | ( 1,195,104) | ( 35) |
| 6450 | Impairment gain and reversal of impairment loss determined in accordance with IFRS 9 | 6(5) | 157 | - | - | - |
| 6000 | Total operating expenses | | ( 2,124,025) | ( 65) | ( 1,670,312) | ( 49) |
| 6900 | Operating loss | | ( 961,661) | ( 30) | ( 300,418) | ( 9) |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(22) | 34,508 | 1 | 19,449 | 1 |
| 7010 | Other income | 6(23) | 54,760 | 2 | 5,513 | - |
| 7020 | Other gains and losses | 6(24) | 25,400 | 1 | ( 19,263) | ( 1) |
| 7050 | Finance costs | 6(25) | ( 33,303) | ( 1) | ( 14,287) | - |
| 7060 | Share of loss of associates and joint ventures accounted for using equity method | 6(7) | ( 50,771) | ( 2) | ( 1,342) | - |
| 7000 | Total non-operating income and expenses | | 30,594 | 1 | ( 9,930) | - |
| 7900 | **Loss before income tax** | | ( 931,067) | ( 29) | ( 310,348) | ( 9) |
| 7950 | Income tax benefit | 6(27) | 28,729 | 1 | 78,574 | 3 |
| 8200 | **Loss for the year** | | ($ 902,338) | ( 28) | ($ 231,774) | ( 6) |

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | | | Year ended December 31 | | | |
|---|---|---|---|---|---|---|
| | | | 2022 | | 2021 | |
| | Items | Notes | AMOUNT | % | AMOUNT | % |
| | **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | | |
| 8311 | Gains on remeasurements of defined benefit plans | | $ 6,344 | - | $ - | - |
| 8316 | Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income | 6(3) | ( 811,736) | ( 24) | 3,509,362 | 102 |
| 8320 | Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | | ( 31,949) | ( 1) | 997 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(27) | - | - | ( 602,931) | ( 18) |
| 8310 | Other comprehensive (loss) income that will not be reclassified to profit or loss | | ( 837,341) | ( 25) | 2,907,428 | 84 |
| | **Components of other comprehensive income that will be reclassified to profit or loss** | | | | | |
| 8361 | Exchange differences on translation | | 8,935 | - | ( 3,267) | - |
| 8367 | Unrealised losses from investments in debt instruments measured at fair value through other comprehensive income | 6(3) | ( 10,917) | - | ( 3,371) | - |
| 8370 | Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | | 4,317 | - | ( 201) | - |
| 8360 | Other comprehensive income that will be reclassified to profit or loss | | 2,335 | - | ( 6,839) | - |
| 8300 | **Other comprehensive (loss) income for the year, net of tax** | | ($ 835,006) | ( 25) | $ 2,900,589 | 84 |
| 8500 | **Total comprehensive (loss) income for the year** | | ($ 1,737,344) | ( 53) | $ 2,668,815 | 78 |
| | Loss attributable to: | | | | | |
| 8610 | Owners of parent | | ($ 852,837) | ( 27) | ($ 215,605) | ( 5) |
| 8620 | Non-controlling interests | | ( 49,501) | ( 1) | ( 16,169) | ( 1) |
| | | | ($ 902,338) | ( 28) | ($ 231,774) | ( 6) |
| | Comprehensive income (loss) attributable to: | | | | | |
| 8710 | Owners of parent | | ($ 1,669,759) | ( 51) | $ 2,684,984 | 78 |
| 8720 | Non-controlling interests | | ( 67,585) | ( 2) | ( 16,169) | - |
| | | | ($ 1,737,344) | ( 53) | $ 2,668,815 | 78 |
| | Loss per share (in dollars) | 6(28) | | | | |
| 9750 | Basic loss per share | | ($ 12.31) | | ($ 3.11) | |
| 9850 | Diluted loss per share | | ($ 12.31) | | ($ 3.11) | |

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | | Equity attributable to owners of the parent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Retained Earnings | | | Other Equity Interest | | | | | |
| | Notes | Share capital - common stock | Total capital surplus, additional paid-in capital | Legal reserve | Special reserve | Unappropriated retained earnings | Exchange differences on translation of foreign financial statements | Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income | Treasury shares | Total | Non-controlling interests | Total |
| Year ended December 31, 2021 | | | | | | | | | | | | |
| Balance at January 1, 2021 | | $ 713,758 | $ 1,057,960 | $ 224,069 | $ 81,463 | $ 1,057,629 | $ 2,112 | $ 1,775,108 | ($ 228,775) | $ 4,683,324 | $ 23,921 | $ 4,707,245 |
| Profit (loss) | | - | - | - | - | (215,605) | - | - | - | (215,605) | (16,169) | (231,774) |
| Other comprehensive income (loss) | | - | - | - | - | - | (3,468) | 2,904,057 | - | 2,900,589 | - | 2,900,589 |
| Total comprehensive income (loss) | | - | - | - | - | (215,605) | (3,468) | 2,904,057 | - | 2,684,984 | (16,169) | 2,668,815 |
| Appropriations and distribution of 2020 retained earnings: | 6(19) | | | | | | | | | | | |
| Legal reserve | | - | - | 60,231 | - | (60,231) | - | - | - | - | - | - |
| Reversal of special reserve | | - | - | - | (81,463) | 81,463 | - | - | - | - | - | - |
| Cash dividends | | - | - | - | - | (1,039,136) | - | - | - | (1,039,136) | - | (1,039,136) |
| Retirement of treasury shares | | (21,000) | (89,415) | - | - | (118,360) | - | - | 228,775 | - | - | - |
| Proceeds from disposal of investments accounted for using equity method | | - | - | - | - | - | 762 | - | - | 762 | - | 762 |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 6(3) | - | - | - | - | 4,753,939 | - | (4,753,939) | - | - | - | - |
| Changes in equity of associates accounted for using equity method | | - | - | - | - | (5,210) | - | - | - | (5,210) | - | (5,210) |
| Changes in ownership interests in subsidiaries | | - | - | - | - | (4,383) | - | - | - | (4,383) | 4,383 | - |
| Compensation costs of employee restricted stock | | - | 74 | - | - | - | - | - | - | 74 | - | 74 |
| Retirement of employee restricted stock | | (40) | 40 | - | - | - | - | - | - | - | - | - |
| Balance at December 31, 2021 | | $ 692,718 | $ 968,659 | $ 284,300 | $ - | $ 4,450,106 | ($ 594) | ($ 74,774) | $ - | $ 6,320,415 | $ 12,135 | $ 6,332,550 |
| Year ended December 31, 2022 | | | | | | | | | | | | |
| Balance at January 1, 2022 | | $ 692,718 | $ 968,659 | $ 284,300 | $ - | $ 4,450,106 | ($ 594) | ($ 74,774) | $ - | $ 6,320,415 | $ 12,135 | $ 6,332,550 |
| Profit (loss) | | - | - | - | - | (852,837) | - | - | - | (852,837) | (49,501) | (902,338) |
| Other comprehensive income (loss) | | - | - | - | - | 1,177 | 8,167 | (826,266) | - | (816,922) | (18,084) | (835,006) |
| Total comprehensive income (loss) | | - | - | - | - | (851,660) | 8,167 | (826,266) | - | (1,669,759) | (67,585) | (1,737,344) |
| Appropriations and distribution of 2021 retained earnings: | 6(19) | | | | | | | | | | | |
| Legal reserve | | - | - | 441,038 | - | (441,038) | - | - | - | - | - | - |
| Special reserve | | - | - | - | 75,368 | (75,368) | - | - | - | - | - | - |
| Cash dividends | | - | - | - | - | (692,718) | - | - | - | (692,718) | - | (692,718) |
| Changes in ownership interests in subsidiaries | | - | 495 | - | - | - | - | - | - | 495 | - | 495 |
| Proceeds from disposal of investments in debt instruments measured at fair value through other comprehensive income | 6(3) | - | - | - | - | - | - | 11,978 | - | 11,978 | - | 11,978 |
| Proceeds from disposal of investments accounted for using equity method | | - | - | - | - | (30,975) | (7,530) | 31,290 | - | (7,215) | (1,651) | (8,866) |
| Changes in equity of associates accounted for using equity method | | - | 36,703 | - | - | (149) | - | - | - | 36,554 | - | 36,554 |
| Increase in non-controlling interests | 6(29) | - | - | - | - | - | - | - | - | - | 3,688,871 | 3,688,871 |
| Balance at December 31, 2022 | | $ 692,718 | $ 1,005,857 | $ 725,338 | $ 75,368 | $ 2,358,198 | $ 43 | ($ 857,772) | $ - | $ 3,999,750 | $ 3,631,770 | $ 7,631,520 |

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | Notes | Year ended December 31 2022 | 2021 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before tax | | ($ 931,067 ) | ($ 310,348 ) |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation | 6(8)(9)(26) | 136,029 | 97,488 |
| Amortisation | 6(10)(26) | 118,519 | 32,184 |
| Impairment gain | 6(5) | ( 157 ) | ( 304,991 ) |
| Interest income | 6(22) | ( 34,508 ) | ( 19,449 ) |
| Interest expense | 6(25) | 33,303 | 14,287 |
| Dividend income | 6(23) | ( 46,693 ) | - |
| (Gains) losses on disposals of property, plant and equipment | 6(24) | ( 1,674 ) | 1,024 |
| Losses (gains) on disposal of investments accounted for using equity method | 6(24) | 38,132 | ( 97,365 ) |
| Loss on financial assets at fair value through profit or loss, net | | 11,978 | - |
| Gain from lease modification | 6(24) | - | ( 496 ) |
| Losses (gains) on financial assets at fair value through profit or loss, net | 6(2)(24) | 50,166 | ( 4,651 ) |
| Share of loss of associates accounted for using equity method | 6(7) | 50,771 | 1,342 |
| Share-based payments | 6(16) | 25,863 | 74 |
| Others | | - | 385 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Accounts receivable (including due from related parties) | | 330,213 | - |
| Other receivables | | ( 24,900 ) | ( 28,742 ) |
| Inventories | | ( 392,848 ) | ( 223,158 ) |
| Prepayments | | 53,262 | 33,715 |
| Other current assets | | 2,171 | ( 876 ) |
| Changes in operating liabilities | | | |
| Accounts payable | | ( 432,601 ) | 76,990 |
| Other payables | | ( 178,607 ) | 28,538 |
| Current refund liabilities | | 14,237 | ( 23,927 ) |
| Other current liabilities | | ( 8,362 ) | - |
| Cash outflow generated from operations | | ( 1,186,773 ) | ( 727,976 ) |
| Interest received | | 33,235 | 18,282 |
| Dividends received | | 46,693 | - |
| Income taxes paid | | ( 609,384 ) | ( 15,385 ) |
| Interest paid | | ( 30,705 ) | ( 13,216 ) |
| Net cash flows used in operating activities | | ( 1,746,934 ) | ( 738,295 ) |

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | Notes | Year ended December 31 2022 | 2021 |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of financial assets at fair value through profit or loss | | ($ 654,329 ) | ($ 1,522,978 ) |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 660,812 | 201,672 |
| Acquisition of financial assets at fair value through profit or loss | | ( 1,977,688 ) | ( 156,149 ) |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 133,411 | 6,813,779 |
| Acquisition of financial assets at amortised cost | | ( 12,157 ) | ( 579,638 ) |
| Proceeds from disposal of financial assets at amortised cost | | 585,639 | - |
| Acquisition of investments accounted for using equity method | | ( 80,800 ) | ( 1,446,600 ) |
| Proceeds from disposal of investments accounted for using equity method | | 12,079 | 97,825 |
| Acquisition of property, plant and equipment | 6(30) | ( 43,292 ) | ( 47,446 ) |
| Proceeds from disposal of property, plant and equipment | | 5,665 | 2,992 |
| Acquisition of intangible assets | 6(30) | ( 150,320 ) | ( 33,277 ) |
| Increase in prepayments for investments | | - | ( 672,000 ) |
| Collection of prepayments for investments | 6(11) | 134,400 | - |
| Cash flows generated from acquisition of subsidiaries | 6(11) | 1,261,522 | - |
| Decrease (increase) in other non-current assets | | 2,447 | ( 2,699 ) |
| Net cash flows (used in) from investing activities | | ( 122,611 ) | 2,655,481 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase in short-term loans | | 1,088,584 | 300,000 |
| Decrease in short-term loans | | ( 100,000 ) | ( 200,000 ) |
| Proceeds from long-term debt | | 993,700 | 850,000 |
| Repayments of long-term debt | | ( 153,637 ) | ( 990,000 ) |
| Payments of lease liabilities | 6(31) | ( 69,417 ) | ( 43,078 ) |
| Cash dividends paid | 6(19) | ( 692,718 ) | ( 1,039,136 ) |
| Increase in other non-current liabilities | | 15,445 | - |
| Net cash flows from (used in) financing activities | | 1,081,957 | ( 1,122,214 ) |
| Effect of exchange rate changes | | 7,286 | ( 3,139 ) |
| Net (decrease) increase in cash and cash equivalents | | ( 780,302 ) | 791,833 |
| Cash and cash equivalents at beginning of year | | 2,325,144 | 1,533,311 |
| Cash and cash equivalents at end of year | | $ 1,544,842 | $ 2,325,144 |

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Egis Technology Inc. (the "Company") was incorporated on December 26, 2007 as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of its registered office is 30F, -1, No. 118, Ciyun Rd., East Dist., Hsinchu City, Taiwan. The Company and its subsidiaries (collectively the "Group" ) are primarily engaged in the research, development, and sales of data security software, biometric identification software and hardware, wholesale of electronic material, development and design of IC and international trading.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 29, 2023.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

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

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

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

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

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

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

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

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

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|---|
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by International Accounting Standards Board |
| Amendments to IFRS 16, 'Lease liability in a sale and leaseback' | January 1, 2024 |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information' | January 1, 2023 |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2024 |
| Amendments to IAS 1, 'Non-current liabilities with covenants' | January 1, 2024 |

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

## 4. Summary of Significant Accounting Policies

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

### (1) Compliance statement

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

### (2) Basis of preparation

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

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

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

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

### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

| No. | Investor | Name of subsidiary | Main business activities | December 31, 2022 | December 31, 2021 | Description |
|---|---|---|---|---|---|---|
| 1 | Egis Technology Inc. | Egis Technology (Japan) Inc. (Japan) | Customer service, business promotion and technical service | 100.00 | 100.00 | |
| 2 | 〃 | Egis Technology Korea Inc. (Korea) | Customer service, business promotion and technical service | 100.00 | 100.00 | |
| 3 | 〃 | Igistec Co., Ltd. | Technology development | - | 74.69 | Note 1 |
| 4 | 〃 | Sense Investment and Consulting Inc. | Holding activity | 100.00 | 100.00 | |
| 5 | 〃 | Luxsentek Microelectronics Corp. | Technology development | 86.93 | 86.93 | |
| 6 | 〃 | Egis Intelligent (Shanghai) Co., Ltd. | Customer service, business promotion and technical service | 100.00 | 100.00 | |
| 7 | 〃 | Egis (Hong Kong) Limited | Holding activity | 100.00 | 100.00 | Note 2 |

| No. | Investor | Name of subsidiary | Main business activities | December 31, 2022 | December 31, 2021 | Description |
|---|---|---|---|---|---|---|
| 8 | Egis Technology Inc. | VASUBI Technology Inc. | Technology development | 100.00 | - | Note 3 |
| 9 | 〃 | NUI Technology Inc. | Technology development | 100.00 | - | 〃 |
| 10 | 〃 | Taurus Wireless Inc. | Technology development | 100.00 | - | Note 3 |
| 11 | 〃 | Alcor Micro, Corp. (Alcor) | Wholesale of electronic material, development and design of IC and international trading, etc. | 22.01 | - | Note 4 |
| 12 | Alcor | Alcor Micro Technology, Inc. (AMTI) | Investment and holding activity | 100.00 | - | 〃 |
| 13 | 〃 | Syncomm Technology Corp. (Syncomm) | Development, design and sales of IC | 26.72 | - | Note 4 and 5 |
| 14 | 〃 | Alcorlink Corp. (Alcorlink) | Development, design and sales of IC | 49.99 | - | 〃 |
| 15 | 〃 | Chun-Feng Investment Limited (Chun-Feng) | General investment business | 100.00 | - | Note 4 |
| 16 | 〃 | ENE Technology Inc. (ENE) | Development, design and sales of IC | 17.65 | - | Note 4 and 5 |
| 17 | AMTI | Alcor Micro Tech. (ShenZhen) Ltd. | After sales service and collection of business intelligence | 100.00 | - | Note 4 |
| 18 | 〃 | Alcor Micro Technology (H.K.) Limited (AMTHK) | Management and sales of electronic products | 100.00 | - | 〃 |
| 19 | Chun-Feng | Syncomm Technology Corp.(Syncomm) | Development, design and sales of IC | 5.44 | - | Note 4 and 5 |
| 20 | ENE | ENE Touch Technology Co., Ltd. (ENE Touch) | Wholesale of electronic material | 100.00 | - | Note 4 |

Note 1: It was a company which was liquidated in 2022.

Note 2: Egis (Hong Kong) Limited was incorporated on August 17, 2015 and the capital injection has not been completed by the Group.

Note 3: VASUBI Technology Inc., NUI Technology Inc. and Taurus Wireless Inc. were established in 2022.

Note 4: Alcor was a subsidiary which was acquired on July 11, 2022. Although the Group's shareholding ratio in Alcor was less than 50%, the Group obtained the majority voting rights in the Board of Directors through effective agreements with other shareholders. Thus, Alcor was included in the consolidated financial statements. Refer to Note 6(7)C. for details.

Note 5: The Group's subsidiary, Alcor, was the single major shareholder of Syncomm, Alcorlink and ENE. Although the direct shareholding ratio did not reach 50%, Alcor had substantial decision-making power on each companies' finance, operations and personnel administration, and in the conduct of their main business activities. Further, during the shareholders' meeting of each company, Alcor has obtained the majority voting right, and has substantial control power. Thus, they were included in the consolidated financial statements.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2021, the Group had no subsidiaries with significant non-controlling interests. As of December 31, 2022, the non-controlling interest amounted to $3,631,770. The information on non-controlling interest and respective subsidiaries is as follows:

| | | Non-controlling interest | | |
|---|---|---|---|---|
| | | December 31, 2022 | | |
| Name of subsidiary | Principal place of business | | Amount | Ownership (%) |
| Alcor and its subsidiaries | Taiwan | $ | 3,631,019 | 77.99% |

Balance sheets

| | | December 31, 2022<br>Alcor and its subsidiaries |
|---|---|---|
| Current assets | $ | 3,457,179 |
| Non-current assets | | 1,515,183 |
| Current liabilities | ( | 627,779) |
| Non-current liabilities | ( | 100,456) |
| Total net assets | $ | 4,244,127 |

Statement of comprehensive income

| | From July 11, 2022 to December 31, 2022 |
|---|---|
| | Alcor and its subsidiaries |
| Revenue | $ 781,947 |
| Loss before income tax | ($ 41,431) |
| Income tax expense | 17,160 |
| Loss, net of tax | ( 24,271) |
| Other comprehensive loss | ( 22,209) |
| Total comprehensive loss | ($ 46,480) |
| Comprehensive income attributable to non-controlling interest | $ 58,231 |
| Dividends paid to non-controlling interest | $ - |

Statement of cash flows

| | From July 11, 2022 to December 31, 2022 |
|---|---|
| | Alcor and its subsidiaries |
| Net cash used in operating activities | ($ 128,876) |
| Net cash used in investing activities | ( 167,437) |
| Net cash used in financing activities | ( 225,721) |
| Effect of exchange rate changes on cash and cash equivalents | ( 511) |
| Decrease in cash and cash equivalents | ( 522,545) |
| Cash and cash equivalents, beginning of period | 1,341,963 |
| Cash and cash equivalents, end of period | $ 819,418 |

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

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

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

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

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

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

(c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) <u>Classification of current and non-current items</u>

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

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

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

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

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

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group’s business model is achieved both by collecting contractual cash flows and selling financial assets; and

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

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

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

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

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

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

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

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

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

(10) Accounts receivable

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

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

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

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

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

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

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

(15) Property, plant and equipment

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

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

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives (cost of leasehold improvements are allocated over the lease term). Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

| | |
|---|---|
| Information equipment | 2 to 6 years |
| Research and development equipment | 2 to 8 years |
| Leasehold improvements | 1 to 10 years |
| Others | 2 to 10 years |

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

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

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

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

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

(17) Intangible assets

A. Goodwill: Goodwill arising from the acquisition of subsidiary was included in intangible assets. Goodwill arising from investments accounted for using equity method was included in the carrying amount of investments. Goodwill is not amortised, and is measured at cost less accumulated impairment.

B. Patent and technical skill, customer relationship and software cost are stated at cost and amortised on a straight-line basis over its estimated useful lives as follows:

| | |
|---|---|
| Patent and technical skill | 3 to 15 years |
| Customer relationship | 7 years |
| Software cost | 1 to 4 years |

(18) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

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

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

(21) Derecognition of financial liabilities

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

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' remuneration

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

(23) Employee share-based payment

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

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) Before fulfilling vesting conditions, employees are not entitled to receive and subscribe shares and dividends.

(c) For restricted stocks where employees do not need to pay the price to acquire restricted stocks, if employees resign during the vesting period, the Company shall redeem those stocks without consideration and shall then be canceled.

(24) Income tax

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

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

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

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

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

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's directors. Cash dividends are recorded as liabilities. Stock dividends are recorded as stock dividends in the Company's financial statements in the period in which they are resolved by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods

(a) Revenue is recognised by the Company when control of the products has transferred. The transfer of control of the product means that the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and the Company has objective evidence that all criteria for inspections have been satisfied.

(b) Revenue is recognised based on the price specified in the contract, net of sales discounts and allowances as basis. Sales discounts and allowances are estimated based on different contract terms and it is highly probable that a significant reversal in revenue recognised will not occur in the scope. As of the reporting date, the Company recognised the discounts and allowances amount estimated to be paid to customers as refund liability.

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

B. Rendering of services

(a) The Group provides design service for integrated circuit. Services revenues are recognised when the service has been rendered.

(b) A receivable is recognised when the service has been rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(c) If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(d) The Group entered into a contract with a customer to grant a licence of patents to the customer. Given the licence is distinct from other promised goods or services in the contract, the Group recognises the revenue from licencing when the licence is transferred to a customer either at a point in time or over time based on the nature of the licence granted. The nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licencing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a licence is a promise to provide a right to use the Group's intellectual property and therefore the revenue is recognised when the licence is transferred to a customer at a point in time.

C. Financing component

As the Group predicts the time interval between the transfer of committed goods or services and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(28) <u>Government grants</u>

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(29) <u>Business combinations</u>

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

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

The Company held 22.01% of voting rights in Alcor, and was its single major shareholder. For the year ended December 31, 2022, the Company obtained 3 board seats, and on July 11, 2022, the Company obtained a support agreement from 2 other directors indicating that they support the Company's management strategy, and accordingly, the Company obtained substantial control over Alcor in the Board of Directors. Therefore, the Company recognised Alcor as its subsidiary and was included in the consolidated financial statements.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

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

As of December 31 2022, the carrying amount of inventories was $1,633,962.

B. Evaluation of financial assets without active market

The valuation process of financial assets without active market, including the valuation method and related parameters and assumptions used, relies on the Group's subjective judgement, and significant changes may occur. As of December 31, 2022, the carrying amount of financial assets without active market was $1,442,468.

C. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Refer to Note 6(10) for the information of goodwill impairment.

6. Details of Significant Accounts

(1) Cash and cash equivalents

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Cash on hand and revolving funds | $ 1,569 | $ 746 |
| Checking accounts and demand deposits | 1,283,118 | 589,278 |
| Time deposits | 260,155 | 1,535,120 |
| Bonds sold under repurchase agreement | - | 200,000 |
| | $ 1,544,842 | $ 2,325,144 |

A. The above time deposits pertain to high liquidity investments with a maturity of less than 3 months.

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

C. The Group has no cash and cash equivalents pledged to others.

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

| Items | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Beneficiary certificates | $ 845,340 | $ 763,422 |
| Principal protected note | 120,249 | - |
| Foreign unlisted stocks | 13,325 | 34,826 |
| | $ 978,914 | $ 798,248 |
| Non-current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Convertible bonds | $ 177,473 | $ 450,038 |
| Beneficiary certificates | 115,360 | 97,500 |
| Private placement funds | 61,056 | 35,818 |
| Domestic listed stocks | 409,247 | - |
| Domestic unlisted stocks | 158,106 | - |
| | $ 921,242 | $ 583,356 |

A. For the years ended December 31, 2022 and 2021, the Group recognised (loss) gain on financial assets at fair value through profit or loss in the amount of ($50,166) and $4,651, respectively.

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

C. Information relating to fair value of financial assets at fair value through profit or loss is provided in Note 12(3).

(3) Financial assets at fair value through other comprehensive income

| Items | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Current items: | | |
| Debt instrument | | |
| Bonds | $ 21,556 | $ - |
| Equity instrument | | |
| Listed stocks | 4,667 | - |
| | $ 26,223 | $ - |
| Non-current items: | | |
| Debt instrument | | |
| Bonds | $ 5,143 | $ 51,799 |
| Equity instrument | | |
| Listed stocks | 970,606 | - |
| Unlisted stocks | 958,628 | 357,271 |
| | $ 1,934,377 | $ 409,070 |

A. The Group designated the investments shown above as debt instruments as financial assets at fair value through other comprehensive income, because these debt instruments represent those investments that the Group holds within a business model whose objective is achieved by both collecting the contractual cash flows and by selling financial assets.

B. The Group has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $1,933,901 and $357,271 as at December 31, 2022 and 2021, respectively.

C. No strategic investments were disposed for the years ended December 31, 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments. On April 19, 2021, the Group disposed all its shares in FocalTech Systems Co., Ltd., which were recognised at fair value through other comprehensive income. The fair value of the investments was $6,766,454 at the disposal date, resulting in the gain on disposal of $4,753,939 (net of tax). Thereafter, the gain on disposal was reclassified from other equity interest to retained earnings in the second quarter of 2021.

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

| | Years ended December 31 | |
|---|---|---|
| | 2022 | 2021 |
| Equity instruments at fair value through other comprehensive income | | |
| Fair value change recognised in other comprehensive income | ($ 811,736) | $ 3,509,362 |
| Cumulative gains reclassified to retained earnings due to derecognition | $ - | $ 4,753,939 |
| Dividend income recognised in profit or loss held at end of period | $ 43,887 | $ - |
| Debt instruments at fair value through other comprehensive income | | |
| Fair value change recognised in other comprehensive income | ($ 10,917) | ($ 3,371) |
| Cumulative other comprehensive income reclassified to profit or loss | | |
| Reclassified due to derecognition | $ 11,978 | $ - |
| Interest income recognised in profit or loss | $ 3,960 | $ 1,384 |

E. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the recognised carrying amount of financial assets.

F. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

G. Information relating to the fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Financial assets at amortised cost

| Items | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Current items: | | |
| Time deposits with maturity over three months | $ 426,614 | $ 677,300 |
| Pledged time deposits | 256,454 | - |
| Bonds | 15,048 | - |
| | $ 698,116 | $ 677,300 |
| Non-current items: | | |
| Pledged time deposits | $ 8,144 | $ 400 |
| Bonds | 27,342 | - |
| | $ 35,486 | $ 400 |

A. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the recognised carrying amount of financial assets.

B. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

| | Years ended December 31 | |
|---|---|---|
| | 2022 | 2021 |
| Interest income | $ 7,317 | $ 2,741 |

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

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

(5) Accounts receivable

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Accounts receivable | $ 600,876 | $ 608,734 |
| Less: Allowance for uncollectible accounts | ( 6) | - |
| | $ 600,870 | $ 608,734 |

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

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| Not past due | $ | 597,496 | $ | 608,734 |
| Up to 30 days | | 3,303 | | - |
| 31 to 90 days | | 77 | | - |
| Over 91 days | | - | | - |
| | $ | 600,876 | $ | 608,734 |

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, accounts receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to $303,743.

C. The Group had no accounts receivable pledged to others as collateral.

D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Group was the carrying amount of the financial assets.

E. The Group comprehensively considered the geographic area, product types and credit rating of each customer. The Group applies the modified approach using a provision matrix to estimate the expected credit loss. The Group used the consideration of forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2022 and 2021, the Group's expected credit loss rates were not significant.

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

| | 2022 | |
|---|---|---|
| | Accounts receivable | |
| At January 1 | $ | - |
| Reversal of impairment loss | ( | 157) |
| Others | | 163 |
| At December 31 | $ | 6 |

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

H. Transferred financial assets that are not derecognised in their entirety

(a)The Group's subsidiary, ENE Technology Inc., entered into an accounts receivable factoring contract with ChinaTrust Commercial Bank, and pledged promissory note amounting to $80,000 as collateral. Under the contract, ENE Technology Inc. provided guarantees for all accounts receivable which could be collected within a certain period (whatever delay or default), almost all risks and returns of the accounts receivable were retained itself. Therefore, the accounts receivable did not meet the condition of derecognition from financial assets. As of December 31, 2022, there were no transferred financial assets which were not derecognised as a whole.

(b) As at December 31, 2021, there were no transferred financial assets which were not derecognised as a whole.

I. The Group has obtained collaterals, including time deposits, promissory notes, and fixed assets, from some customers based on credit terms as guarantees for credit enhancement of accounts receivable.

(6) Inventories

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Raw materials | $ 790,425 | $ 117,069 |
| Work in progress | 664,691 | 489,615 |
| Finished goods | 178,147 | - |
| Goods in transit | 699 | - |
| | $ 1,633,962 | $ 606,684 |

A. For the years ended December 31, 2022 and 2021, the inventory costs which was recognised as cost of goods sold were $2,118,053 and $2,023,367, respectively. Further, certain inventories were written off to net realisable value, and the Company recognised inventories valuation loss. As some obsolete inventories were subsequently sold during the period, the allowance for inventory valuation loss was reversed and the Company recognised gain on reversal of decline in market value. For the years ended December 31, 2022 and 2021, the (loss on inventory valuation) gain from price recovery amounted to ($72,049) and $8,885, respectively.

B. The Group has no inventories pledged to others.

C. To secure the steady supply of wafer capacity, in June 2021, the Group's subsidiary signed a purchase agreement for pre-order capacity with a supplier, and paid guarantee of USD $1,000, which was accounted as other current assets.

D. ENE Technology Inc. signed a long-term contract with its supplier, indicating its commitment to outsource a minimum quantity to the supplier. Any loss from non-fulfillment of the contract was recognised as current cost. For the years ended December 31, 2022, the Group recognised such cost in the amount of $29,484.

(7) Investments accounted for using equity method

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

| Company name | December 31, 2022 Shareholding ratio | December 31, 2022 Amount | December 31, 2021 Shareholding ratio | December 31, 2021 Amount |
|---|---|---|---|---|
| Alcor Micro,Corp. (Alcor) | - | $ - | 22.21% | $ 792,578 |
| Vitrio Technology Corporation | 50.00% | - | 50.00% | - |
| iCatch Technology, Inc. | 18.91% | 1,169,344 | 11.83% | 652,000 |
| SCT Holdings Ltd. (SCT) | 20.00% | 367,339 | - | - |
| Egis Innovation Fund G.P., | 50.00% | 7,487 | - | - |
| AlgolTek, Inc. (AlgolTek) | 20.13% | 227,537 | - | - |
| | | $ 1,771,707 | | $ 1,444,578 |

B. Share of profit (loss) of associates accounted for using equity method are as follows:

| Company name | 2022 | 2021 |
|---|---|---|
| Alcor Micro,Corp. (Alcor) | $ 16,181 | $ 2,383 |
| Vitrio Technology Corporation | - | ( 2,086) |
| iCatch Technology, Inc. (iCatchtek) | ( 57,225) | - |
| SCT Holdings Ltd. (SCT) | ( 5,924) | - |
| Egis Innovation Fund G.P., Ltd. (Note) | ( 13) | - |
| Sirius Wireless Pte. Ltd. | - | ( 1,639) |
| AlgolTek, Inc. (AlgolTek) | ( 3,790) | - |
| | ($ 50,771) | ($ 1,342) |

Note: The Group’s loss on investment in Egis Innovation Fund G.P., Ltd. was insignificant and was recognised based on the unaudited financial statements of that company as of December 31, 2022.

C. The Group held 22.01% equity interest in Alcor, and was the single major shareholder of Alcor. Based on the attendance in the shareholders’ meeting and the result of reelection of directors of Alcor on June 15, 2022, as well as the effective agreements obtained from other shareholders on July 11, 2022, the Group has obtained majority voting rights in the Board of Directors of Alcor. As the Group was assessed to have the ability to exercise significant influence over Alcor's operations, Alcor was included in the Group's consolidated financial statements starting from July 11, 2022. Refer to Note 6(32) for details.

D. In December 2021, the Company invested the amount of $652,000 in iCatchtek and acquired 11.83% equity interest. In January 2022, the Company acquired an additional ownership of $537,600 in iCatchtek through public offering, resulting in the Company’s ownership in iCatchtek to increase to 21.03%. As the Company has significant influence over iCatchtek, the investment was accounted for using equity method. Additionally, on November 2, 2022, iCatchtek processed a cash capital increase by issuing new shares, and the Company did not subscribe those new shares proportionately to its ownership, resulting in the Company’s ownership decreased to 18.91%. However, the Company remained 3 board seats and still have significant influence over iCatchtek.

E. In April 2022, the Group invested the amount of $73,300 in SCT and acquired 4% equity interest. In addition, the convertible bonds held by the Group have been converted into common stock of SCT's, resulting in the Group's ownership in SCT to increase to 20%. As the Group has significant influence over SCT, the investment was accounted for using equity method.

F. The Group was the single major shareholder of AlgolTek. The Group did not have definitely conduction power and hold over half of the seat in the Board of Directors because total shares held by other major shareholders (not related parties) exceeded the Group's share. These factors showed that the Group did not have the actualy ability to unilaterally conduct related activities of AlgolTek, therefore, the Group only had significant influence on but not control over AlgolTek.

G. The Group disposed part of its investment in Sirius Wireless in January 2021 for $97,825, resulting to a decrease in equity interest to 15.02%. Further, with the resignation of the director's position in Sirius Wireless, the Group lost significant influence over Sirius Wireless. Accordingly, the Group discontinued the use of the equity method from the disposal date and measured the retained interest at fair value recognised as financial assets at fair value through profit or loss. The difference between the carrying amount of the above investment accounted for using equity method, and the fair value of retained interest and proceeds from disposing part of the Group's equity interest in Sirius Wireless at that date was $97,365, which was recognised as gain on disposal of investments. Refer to Note 6(24) for details.

H. The summarised financial information of the associates that are material to the Group is as follows:

Balance sheets

| | Alcor | |
|---|---|---|
| | December 31, 2021 | |
| Current assets | $ | 2,611,131 |
| Non-current assets | | 1,407,036 |
| Current liabilities | ( | 413,839) |
| Non-current liabilities | ( | 34,842) |
| Non-controlling interest | ( | 574,249) |
| Total net assets | $ | 2,995,237 |
| | | |
| Share in associate's net assets | $ | 665,242 |
| Goodwill | | 127,336 |
| Carrying amount of the associate | $ | 792,578 |

| | iCatchtek | |
|---|---|---|
| | December 31, 2022 | December 31, 2021 |
| Current assets | $ 1,801,284 | $ 1,704,866 |
| Non-current assets | 129,531 | 75,373 |
| Current liabilities | ( 155,656) | ( 330,893) |
| Non-current liabilities | ( 31,749) | ( 147,041) |
| Total net assets | $ 1,743,410 | $ 1,302,305 |
| | | |
| Share in associate's net assets | $ 329,853 | $ 154,063 |
| Goodwill | 166,580 | - |
| Excess of investments accounted for using equity method | 672,911 | 497,937 |
| Carrying amount of the associate | $ 1,169,344 | $ 652,000 |

| | SCT |
|---|---|
| | December 31, 2022 |
| Current assets | $ 762,561 |
| Non-current assets | 66,412 |
| Current liabilities | ( 630,928) |
| Non-current liabilities | ( 7,484) |
| Total net assets | $ 190,561 |
| | |
| Share in associate's net assets | $ 38,112 |
| Goodwill | 240,838 |
| Excess of investments accounted for using equity method | 88,389 |
| Carrying amount of the associate | $ 367,339 |

| | AlgolTek |
|---|---|
| | December 31, 2022 |
| Current assets | $ 804,682 |
| Non-current assets | 150,412 |
| Current liabilities | ( 100,698) |
| Non-current liabilities | ( 26,482) |
| Total net assets | $ 827,914 |
| | |
| Share in associate's net assets | $ 166,779 |
| Goodwill | 58,985 |
| Excess of investments accounted for using equity method | 1,890 |
| Unrealised gain | ( 117) |
| Carrying amount of the associate | $ 227,537 |

Statement of comprehensive income

| | Alcor | |
|---|---|---|
| | January 1, 2022 to July 10, 2022 | Year ended December 31, 2021 |
| Revenue | $ 832,842 | $ 1,486,603 |
| Profit for the period | 133,363 | 300,147 |
| Other comprehensive income (loss) | ( 135,703) | ( 57,231) |
| Total comprehensive income (loss) | ($ 9,915) | $ 242,916 |
| Share of income (loss) for the period | ($ 16,181) | $ 182,876 |

| | iCatchtek | |
|---|---|---|
| | Year ended December 31, 2022 | Year ended December 31, 2021 |
| Revenue | $ 1,093,183 | $ 1,208,049 |
| Profit for the period | $ 69,640 | $ 137,496 |
| Other comprehensive income (loss) | ( 3,243) | ( 2,429) |
| Total comprehensive income | $ 66,397 | $ 135,067 |
| Share of income (loss) for the period | ($ 57,225) | $ - |

| | SCT |
|---|---|
| | Year ended December 31, 2022 |
| Revenue | $ 1,057,504 |
| Loss for the period | ($ 22,457) |
| Other comprehensive income (loss) | 2,716 |
| Total comprehensive income (loss) | ($ 19,741) |
| Share of income (loss) for the period | ($ 5,924) |

| | AlgolTek |
|---|---|
| | July 11, 2022 to December 31, 2022 |
| Revenue | $ 135,503 |
| Loss for the period | ($ 17,813) |
| Other comprehensive income (loss) | ( 18) |
| Total comprehensive income (loss) | ($ 17,831) |
| Share of income (loss) for the period | ($ 3,790) |

I. The Group's material associates, iCatchtek and AlgolTek, have quoted market prices. As of December 31, 2022, the fair value was $720,000 and $242,445, respectively.

J. In October 2022, the Group's significant associate, AlgolTek, whose shareholders approved to process share exchange with the Group's subsidiary, Alcorlink, in accordance with the Business Mergers and Acquisitions Act, thus AlgolTek would obtain 100% ownership in Alcorlink. Related procedures are processing.

(8) Property, plant and equipment

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Information equipment | Development equipment | Leasehold improvements | Others | Unfinished construction | Total |
| At January 1 | | | | | | |
| Cost | $ 83,167 | $ 79,275 | $ 21,122 | $ 38,479 | $ - | $ 222,043 |
| Accumulated depreciation | ( 48,276) | ( 45,488) | ( 9,530) | ( 24,025) | - | ( 127,319) |
| | $ 34,891 | $ 33,787 | $ 11,592 | $ 14,454 | $ - | $ 94,724 |
| At January 1 | $ 34,891 | $ 33,787 | $ 11,592 | $ 14,454 | $ - | $ 94,724 |
| Additions | 9,044 | 24,546 | 2,191 | 11,851 | - | 47,632 |
| Acquired from business combinations | - | 20,204 | 2,999 | 30,510 | 4,458 | 58,171 |
| Disposals | - | - | - | ( 3,991) | - | ( 3,991) |
| Transfers | - | - | - | 4,458 | ( 4,458) | - |
| Depreciation charge | ( 22,198) | ( 24,267) | ( 6,830) | ( 13,494) | - | ( 66,789) |
| Net exchange differences | 4 | 2 | ( 2) | ( 1) | - | 3 |
| At December 31 | $ 21,741 | $ 54,272 | $ 9,950 | $ 43,787 | $ - | $ 129,750 |
| At December 31 | | | | | | |
| Cost | $ 90,445 | $ 190,775 | $ 33,398 | $ 100,475 | $ - | $ 415,093 |
| Accumulated depreciation | ( 68,704) | ( 136,503) | ( 23,448) | ( 56,688) | - | ( 285,343) |
| | $ 21,741 | $ 54,272 | $ 9,950 | $ 43,787 | $ - | $ 129,750 |

| | 2021 | | | | |
|---|---|---|---|---|---|
| | Information equipment | Development equipment | Leasehold improvements | Others | Total |
| At January 1 | | | | | |
| Cost | $ 67,056 | $ 59,747 | $ 21,645 | $ 57,588 | $ 206,036 |
| Accumulated depreciation | ( 31,798) | ( 27,878) | ( 7,110) | ( 35,250) | ( 102,036) |
| | $ 35,258 | $ 31,869 | $ 14,535 | $ 22,338 | $ 104,000 |
| At January 1 | $ 35,258 | $ 31,869 | $ 14,535 | $ 22,338 | $ 104,000 |
| Additions | 20,434 | 20,316 | 4,284 | 2,412 | 47,446 |
| Disposals | ( 77) | ( 43) | ( 1,397) | ( 2,499) | ( 4,016) |
| Depreciation charge | ( 20,701) | ( 18,296) | ( 5,830) | ( 7,795) | ( 52,622) |
| Net exchange differences | ( 23) | ( 59) | - | ( 2) | ( 84) |
| At December 31 | $ 34,891 | $ 33,787 | $ 11,592 | $ 14,454 | $ 94,724 |
| At December 31 | | | | | |
| Cost | $ 83,167 | $ 79,275 | $ 21,122 | $ 38,479 | $ 222,043 |
| Accumulated depreciation | ( 48,276) | ( 45,488) | ( 9,530) | ( 24,025) | ( 127,319) |
| | $ 34,891 | $ 33,787 | $ 11,592 | $ 14,454 | $ 94,724 |

The Group has no pledged property, plant and equipment.

(9) Lease transactions－lessee

| | | December 31, 2022 | | December 31, 2021 |
|---|---|---|---|---|
| Right-of-use assets: | | | | |
| Buildings and structures | $ | 176,606 | $ | 110,902 |
| Transportation equipment (Business vehicles) | | 2,440 | | - |
| Machinery and equipment | | 1,167 | | - |
| Other equipment | | 393 | | - |
| | $ | 180,606 | $ | 110,902 |

| | | December 31, 2022 | | December 31, 2021 |
|---|---|---|---|---|
| Lease liability: | | | | |
| Current | $ | 66,552 | $ | 33,951 |
| Non-current | | 124,043 | | 85,738 |
| | $ | 190,595 | $ | 119,689 |

A. The Group leases various assets including building, business vehicles, machinery and equipment and parking spaces. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The depreciation charge of right-of-use assets are as follows:

| | Years ended December 31 | | | |
|---|---|---|---|---|
| | | 2022 | | 2021 |
| Buildings and structures | $ | 66,904 | $ | 44,866 |
| Transportation equipment (Business vehicles) | | 1,314 | | - |
| Machinery and equipment | | 333 | | - |
| Other equipment | | 689 | | - |
| | $ | 69,240 | $ | 44,866 |

C. For the years ended December 31, 2022 and 2021, the Group's additions to right-of-use assets were $70,905 and $20,279, respectively.

D. Short-term leases with a lease term of 12 months or less comprise parking spaces and warehouse. Low-value assets comprise multifunction printers and drinking fountain.

E. The information on profit or loss accounts relating to lease contracts is as follows:

| | Years ended December 31 | |
|---|---|---|
| | 2022 | 2021 |
| Items affecting profit or loss | | |
| Interest expense on lease liabilities | $ 2,698 | $ 2,133 |
| Expense on short-term lease contracts | 4,654 | 3,596 |
| Expense on leases of low-value assets | 407 | - |
| Expense on variable lease payments | 182 | - |
| Gain on lease modification | - | 496 |

F. For the year ended December 31, 2021, due to earlier termination of the contract, the Group's right-of-use assets and lease liabilities decreased $12,469 and $12,965 on December 31, 2021, respectively. For the year ended December 31, 2021, due to earlier termination of the contract, there were gains on the lease modification.

G. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $77,358 and $48,807, respectively.

(10) Intangible assets

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Goodwill | Patents | Acquired special technology | Customer relationship | Software cost | Total |
| At January 1 | | | | | | |
| Cost | $ 111,403 | $ 47,886 | $ 112,078 | $ - | $ 92,085 | $ 363,452 |
| Accumulated amortisation | - | ( 26,524) | ( 65,716) | - | ( 76,965) | ( 169,205) |
| | $ 111,403 | $ 21,362 | $ 46,362 | $ - | $ 15,120 | $ 194,247 |
| At January 1 | $ 111,403 | $ 21,362 | $ 46,362 | $ - | $ 15,120 | $ 194,247 |
| Additions - acquired separately | - | 16,652 | 1,586 | - | 151,570 | 169,808 |
| Additions - acquired through business combinations (Note 1) | 75,122 | 151,039 | 11,043 | 395,199 | 23,817 | 656,220 |
| Disposals - reduced due to liquidation of subsidiary (Note 2) | ( 4,576) | - | ( 14,179) | - | - | ( 18,755) |
| Amortisation charge | - | ( 27,654) | ( 16,976) | ( 33,370) | ( 40,519) | ( 118,519) |
| Net exchange differences | - | - | - | - | ( 2) | ( 2) |
| At December 31 | $ 181,949 | $ 161,399 | $ 27,836 | $ 361,829 | $ 149,986 | $ 882,999 |
| At December 31 | | | | | | |
| Cost | $ 181,949 | $ 218,828 | $ 97,355 | $ 395,199 | $ 251,272 | $ 1,144,603 |
| Accumulated amortisation | - | ( 57,429) | ( 69,519) | ( 33,370) | ( 101,286) | ( 261,604) |
| | $ 181,949 | $ 161,399 | $ 27,836 | $ 361,829 | $ 149,986 | $ 882,999 |

| | 2021 | | | | |
|---|---|---|---|---|---|
| | Goodwill | Patents | Acquired special technology | Software cost | Total |
| At January 1 | | | | | |
| Cost | $ 111,403 | $ 25,714 | $ 112,078 | $ 80,980 | $ 330,175 |
| Accumulated amortisation | - | ( 23,704) | ( 51,707) | ( 61,610) | ( 137,021) |
| | $ 111,403 | $ 2,010 | $ 60,371 | $ 19,370 | $ 193,154 |
| At January 1 | $ 111,403 | $ 2,010 | $ 60,371 | $ 19,370 | $ 193,154 |
| Additions - acquired separately | - | 22,172 | - | 11,105 | 33,277 |
| Amortisation charge | - | ( 2,820) | ( 14,009) | ( 15,355) | ( 32,184) |
| At December 31 | $ 111,403 | $ 21,362 | $ 46,362 | $ 15,120 | $ 194,247 |
| At December 31 | | | | | |
| Cost | $ 111,403 | $ 47,886 | $ 112,078 | $ 92,085 | $ 363,452 |
| Accumulated amortisation | - | ( 26,524) | ( 65,716) | ( 76,965) | ( 169,205) |
| | $ 111,403 | $ 21,362 | $ 46,362 | $ 15,120 | $ 194,247 |

Note 1: It was generated from the Group's merger with Alcor. Refer to Note 6(32) for details.

Note 2: It was a company which was liquidated in 2022.

A. Details of amortisation on intangible assets are as follows:

| | Years ended December 31 | |
|---|---|---|
| | 2022 | 2021 |
| Operating costs | $ 57 | $ - |
| Selling expenses | 33,727 | 724 |
| Administrative expenses | 6,380 | 5,562 |
| Research and development expenses | 78,355 | 25,898 |
| | $ 118,519 | $ 32,184 |

B. The Group has no intangible assets pledged to others.

C. Goodwill is allocated as follows to the Group's cash-generating units:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Biometric sensor chip and its application | $ 106,827 | $ 111,403 |
| USB control chip and its application | $ 75,122 | $ - |

D. The Group tested impairment for the cash-generating units of goodwill at the end of the annual financial reporting period and used value-in-use as the basis for calculating the recoverable amount. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-inuse calculations are as follows:

| | 2022 | 2021 |
|---|---|---|
| Biometric sensor chip and its application | | |
| Operating revenue growth rate | (8)% ~ (10)% | (8)% ~ 9% |
| Discount rate (before tax) | 9.62% | 9.87% |
| USB control chip and its application | | |
| Operating revenue growth rate | (6)% ~ 3% | - |
| Discount rate (before-tax) | 9.62% | - |

The operating revenue growth rates used are consistent with the projection included in industry reports. The adopted discount rate is a pre-tax rate measured at Taiwan government 10-year bond yield. Risk premium will be added in order to reflect the incremental risk in equities for general investments and the cash generating unit's specific systematic risk.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired.

(11) Prepayments for investments

As of December 31, 2021, the Group has applied to the public tender offer for the acquisition of shares of iCatch Technology Inc. amounting to $672,000 which was recorded as prepayment for investment. Of the total amount, $537,600 worth of shares has been subscribed in January 2022. The excess amount of $134,000 had been returned to the Group's bank account. Refer to Note 6(7) for details.

(12) Short-term borrowings

| Type of borrowings | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Bank borrowings | | |
| Unsecured borrowings | $ 1,042,584 | $ 100,000 |
| Secured borrowings | 196,000 | - |
| | $ 1,238,584 | $ 100,000 |
| Undrawn facilities | $ 1,601,236 | $ 2,006,480 |
| Interest rate range | 1.39%～2.68% | 0.79%～0.85% |

Information about the collateral that was pledged for short-term borrowings is provided in Note 8.

(13) Other payables

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| Payable on wages, salaries and bonuses | $ | 310,239 | $ | 192,276 |
| Payable on software licensing fees | | 117,570 | | 78,128 |
| Payable on acquisition of intangible assets | | 47,344 | | - |
| Payable on royalties | | 46,195 | | 30,551 |
| Payable on research, development and testing | | 44,818 | | 58,347 |
| Payable on employees' compensation and directors' and supervisors' remuneration | | 37,726 | | 19,507 |
| Payable on professional service fees | | 20,767 | | 10,719 |
| Payable on machinery and equipment | | 4,340 | | - |
| Others | | 61,294 | | 62,074 |
| | $ | 690,293 | $ | 451,602 |

(14) Long-term borrowings

| Type of borrowings | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| Long-term bank borrowings | | | | |
| Unsecured borrowings | $ | 785,878 | $ | 850,000 |
| Secured borrowings | | 911,458 | | - |
| | | 1,697,336 | | 850,000 |
| Less: Current portion | ( | 423,636) | ( | 37,500) |
| | $ | 1,273,700 | $ | 812,500 |
| Undrawn facilities | $ | 366,300 | $ | 403,600 |
| Maturity year | 2023-2027 | | 2023-2025 | |
| Interest rate range | 1.27%～2.82% | | 1.05%～1.54% | |

A. Commitments for bank borrowings

The Company has committed to the creditor banks not to arbitrarily dispose, transfer or collateralise the stocks of FocalTech Systems Co. Ltd. held by the Company (recorded as financial assets at fair value through other comprehensive income) to others in the first quarter of 2021. The Company repaid the bank borrowings in advance on April 15, 2021 and subsequently disposed the stocks of FocalTech Systems Co. Ltd. Refer to Note 6(3) for other related information.

B. Compliance with borrowing contracts

In accordance with the regulations of the borrowing contracts between the Group and certain creditor banks, the Company shall prepare consolidated financial statements semiannually during the term of the borrowings and maintain the financial ratios agreed by both parties. If the agreed ratios are not meet, the borrowing interest rate shall be raised as specified in the contracts.

For the years ended December 31, 2021, the Group had either met the required financial ratios agreed with the abovementioned creditor banks or such covenants had been waived by creditor banks. However, for the six months ended June 30, 2022, the Group was not able to meet the required financial ratios and accordingly, the creditor banks had to increase the borrowing interest rate in accordance with the contracts. Abovementioned matters have no significant impact to the Group.

C. Information about the collateral that was pledged for long-term borrowings is provided in Note 8.

(15) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

| | December 31, 2022 | |
|---|---|---|
| Present value of defined benefit obligations | ($ | 20,363) |
| Fair value of plan assets | | 46,526 |
| Net defined benefit assets (Note) | $ | 26,163 |

Note: Accounted as other non-current assets.

(c) Movements in net defined benefit assets are as follows:

| | 2022 | | |
|---|---|---|---|
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
| At January 1 | $ - | $ - | $ - |
| Interest (expense) income | - | - | - |
| | - | - | - |
| Remeasurements: | | | |
| Return on plan assets | - | 3,436 | 3,436 |
| Change in financial assumptions | 2,763 | - | 2,763 |
| Experience adjustments | 145 | - | 145 |
| | 2,908 | 3,436 | 6,344 |
| Paid pension | 1,063 | ( 1,063) | - |
| Effect of business combination | ( 24,334) | 44,153 | 19,819 |
| At December 31 | ($ 20,363) | $ 46,526 | $ 26,163 |

Note: Excluding amounts included in interest income or expense.

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

| | Year ended December 31, 2022 |
|---|---|
| Discount rate | 1.4%-2% |
| Future salary increases | 2.5%-4.5% |

Assumptions regarding future mortality rate are set based on 'The Sixth Empirical Life Table of Taiwan Life Insurance Industry'.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

| | Discount rate | | Future salary increases | |
|---|---|---|---|---|
| | Increase 0.25% | Decrease 0.25% | Increase 0.25% | Decrease 0.25% |
| December 31, 2022 | | | | |
| Effect on present value of defined benefit | ($ 709) | $ 741 | $ 711 | ($ 685) |

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(g) As of December 31, 2022, the Group did not make contributions to the retirement fund as the balance of the retirement fund had exceeded the present value of defined benefit obligation.

(h) For the year ended December 31, 2021, the Group did not have a pension with a defined benefit plan.

B. (a) The Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) Other overseas entities have established a defined contribution plan under the local regulations and contribute a certain percentage of the salaries and wages of the local employees to the endowment insurance or pension fund. Other than the annual contributions, the entities have no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were $41,048 and $30,792, respectively.

(16) Share-based payment

A. As of December 31, 2022, the Group's share-based payment arrangements were as follows:

| Issuing entity | Type of arrangement | Grant date | Quantity granted (unit in thousand) | Number of shares available for subscription per unit | Contract period | Vesting conditions |
|---|---|---|---|---|---|---|
| Luxsentek | Employee stock options | 2022.01.21 ~ 2022.02.25 (Note 1) | 2,140 | 1 | 3 years (Note 2) | Three years of service (Note 2) |
| Alcor | Restricted stocks to employees | 2022.01.03 | 477 | 1 | 3 years | Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 3) |
| " | " | 2020.01.02 | 910 | 1 | 3 years | Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 4) |
| ENE | " | 2022.05.10 | 20 | 1 | 3 years | Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 5) |
| " | " | 2022.03.16 | 980 | 1 | 3 years | Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 5) |
| Syncomm | " | 2022.03.17 | 700 | 1 | 3 years | Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 6) |
| Alcorlink | " | 2021.11.05 | 1,000 | 1 | 3 years | Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 7) |

(a) The employee stock options issued by Luxsenteck Microelectronics Corp. cannot be sold, pledged, transferred, donated, collateralised, or disposed in any other method during the vesting period.

(b) The restricted stocks issued by Alcor and Alcorlink cannot be sold, pledged, transferred, gifted, collateralised or disposed in any other method and have no rights to participate in the allocation (subscription) of dividends to original shareholders before meeting the vesting conditions.

(c) The restricted stocks issued by Syncomm and ENE cannot be sold, pledged, transferred, gifted, collateralised or disposed in any other method before meeting the vesting conditions.

The share-based payment arrangements above are settled by equity.

Note 1: Grant date was set between January 21, 2022 to February 25, 2022 based on the date signing stock reward agreement with employees.

Note 2: After working for 3 years from the date of grant, employees may exercise the options in accordance with certain schedules as prescribed in the option plan.

Note 3: Whether the vesting conditions have been met will be settled on December 31 each year and the restrictions on rights will be lifted from January 31 each year (postponed when the day falls on a public holiday).

Note 4: Whether the vesting conditions have been met will be settled on September 30 each year and the restrictions on rights will be lifted from February 25 each year (postponed when the day falls on a public holiday).

Note 5: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 20%, 30% and 50%, respectively.

Note 6: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 30%, 35% and 35%, respectively.

Note 7: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 30%, 30% and 40%, respectively.

B. Details of the restricted stocks to employees are as follows:

(a) Alcor:

| | Year ended December 31, 2022 |
|---|---|
| | Number (in thousand) |
| Beginning balance of restricted stocks | 432 |
| Stocks issued | 477 |
| Stocks vested | ( 524) |
| Stocks retired | ( 111) |
| Ending balance of restricted stocks | 274 |

As of December 31, 2022, there were 99 thousand units of expired stocks cancelled, and remaining 12 thousand units would be cancelled after the resolution of the Board of Directors.

(b) Alcorlink:

| | Year ended December 31, 2022 |
|---|---|
| | Number (in thousand) |
| Beginning balance of restricted stocks | 1,000 |
| Stocks retired | - |
| Ending balance of restricted stocks | 1,000 |

(c) Syncomm:

| | Year ended December 31, 2022 |
|---|---|
| | Number (in thousand) |
| Beginning balance of restricted stocks | - |
| Stocks issued | 700 |
| Ending balance of restricted stocks | 700 |

(d) ENE:

| | Year ended December 31, 2022 |
|---|---|
| | Number (in thousand) |
| Beginning balance of restricted stocks | - |
| Stocks issued | 1,000 |
| Ending balance of restricted stocks | 1,000 |

C. Details of the restricted stocks to employees of Luxsentek Microelectronics Corp. are as follows:

| | Year ended December 31, 2022 | |
|---|---|---|
| | Number (in thousand) | Weighted-average exercise price |
| Beginning balance of restricted stocks | - | $ - |
| Stocks issued | 2,586 | 10 |
| Stocks retired | ( 445) | 10 |
| Ending balance of restricted stocks | 2,141 | $ 10 |

On December 31, 2022, the exercise prices of stock options outstanding was $10; the weighted-average remaining contractual period was 11 months.

D. The fair value of restricted stocks to employees and cash capital increase reserved for employee preemption granted is measured using the Black-Scholes model. Relevant input information is as follows:

| Issuing entity | Type of arrangement | Grant date | Stock price (in dollars) | Exercise price (in dollars) | Expected price volatility (Note 1) | Expected option life | Expected dividend rate | Risk-free interest rate |
|---|---|---|---|---|---|---|---|---|
| Alcor | Restricted stocks to employees | 2022.01.03 | 60.50 | - | | Note 2 | | |
| " | " | 2020.01.02 | 14.30 | - | 15.02%-21.33% | 1-3 year(s) | 0% | 0.39%-0.51% |
| ENE | " | 2022.05.10 | 40.25 | - | | Note 3 | | |
| " | " | 2022.03.16 | 41.50 | - | | Note 3 | | |
| Syncomm | " | 2022.03.17 | 25.49 | - | 57.15% | 1 year | 0% | 0.36% |
| Alcorlink | " | 2021.11.05 | 34.70 | - | | Note 2 | | |
| Luxsentek | Employee stock options | 2022.01.21~2022.02.25 | 10.00 | 10.00 | | Note 4 | | |

Note 1: Expected price volatility rate was estimated by using the average price volatility of similar listed entities within the appropriate period and the historical common stock price volatility within a year from the date of the Company's assessment.

Note 2: The restricted stocks were issued at a price of NT$0 (in dollars) (i.e. without consideration) with a par value of $10 (in dollars) per share and measured at fair value based on the closing price on the grant date and taking into account restrictions on dividend collection.

Note 3: The restricted stocks were issued at a price of NT$0 (in dollars) (i.e. without consideration) with a par value of $10 (in dollars) per share and measured at fair value based on the closing price on the grant date.

Note 4: The employee stock options were issued at par value of NT$10 per share, the issuance price was NT$10 per share, and the fair value was measured at the latest price of cash capital increase of Luxsenteck Microelectronics Corp.

D. Compensation cost that the Group recognised for the abovementioned share-based payment transactions for the years ended December 31, 2022 and 2021 amounted to $25,863 and $74, respectively.

(17) Share capital

A. As of December 31, 2022, the Company's authorised capital was $1,000,000, consisting of 100,000 thousand shares of ordinary stock, and the paid-in capital was $692,718 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

| | 2022 | 2021 |
|---|---|---|
| At January 1 | 69,272 | 69,269 |
| Employee restricted shares vested | - | 3 |
| At December 31 | 69,272 | 69,272 |

B. The Company's Board of Directors resolved to buy back shares within 5% of the Company's total issued shares and transfer them to employees within three years on March 5, 2018 and September 18, 2018. There were 2,100 thousand shares of treasury shares amounting to $228,775 as of December 31, 2021. The abovementioned 2,100 thousand shares of treasury shares had been fully retired for the year ended December 31, 2021.

| | Year ended December 31, 2021 |
|---|---|
| Beginning number of shares | 2,100 |
| Shares retired | ( 2,100) |
| Ending number of shares | - |

(18) Capital surplus

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Share premium | $ 968,659 | $ 968,659 |
| Changes in ownership interests in subsidiaries | 495 | - |
| Changes in associates accounted for using the equity method | 36,703 | - |
| | $ 1,005,857 | $ 968,659 |

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

(19) Retained earnings

A. The current year's earnings, if any, shall first be used to pay all taxes and offset accumulated operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, a special reserve shall be set aside or reverse in accordance with the related laws or regulations made by the regulatory authority. The remainder along with the opening balance of unappropriated earnings shall be proposed by the Board of Directors and submitted to the shareholders during their meeting for resolution when they are distributed in the form of new shares; and resolved by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors then reported to the shareholders during their meeting according to Paragraph 5 of Article 240 of the Company Act when they are distributed in the form of cash.

B. The Company's dividend policy is adopted by taking into consideration current and future development plans, investment environment, capital needs, domestic and foreign competitors, shareholders' interests and the general standards of dividend distribution in the industry and capital market. The dividends to shareholders can be distributed in the form of cash or shares and cash dividends shall account for at least 20% of the total dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

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

E. The appropriations of 2021 and 2020 earnings as resolved by the shareholders at their meetings on June 22, 2022 and July 12, 2021 are as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Amount | Dividends per share (in dollars) | Amount | Dividends per share (in dollars) |
| Legal reserve | $ 441,038 | | $ 60,231 | |
| Special reserve | 75,368 | | - | |
| Reversal of special reserve | - | | ( 81,463) | |
| Cash dividends | 692,718 | $ 10.00 | 1,039,136 | $ 15.00 |
| | $ 1,209,124 | | $ 1,017,904 | |

F. The appropriations of 2022 earnings as proposed by the Board of Directors during its meeting on March 29, 2023 are as follows:

| | 2022 | |
|---|---|---|
| | Amount | Dividends per share (in dollars) |
| Special reserve | $ 782,361 | |
| Cash dividends | 207,815 | $ 3.00 |
| | $ 990,176 | |

As of March 29, 2023, the above distribution of earnings for the year ended December 31, 2022 was resolved by the Board of Directors and had not yet been reported to the shareholders for approval.

(20) Other equity items

| | Currency translation | Unrealised gains (losses) on valuation | Total |
|---|---|---|---|
| At January 1, 2022 | ($ 594) | ($ 74,774) | ($ 75,368) |
| Currency translation differences | | | |
| - Group | 3,513 | - | 3,513 |
| - Associates | 4,654 | - | 4,654 |
| - Reclassifications of gains (losses) on disposal of investments accounted for using the equity method to profit or loss | ( 7,530) | - | ( 7,530) |
| Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | | | |
| - Group | - | ( 784,514) | ( 784,514) |
| - Associates | - | ( 31,949) | ( 31,949) |
| - Reclassifications of disposal of investments accounted for using the equity method to retained earnings | - | 30,975 | 30,975 |
| Unrealised losses from investments in debt instruments measured at fair value through other comprehensive income | | | |
| - Group | - | ( 9,466) | ( 9,466) |
| - Associates | - | ( 337) | ( 337) |
| - Reclassifications of gains (losses) on disposal of investments in debt instruments designated at fair value through other comprehensive income | - | 11,978 | 11,978 |
| - Reclassifications of gains (losses) on disposal of investments accounted for using the equity method to profit or loss | - | 315 | 315 |
| At December 31, 2022 | $ 43 | ($ 857,772) | ($ 857,729) |

| | Currency translation | Unrealised gains (losses) on valuation | Total |
|---|---|---|---|
| At January 1, 2021 | $ 2,112 | $ 1,775,108 | $ 1,777,220 |
| Currency translation differences | | | |
| - Group | ( 3,267) | - | ( 3,267) |
| - Associates | ( 201) | - | ( 201) |
| - Reclassifications of gains (losses) on disposal of investments accounted for using the equity method to profit or loss | 762 | - | 762 |
| Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | | | |
| - Group | - | 2,906,431 | 2,906,431 |
| - Associates | - | 997 | 997 |
| - Reclassifications of disposal of investments accounted for using the equity method to retained earnings | - | ( 4,753,939) | ( 4,753,939) |
| Unrealised losses from investments in debt instruments measured at fair value through other comprehensive income | | | |
| - Group | - | ( 3,371) | ( 3,371) |
| At December 31, 2021 | ($ 594) | ($ 74,774) | ($ 75,368) |

(21) Operating revenue

A. The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major geographical regions:

| | Years ended December 31 | | | |
|---|---|---|---|---|
| | 2022 | | | 2021 |
| | Egis and its subsidiaries | Alcor and its subsidiaries | Total | Egis and its subsidiaries |
| Major geographical regions: | | | | |
| Taiwan | $ 1,036 | $ 296,381 | $ 297,417 | $ 3,990 |
| Asia | 2,506,318 | 478,094 | 2,984,412 | 3,433,906 |
| America | - | 1,008 | 1,008 | 4,911 |
| Others | - | 6,463 | 6,463 | - |
| | $ 2,507,354 | $ 781,946 | $ 3,289,300 | $ 3,442,807 |

| | Years ended December 31 | | | |
|---|---|---|---|---|
| | 2022 | | | 2021 |
| | Egis and its subsidiaries | Alcor and its subsidiaries | Total | Egis and its subsidiaries |
| Major product/service lines: | | | | |
| Sales revenue | $ 2,503,279 | $ 777,049 | $ 3,280,328 | $ 3,434,019 |
| Service revenue | 4,075 | 4,897 | 8,972 | 8,788 |
| | $ 2,507,354 | $ 781,946 | $ 3,289,300 | $ 3,442,807 |

B. The Group has recognised the revenue-related contract liabilities - advance receipts shown as other current liabilities amounting to $7,652, $1,257 and $0 on December 31, 2022, December 31, 2021 and January 1, 2021, respectively.

C. The revenue recognised that was included in the contract liability balance at the beginning of the years ended December 31, 2022 and 2021 were $1,257 and $0, respectively.

(22) Interest income

| | Years ended December 31 | |
|---|---|---|
| | 2022 | 2021 |
| Interest income from bank deposits | $ 18,602 | $ 12,332 |
| Other interest income | 15,906 | 7,117 |
| | $ 34,508 | $ 19,449 |

(23) Other income

| | Years ended December 31 | |
|---|---|---|
| | 2022 | 2021 |
| Rent income | $ 2,597 | $ 1,688 |
| Dividend income | 46,693 | - |
| Other income | 5,470 | 3,825 |
| | $ 54,760 | $ 5,513 |

(24) Other gains and losses

| | Years ended December 31 | |
|---|---|---|
| | 2022 | 2021 |
| Gains (losses) on disposal of property, plant and equipment | $ 1,674 | ($ 1,024) |
| (Losses) gains on disposals of investments | ( 38,132) | 97,365 |
| Transaction costs of disposals of financial assets at fair value through other comprehensive income | - | ( 75,813) |
| Losses on disposals of investments in debt instruments designated at fair value through other comprehensive income | ( 11,978) | - |
| Gains arising from lease modifications | - | 496 |
| Foreign exchange gains (losses) | 125,650 | ( 35,156) |
| (Losses) gains on financial assets at fair value through profit or loss | ( 50,166) | 4,651 |
| Other losses | ( 1,648) | ( 9,782) |
| | $ 25,400 | ($ 19,263) |

(25) Finance costs

| | Years ended December 31 | |
|---|---|---|
| | 2022 | 2021 |
| Interest expense on bank borrowings | $ 30,605 | $ 12,154 |
| Lease liability | 2,698 | 2,133 |
| | $ 33,303 | $ 14,287 |

(26) Expenses by nature

| | Year ended December 31, 2022 | | |
|---|---|---|---|
| | Classified as operating costs | Classified as operating expenses | Total |
| Employee benefit expense | | | |
| Wages and salaries | $ 6,282 | $ 977,957 | $ 984,239 |
| Share-based payments | 252 | 25,611 | 25,863 |
| Labour and health insurance fees | 554 | 55,882 | 56,436 |
| Pension costs | 318 | 40,730 | 41,048 |
| Other personnel expenses | 214 | 36,354 | 36,568 |
| | $ 7,620 | $ 1,136,534 | $ 1,144,154 |
| Depreciation charges | $ 7,222 | $ 128,807 | $ 136,029 |
| Amortisation charges | $ 57 | $ 118,462 | $ 118,519 |

| | Year ended December 31, 2021 | | |
|---|---|---|---|
| | Classified as operating costs | Classified as operating expenses | Total |
| Employee benefit expense | | | |
| Wages and salaries | $ - | $ 795,628 | $ 795,628 |
| Labour and health insurance fees | - | 42,976 | 42,976 |
| Pension costs | - | 30,792 | 30,792 |
| Other personnel expenses | - | 35,320 | 35,320 |
| | $ - | $ 904,716 | $ 904,716 |
| Depreciation charges | $ 1,622 | $ 95,866 | $ 97,488 |
| Amortisation charges | $ - | $ 32,184 | $ 32,184 |

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 1% for directors' remuneration. However, if the Company has accumulated losses, earnings should be reserved to cover losses first. The aforementioned employees' compensation can be distributed in the form of shares or cash. The employees that the Company shall distribute employees' compensation include the employees of subsidiaries who meet the requirements prescribed by the Board of Directors. The directors' remuneration can only be distributed in the form of cash.

B. The employees' compensation and directors' remuneration for the years ended December 31, 2022 and 2021 were estimated and accrued based on the pre-tax profit for each of the period before deducting employees' compensation and directors' remuneration multiplied by the distribution percentage of employees' compensation and directors' remuneration as stipulated in the Articles of Incorporation of the Company and presented in operating expenses for each of the period. If there are differences between the actual distributed amounts in the following year and the accrued amounts, the differences will be accounted for as changes in estimates and recognised in the profit or loss for the following year.

C. For the years ended December 31, 2022 and 2021, the Group did not recognise employees' compensation and directors' remuneration. The distribution amounts as resolved by the Company's Board of Directors were in agreement with the aforementioned accrued amounts. The related information will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

| | Years ended December 31 | |
|---|---|---|
| | 2022 | 2021 |
| Current tax: | | |
| Current tax on profits for the year | $ 328 | ($ 28,337) |
| Tax on undistributed surplus earnings | 99,556 | - |
| Prior year income tax under (over) estimation | 3,560 | ( 6) |
| Total current tax | 103,444 | (28,343) |
| Deferred tax: | | |
| Origination and reversal of temporary differences | (132,173) | (50,231) |
| Total deferred tax | (132,173) | (50,231) |
| Income tax benefit | ($ 28,729) | ($ 78,574) |

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

| | Years ended December 31 | |
|---|---|---|
| | 2022 | 2021 |
| Changes in fair value of financial assets at fair value through other comprehensive income | $ - | $ 602,931 |

As described in Note 6(3), in 2021, the Group disposed the shares in FocalTech Systems Co., Ltd. The related income tax payable amounted to $602,931, which was accounted as current tax liabilities.

B. Reconciliation between income tax expense and accounting profit

| | Years ended December 31 | |
|---|---|---|
| | 2022 | 2021 |
| Tax calculated based on profit before tax and statutory tax rate (Note) | ($ 186,213) | ($ 62,070) |
| Expenses disallowed by tax regulation | 54,550 | 1,082,910 |
| Tax exempt income by tax regulation | 886 | ( 1,070,247) |
| Temporary differences not recognised as deferred tax assets | ( 10,294) | 17,387 |
| Taxable loss not recognised as deferred tax assets | 11,582 | - |
| Effect from investment tax credits | - | ( 37,767) |
| Change in assessment of realisation of deferred tax assets | ( 20,797) | - |
| Prior year income tax underestimation | 19,005 | - |
| Effect from Alternative Minimum Tax | 1,301 | - |
| Tax on undistributed earnings | 99,556 | - |
| Others | 1,695 | ( 8,787) |
| Income tax benefit | ($ 28,729) | ($ 78,574) |

Note: The basis for computing the applicable tax rate is the rate applicable in the parent company's country.

(Blank)

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

| | 2022 | | | |
|---|---|---|---|---|
| | January 1 | Recognised in profit or loss | Business combination | December 31 |
| Deferred tax assets: | | | | |
| Temporary differences: | | | | |
| Allowance for inventory valuation | $ 73,824 | $ 6,125 | $ 875 | $ 80,824 |
| Unrealised exchange loss | 3,828 | 3,015 | 285 | 7,128 |
| Others | 2,671 | 3,195 | 5,269 | 11,135 |
| Tax losses | 66,121 | 111,485 | 10,363 | 187,969 |
| | 146,444 | 123,820 | 16,792 | 287,056 |
| Deferred tax liabilities: | | | | |
| Temporary differences: | | | | |
| Gains on valuation of financial instruments | (1,981) | 842 | - | (1,139) |
| Unrealised exchange gain | (14) | (1,640) | (38) | (1,692) |
| Amortization of assets acquired at premium | - | 7,060 | (60,887) | (53,827) |
| Others | - | 2,091 | (48,404) | (46,313) |
| | (1,995) | 8,353 | (109,329) | (102,971) |
| | $ 144,449 | $ 132,173 | ($ 92,537) | $ 184,085 |

| | 2021 | | |
|---|---|---|---|
| | January 1 | Recognised in profit or loss | December 31 |
| Deferred tax assets: | | | |
| Temporary differences: | | | |
| Allowance for inventory valuation | $ 81,685 | ($ 7,861) | $ 73,824 |
| Unrealised exchange loss | 5,244 | (1,416) | 3,828 |
| Others | 7,289 | (4,618) | 2,671 |
| Tax losses | - | 66,121 | 66,121 |
| | 94,218 | 52,226 | 146,444 |
| Deferred tax liabilities: | | | |
| Temporary differences: | | | |
| Unrealised exchange gain | - | (14) | (14) |
| Others | - | (1,981) | (1,981) |
| | - | (1,995) | (1,995) |
| | $ 94,218 | $ 50,231 | $ 144,449 |

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

| December 31, 2022 | | | | |
|---|---|---|---|---|
| Year incurred | Amount filed/ assessed | Unused amount | Unrecognised deferred tax assets | Expiry year |
| 2022 | $ 628,684 | $ 628,684 | $ - | 2032 |
| 2021 | 254,291 | 254,291 | - | 2031 |

| December 31, 2021 | | | | |
|---|---|---|---|---|
| Year incurred | Amount filed/ assessed | Unused amount | Unrecognised deferred tax assets | Expiry year |
| 2021 | $ 254,291 | $ - | $ - | 2031 |

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of Luxsentek Microelectronics Corp. are as follows:

| December 31, 2022 | | | | |
|---|---|---|---|---|
| Year incurred | Amount filed/ assessed | Unused amount | Unrecognised deferred tax assets | Expiry year |
| 2022 | $ 82,901 | $ 82,901 | $ 82,901 | 2032 |
| 2021 | 61,703 | 61,703 | 61,703 | 2031 |
| 2020 | 9,113 | 9,113 | 9,113 | 2030 |

| December 31, 2021 | | | | |
|---|---|---|---|---|
| Year incurred | Amount filed/ assessed | Unused amount | Unrecognised deferred tax assets | Expiry year |
| 2021 | $ 61,703 | $ 61,703 | $ 61,703 | 2031 |
| 2020 | 9,113 | 9,113 | 9,113 | 2030 |

F. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of VASUBI Technology Inc. are as follows:

| December 31, 2022 | | | | |
|---|---|---|---|---|
| Year incurred | Amount filed/ assessed | Unused amount | Unrecognised deferred tax assets | Expiry year |
| 2022 | $ 17,947 | $ 17,947 | $ 17,947 | 2032 |

G. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of NUI Technology Inc. are as follows:

| December 31, 2022 | | | | |
|---|---|---|---|---|
| Year incurred | Amount filed/ assessed | Unused amount | Unrecognised deferred tax assets | Expiry year |
| 2022 | $ 15,578 | $ 15,578 | $ 15,578 | 2032 |

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

| December 31, 2022 | | | | |
|---|---|---|---|---|
| Year incurred | Amount filed/ assessed | Unused amount | Unrecognised deferred tax assets | Expiry year |
| 2020 | $ 151,012 | $ 121,648 | $ 84,263 | 2030 |

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

| December 31, 2022 | | | | |
|---|---|---|---|---|
| Year incurred | Amount filed/ assessed | Unused amount | Unrecognised deferred tax assets | Expiry year |
| 2017 | $ 16,143 | $ 16,143 | $ 16,143 | 2027 |
| 2016 | 70,801 | 70,801 | 70,801 | 2026 |
| 2015 | 53,220 | 45,176 | 25,684 | 2025 |

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

| December 31, 2022 | | | | |
|---|---|---|---|---|
| Year incurred | Amount filed/ assessed | Unused amount | Unrecognised deferred tax assets | Expiry year |
| 2020 | $ 32,271 | $ 32,271 | $ 32,271 | 2030 |
| 2019 | 50,962 | 50,962 | 50,962 | 2029 |
| 2018 | 70,693 | 70,693 | 70,693 | 2028 |
| 2017 | 94,604 | 92,739 | 92,739 | 2027 |
| 2016 | 121,815 | 121,815 | 121,815 | 2026 |
| 2015 | 119,209 | 119,209 | 119,209 | 2025 |
| 2014 | 205,755 | 183,483 | 183,483 | 2024 |

K. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of ENE Touch Technology Co., Ltd. are as follows:

| December 31, 2022 | | | | |
|---|---|---|---|---|
| Year incurred | Amount filed/ assessed | Unused amount | Unrecognised deferred tax assets | Expiry year |
| 2022 | $ 2,352 | $ 2,352 | $ 2,352 | 2027 |
| 2021 | 1,478 | 1,478 | 1,478 | 2026 |
| 2020 | 1,977 | 1,977 | 1,977 | 2025 |
| 2019 | 2,942 | 2,942 | 2,942 | 2024 |
| 2018 | 585 | 585 | 585 | 2023 |

L. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities, due to the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. As of December 31, 2022 and 2021, the amounts of temporary differences unrecognised as deferred tax assets were $1,941 and $3,542, respectively; and the amounts of temporary difference unrecognised as deferred tax liabilities were $12,235 and $2,135, respectively.

M. The assessed and approved status of the Company's income tax returns is as follows:

| | Assessed and approved status |
|---|---|
| EGIS TECHNOLOGY INC. | Assessed and approved through 2019 |

(28) Loss per share

| | Year ended December 31, 2022 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Loss per share (in dollars) |
| Basic and diluted loss per share | | | |
| Loss attributable to ordinary shareholders of the parent | ($ 852,837) | 69,272 | ($ 12.31) |

| | Year ended December 31, 2021 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Loss per share (in dollars) |
| Basic and diluted loss per share | | | |
| Loss attributable to ordinary shareholders of the parent | ($ 215,605) | 69,271 | ($ 3.11) |

Note: The calculation of diluted loss per share was the same as the calculation of basic loss per share as the Company has incurred losses for the years ended December 31, 2022 and 2021 and due to the anti-dilutive effect of potential ordinary shares.

(29) Non-controlling interest

| | 2022 | 2021 |
|---|---|---|
| At January 1 | $ 12,135 | $ 23,921 |
| Share attributable to non-controlling interest: | | |
| Loss | ( 49,501) | ( 16,169) |
| Currency translation differences | 5,422 | - |
| Unrealised losses on valuation of financial assets measured at fair value through other comprehensive income | ( 28,673) | - |
| Remeasurements of defined benefit plans | 5,167 | - |
| Disposal of investment accounted for using equity method | ( 1,651) | - |
| Changes in ownership interests in subsidiaries | - | 4,383 |
| Increase in non-controlling interests | 3,688,871 | - |
| At December 31 | $ 3,631,770 | $ 12,135 |

(30) Supplemental cash flow information

Investing activities with partial cash payments:

| | | Year ended December 31, 2022 |
|---|---|---|
| Purchase of property, plant and equipment | $ | 47,632 |
| Add: Opening balance of payable on equipment | | - |
| Less: Ending balance of payable on equipment | ( | 4,340) |
| Cash paid during the year | $ | 43,292 |

| | | Year ended December 31, 2022 |
|---|---|---|
| Purchase of intangible assets | $ | 169,808 |
| Add: Opening balance of prepayments on intangible assets | | 27,856 |
| Less: Ending balance of payable on intangible assets | ( | 47,344) |
| Cash paid during the year | $ | 150,320 |

(31) Changes in liabilities from financing activities

| | Short-term borrowings | Long-term borrowings (including current portion) | Lease liabilities | Liabilities from financing activities-gross |
|---|---|---|---|---|
| At January 1, 2022 | $ 100,000 | $ 850,000 | $ 119,689 | $ 1,069,689 |
| Changes in cash flow from financing activities | 988,584 | 840,063 | ( 69,417) | 1,759,230 |
| Changes in acquisition of subsidiaries | 150,000 | 7,273 | 67,869 | 225,142 |
| Changes in other non-cash items | - | - | 72,454 | 72,454 |
| At December 31, 2022 | $ 1,238,584 | $ 1,697,336 | $ 190,595 | $ 3,126,515 |

| | Short-term borrowings | Long-term borrowings (including current portion) | Lease liabilities | Liabilities from financing activities-gross |
|---|---|---|---|---|
| At January 1, 2021 | $ - | $ 990,000 | $ 155,587 | $ 1,145,587 |
| Changes in cash flow from financing activities | 100,000 | ( 140,000) | ( 43,078) | ( 83,078) |
| Changes in other non-cash items | - | - | 7,180 | 7,180 |
| At December 31, 2021 | $ 100,000 | $ 850,000 | $ 119,689 | $ 1,069,689 |

(32) Business combinations

A. The Group is the single largest shareholder of Alcor with a 22.16% equity interest. Based on the Group's attendance at the shareholders' meeting of Alcor on June 15, 2022, the result of the reelection of Alcor's board of directors and given that the Group entered into an effective agreement with other major shareholders of Alcor on July 11, 2022, the Group has obtained a majority of voting rights in its Board of Directors. As the Group was assessed to have the ability to direct the relevant activities of Alcor, the Group included Alcor in its consolidated financial statements from July 11, 2022. It is expected to expand multiple customer network and market layout.

(Blank)

B. The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of Alcor at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

| | | July 11, 2022 |
|---|---|---|
| Purchase consideration | | |
| Fair value of equity interest in Alcor held before the business combination | $ | 707,000 |
| Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets | | 3,662,988 |
| | | 4,369,988 |
| Fair value of the identifiable assets acquired and liabilities assumed | | |
| Cash and cash equivalents | | 1,261,522 |
| Current financial assets at fair value through profit or loss | | 861,751 |
| Current financial assets at fair value through other comprehensive income | | 29,957 |
| Current financial assets at amortised cost | | 599,138 |
| Accounts receivable, net | | 326,290 |
| Other receivables, net | | 29,288 |
| Inventories | | 634,430 |
| Prepayments | | 70,815 |
| Other current assets | | 3,929 |
| Non-current financial assets at fair value through other comprehensive income | | 490,999 |
| Non-current financial assets at amortised cost | | 22,929 |
| Investments accounted for using the equity method | | 239,867 |
| Property, plant and equipment | | 58,171 |
| Right-of-use assets | | 67,953 |
| Intangible assets | | 581,098 |
| Deferred tax assets | | 16,792 |
| Other non-current assets | | 109,312 |
| Short-term borrowings | ( | 150,000) |
| Notes payable | ( | 20,721) |
| Accounts payable | ( | 324,373) |
| Other payables | ( | 409,797) |
| Other current liabilities | ( | 27,286) |
| Deferred tax liabilities | ( | 109,329) |
| Lease liabilities | ( | 67,869) |
| Total identifiable net assets | | 4,294,866 |
| Goodwill | $ | 75,122 |

Note: The allocation of acquisition price was completed in the fourth quarter of 2022.

C. The Group recognised a loss of $36,827 shown as 'other gains and losses' as a result of measuring at fair value its 22.16% equity interest in Alcor held before the business combination.

D. The operating revenue included in the consolidated statement of comprehensive income since July 11, 2022 contributed by Alcor was $781,946. Alcor also contributed loss before income tax of ($41,431) over the same period. Had Alcor been consolidated from January 1, 2022, the consolidated statement of comprehensive income would show operating revenue of $4,113,140 and loss before income tax of ($789,374).

7. Related Party Transactions

(1) Names of related parties and relationship

| Names of related parties | Relationship with the Group |
|---|---|
| iCatch Technology Inc. (iCatchtek) | Associate - investee company accounted for using the equity method |
| AlgolTek, Inc. (AlgolTek) | " |
| SCT Holdings Ltd. (SCT Ltd.) | " |

(2) Significant related party transactions

A. Operating revenue

| | Year ended December 31, 2022 |
|---|---|
| Sales of services: | |
| AlgolTek | $ 2,721 |

For the sales of services to related parties, the transaction prices were negotiated by both parties and the collection terms were the same as those of non-related parties.

B. Technical service expenditures

| | Year ended December 31, 2022 |
|---|---|
| Purchases of services: | |
| iCatchtek | $ 45,194 |

For the purchases of services from related parties, the transaction prices were negotiated by both parties and the payment term was 30 days.

C. Accounts receivable

| | | December 31, 2022 |
|---|---|---|
| Accounts receivable: | | |
| AlgolTek | $ | 4,098 |
| Other receivables: | | |
| SCT Ltd. | | 82,360 |
| | $ | 86,458 |

The receivables from related parties arise mainly from provision of services and purchasing inventories on behalf of associates. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Other payables

| | | December 31, 2022 |
|---|---|---|
| iCatchtek | $ | 7,320 |
| AlgolTek | | 44 |
| | $ | 7,364 |

The other payables to related parties arise mainly from technical service expenditures.

(3) Key management compensation

| | Years ended December 31 | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| Short-term employee benefits | $ | 118,852 | $ | 163,187 |
| Post-employment benefits | | 1,819 | | 1,125 |
| Share-based payments | | 2,016 | | - |
| | $ | 122,687 | $ | 164,312 |

8. Pledged Assets

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

| | Book value | | |
|---|---|---|---|
| Pledged asset | December 31, 2022 | December 31, 2021 | Purpose |
| Pledged time deposits (recorded as current financial assets at amortised cost) | $ 256,454 | $ - | Note 1 |
| Pledged time deposits (recorded as non-current financial assets at amortised cost) | 8,144 | 400 | Note 2 |
| Non-current financial assets at fair value through other comprehensive income | 893,637 | - | Note 3 |
| Guarantee deposits paid (shown as other non-current assets) | 30,710 | - | Note 4 |
| | $ 1,188,945 | $ 400 | |

Note 1: Guarantee for short-term bank borrowings.

Note 2: Guarantee for bank performance and customs duties on imported raw materials.

Note 3: Guarantee for long-term bank borrowings.

Note 4: Guarantee for pre-order capacity. Refer to Note 6(6) for details.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

A. Shenzhen Goodix Technology Co., Ltd. (Goodix) has filed a complaint for patent infringement with the Beijing Intellectual Property Court against the Company in July 2020, wherein it requested the Company to pay compensation amounting to RMB 50.5 million. The Company received the complaint on July 21, 2020 and has engaged a legal counsel to take further action. The ultimate outcome of the complaint is presently undeterminable. Management is of the opinion that the complaint will have no immediate material negative effect on the Group's operating and finance activities.

B. Goodix has filed a complaint for patent infringement with the Fuzhou Intermediate People's Court against the Company in March 2021, wherein it requested the Company to pay compensation amounting to RMB 50.5 million. The Company received the complaint on June 10, 2021 and has engaged a legal counsel to take further action. The ultimate outcome of the complaint is presently undeterminable. Management is of the opinion that the complaint will have no immediate material negative effect on the Group's operating and finance activities.

(2) Commitments

A. A subsidiary of the Group, Alcorlink Corp., entered into contracts for the acquisition of intangible assets and designing of chips and IC components. As of December 31, 2022, the purchases contracted but not yet paid amounted to $22,069.

   A subsidiary of the Group, ENE Technology Inc., entered into contracts for the licensing of software and technology and shall pay the software licensing fees in accordance with the contract and a certain amount of royalties calculated based on production unit. As of December 31, 2022, the licensing costs contracted but not yet paid was $38,245.

B. The Group entered into a long-term contract with suppliers which stipulates related years and minimum amount or quantity that the Group needs to purchase from suppliers.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Information about the appropriations of 2022 earnings of the Company is provided in Note 6(19).

12. Others

(1) Capital management

The Group plans the fund requirements for future operating capital, research and development expenses, repayment of debt and dividends distribution based on the Group’s characteristics of current operating industry and the Group’s future development, taking into account changes in the external environment so as to safeguard the Group’s ability to continue as a going concern, provide returns for shareholders as well as the benefit of other related parties and maintain an optimal capital structure to enhance shareholders’ value in the long-term.

(2) Financial instruments

A. Financial instruments by category

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Financial assets | | |
| Financial assets at fair value through profit or loss (Note 1) | $ 1,900,156 | $ 1,381,604 |
| Financial assets at fair value through other comprehensive income (Note 2) | $ 1,960,600 | $ 409,070 |
| Financial assets at amortised cost | | |
| Cash and cash equivalents | $ 1,544,842 | $ 2,325,144 |
| Financial assets at amortised cost (Note 3) | 733,602 | 677,700 |
| Accounts receivable (including related parties) | 604,968 | 608,734 |
| Other receivables (including related parties) | 93,058 | 48,152 |
| Guarantee deposits paid | 54,435 | 13,027 |
| | $ 3,030,905 | $ 3,672,757 |

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Financial liabilities | | |
| Financial liabilities at amortised cost | | |
| Short-term borrowings | $ 1,238,584 | $ 100,000 |
| Accounts payable | 243,915 | 331,422 |
| Long-term borrowings (including current portion) | 1,697,336 | 850,000 |
| Other payables (including related parties) | 697,657 | 449,920 |
| Guarantee deposits received | 724 | 770 |
| | $ 3,878,216 | $ 1,732,112 |
| Lease liabilities | $ 190,595 | $ 119,689 |

Note 1: Refers to financial assets mandatorily measured at fair value through profit or loss.

Note 2: Refers to investments in equity and debt instruments (including non-current).

Note 3: Refers to financial assets at amortised cost (including non-current).

B. Financial risk management policies

(a) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management policy is based on changes in the economic environment, competition conditions and market value, setting market risk management objectives, and seeking to reduce potential adverse effects on the Group's financial position and financial performance in order to achieve optimal risk positions, maintain appropriate liquidity positions and centrally manage all market risks.

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

(Blank)

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; the subsidiaries' functional currency: NTD, RMB, KRW and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | | | | Sensitivity analysis | |
| | Foreign currency (in thousands) | Exchange rate | Book value (NTD) | Degree of variation | Effect on profit or loss |
| Financial assets | | | | | |
| Monetary items | | | | | |
| USD:NTD | $ 50,104 | 30.71 | $ 1,538,694 | 1% | $ 15,387 |
| Non-monetary items | | | | | |
| USD:NTD | 31,422 | 30.71 | 964,965 | | |
| SEK:NTD | 22,718 | 2.98 | 66,792 | | |
| Effect from net assets of consolidated entities measured at foreign currency | | | | | |
| USD:NTD | 4,800 | 30.71 | 147,396 | | |
| RMB:USD | 11,487 | 6.97 | 50,634 | | |
| KRW:NTD | 1,358,550 | 0.02 | 27,171 | | |
| Financial liabilities | | | | | |
| Monetary items | | | | | |
| USD:NTD | 16,705 | 30.71 | 513,011 | 1% | 5,130 |

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | | | Sensitivity analysis | |
| | Foreign currency (in thousands) | Exchange rate | Book value (NTD) | Degree of variation | Effect on profit or loss |
| Financial assets | | | | | |
| Monetary items | | | | | |
| USD:NTD | $ 54,165 | 27.68 | $ 1,499,287 | 1% | $ 14,993 |
| Non-monetary items | | | | | |
| USD:NTD | 46,873 | 27.68 | 1,297,445 | | |
| Financial liabilities | | | | | |
| Monetary items | | | | | |
| USD:NTD | 20,570 | 27.68 | 569,378 | 1% | 5,694 |

The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to $125,650 and ($35,156), respectively.

Price risk

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

ii. The Group's investments in equity securities comprise open-end funds. The prices of equity securities would change due to the change of the future value of investee companies. Additionally, the unlisted equity securities and convertible bonds were held for strategic investment, thus the Company did not actively transact such investments. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$76,006 and \$55,264, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$78,424 and \$16,363, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. On December 31, 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in New Taiwan Dollars and US Dollars.

ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$23,487 and \$7,600, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is cash and cash equivalents as well as that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. The credit risk of bank deposits, fixed income investments and financial assets measured at amortised cost was measured and monitored by the Group's treasury segment. Since the Group's transaction counterparties and performing parties are banks with good credit quality or financial institutions and companies, thus, the possibility of default is remote, and no significant credit risk was identified based on the Group's assessment.

iii. To decrease the credit risk of accounts receivable, the Group has established built credit policies, analysed the financial status of each customer to determine their credit facility according to the policies and continuously assessed the collectability of receivable accounts.

iv. Information on the exposure of credit risk of accounts receivable is provided in Note 6(5).

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's covenant compliance and compliance with internal balance sheet ratio targets.

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

| | December 31, 2022 | |
|---|---|---|
| | Less than a year | Over a year |
| Non-derivative financial liabilities: | | |
| Short-term borrowings | $ 1,241,577 | $ - |
| Accounts payable | 243,915 | - |
| Other payables (including related parties) | 697,657 | - |
| Lease liabilities | 66,794 | 126,634 |
| Long-term borrowings (including current portion) | 457,466 | 1,342,489 |

| | December 31, 2021 | |
|---|---|---|
| | Less than a year | Over a year |
| Non-derivative financial liabilities: | | |
| Short-term borrowings | $ 100,072 | $ - |
| Accounts payable | 331,422 | - |
| Other payables (including related parties) | 450,690 | - |
| Lease liabilities | 34,146 | 88,573 |
| Long-term borrowings (including current portion) | 48,753 | 826,801 |

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in principal guaranteed notes and bank debentures is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in certain beneficiary certificates, hybrid instrument and certain financial assets at fair value through other comprehensive income is included in Level 3.

B. Financial instruments not measured at fair value:

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost, accounts receivable (including related parties), other receivables, guarantee deposits paid, accounts payable, short-term borrowings, other payables (including related parties), lease liabilities, long-term borrowings (including current portion) and guarantee deposits received) are approximate to their fair values.

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

| | December 31, 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Beneficiary certificates | $ 886,820 | $ - | $ 73,880 | $ 960,700 |
| Equity instruments | 409,247 | - | 171,431 | 580,678 |
| Principal guaranteed notes | - | 120,249 | - | 120,249 |
| Convertible bonds | - | - | 177,473 | 177,473 |
| Unlisted private equity fund | - | - | 61,056 | 61,056 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity instruments | 975,273 | - | 958,628 | 1,933,901 |
| Debt instruments | 26,699 | - | - | 26,699 |
| | $ 2,298,039 | $ 120,249 | $ 1,442,468 | $ 3,860,756 |

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Beneficiary certificates | $ 860,922 | $ - | $ 35,818 | $ 896,740 |
| Equity instruments | - | - | 34,826 | 34,826 |
| Convertible bonds | - | - | 450,038 | 450,038 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity instruments | - | - | 357,271 | 357,271 |
| Debt instruments | 51,799 | - | - | 51,799 |
| | $ 912,721 | $ - | $ 877,953 | $ 1,790,674 |

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

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

| | Stocks | Closed-end fund | Open-end fund | Corporate bond |
|---|---|---|---|---|
| Market quoted price | Closing price | Closing price | Net asset value | Ex-dividend quoted price |

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by reference to counterparty quotes.

(c) If one or more of the significant inputs are not obtained based on observable market data, the financial instruments are included in level 3.

E. The fair value of the Group’s principal guaranteed notes and bank debentures is included in Level 2.

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

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

| | 2022 | 2021 |
|---|---|---|
| | Non-derivative instrument | Non-derivative instrument |
| At January 1 | $ 877,953 | $ 395,130 |
| Business combinations | 579,420 | - |
| Gains recognised in profit or loss | 9,034 | 10,528 |
| Losses recognised in other comprehensive income | ( 126,658) | ( 77,944) |
| Acquired during the year | 447,229 | 558,292 |
| Disposed during the year | ( 349,404) | ( 8,053) |
| Effect of exchange rate changes | 4,894 | - |
| At December 31 | $ 1,442,468 | $ 877,953 |

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

(Blank)

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

| | Fair value at December 31, 2022 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | $ 667,614 | Market comparable companies | Discount for lack of marketability and price to book ratio multiple | 30% | The higher the discount for lack of marketability, the lower the fair value. |
| | | Discounted cash flow/Option pricing model | Price to book ratio multiple | 1.64~23.21 | The higher the multiple and control premium, the higher the fair value. |
| 〃 | 81,457 | Discounted cash flow | Discount for lack of marketability | 15%-30.43% | The higher the discount for lack of marketability, the lower the fair value. |
| | | | Discount for lack of control | 32.11% | 〃 |
| 〃 | 74,223 | Most recent non-active market | Not applicable | Not applicable | Not applicable. |
| Venture capital shares | 306,765 | Net asset value | Net asset value | 〃 | The higher the net asset value, the higher the fair value. |
| Private equity fund investment | 12,460 | 〃 | 〃 | 〃 | 〃 |
| Private placement shares (listed companies) | 122,476 | 〃 | 〃 | 〃 | 〃 |
| Convertible bonds | 177,473 | Discounted cash flow | Discount for lack of marketability | 25% | The higher the discount for lack of marketability, the lower the fair value. |

| | Fair value at December 31, 2021 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | $ 392,097 | Market comparable companies | Discount for lack of marketability | 30% | The higher the discount for lack of marketability, the lower the fair value. |
| | | | Price to book ratio multiple | 2.21~4.86 | The higher the multiple, the higher the fair value. |
| Private equity fund | 35,818 | Net asset value | Net asset value | Not applicable | The higher the net asset value, the higher the fair value. |
| Convertible bonds | 450,038 | Discounted cash flow | Discount for lack of marketability | 25% | The higher the discount for lack of marketability, the lower the fair value. |

(Blank)

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

| | Input | Change | December 31, 2022 | | | |
|---|---|---|---|---|---|---|
| | | | Recognised in profit or loss | | Recognised in other comprehensive income | |
| | | | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instrument | Price to book ratio multiple | ±1% | $ 1,714 | ($ 1,714) | $ 4,962 | ($ 4,962) |
| Equity instrument | Discount for lack of marketability | ±1% | - | - | 319 | ( 317) |
| Equity instrument | Discount for lack of control | ±1% | - | - | 386 | ( 384) |
| Debt instrument | Discount for lack of marketability | ±1% | 1,775 | ( 1,775) | - | - |

| | Input | Change | December 31, 2021 | | | |
|---|---|---|---|---|---|---|
| | | | Recognised in profit or loss | | Recognised in other comprehensive income | |
| | | | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instrument | Price to book ratio multiple | ±1% | $ - | $ - | $ 3,573 | ($ 3,573) |
| Debt instrument | Discount for lack of marketability | ±1% | 4,500 | ( 4,500) | - | - |

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Refer to table 3.

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

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

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

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Refer to table 7.

14. Segment Information

(1) General information

The Group has two reportable operating segments: Egis and its subsidiaries are primarily engaged in the research, development, design and sales of biometric application software and hardware; and Alcor and its subsidiaries are primarily engaged in the research, development, design and sales of USB control chip. The chief operating decision-maker of the Group uses overall operating results as the basis of performance assessment and identified that the Group has two reportable operating segments.

| Year ended December 31, 2022 | Egis and its subsidiaries | Alcor and its subsidiaries | Total |
|---|---|---|---|
| Total segment revenue | $ 2,507,354 | $ 781,946 | $ 3,289,300 |
| Segment loss | ($ 889,636) | ($ 41,431) | ($ 931,067) |

| Year ended December 31, 2021 | Egis and its subsidiaries | Alcor and its subsidiaries | Total |
|---|---|---|---|
| Total segment revenue | $ 3,442,807 | $ - | $ 3,442,807 |
| Segment loss | ($ 310,348) | $ - | ($ 310,348) |

(2) Measurement of segment information

A. Segment income (loss) of the Group is measured using the pre-tax operating margin and is used as a basis for performance assessment. The accounting policies and accounting estimates of operating segment are in agreement with the summary of significant accounting policies and the critical accounting estimates and assumptions described in Notes 4 and 5.

B. The revenue (excluding revenue from transactions of other operating segments in the entities), income (loss) and financial information from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

C. The amounts provided to the chief operating decision maker with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements.

(3) Information on products and services

Revenue from external customers arise mainly from the design and sales of integrated circuits related products.

(4) Geographical information

A. Refer to Note 6(21) for geographical information about operating revenue for the years ended December 31, 2022 and 2021. Information of non-current assets is as follows:

| | Years ended December 31 | | | |
|---|---|---|---|---|
| | 2022 | | | 2021 |
| | Egis and its subsidiaries | Alcor and its subsidiaries | Total | Egis and its subsidiaries |
| Taiwan | $ 610,294 | $ 484,275 | $ 1,094,569 | $ 396,843 |
| Asia | 4,653 | 21,393 | 26,046 | 5,653 |
| | $ 614,947 | $ 505,668 | $ 1,120,615 | $ 402,496 |

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and other non-current assets (excluding financial instruments and deferred income tax assets).

B. Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

| | Year ended December 31, 2022 | | Year ended December 31, 2021 | |
|---|---|---|---|---|
| | Revenue | Percentage of total sales revenue | Revenue | Percentage of total sales revenue |
| Customer A | $ 795,414 | 24% | $ 669,102 | 19% |
| Customer B | 605,287 | 18% | 878,771 | 26% |
| Customer C | 441,611 | 13% | 966,981 | 28% |
| Customer D | 437,883 | 13% | 745,886 | 22% |

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number | Endorser/guarantor | Party being endorsed/ guaranteed | | Limit on endorsements/ guarantees provided for a single party (Note 2) | Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 | Outstanding endorsement/ guarantee amount at December 31, 2022 | Actual amount drawn down | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company | Ceiling on total amount of endorsements/ guarantees provided (Note 2) | Provision of endorsements /guarantees by parent company to subsidiary | Provision of endorsements /guarantees by subsidiary to parent company | Provision of endorsements /guarantees to the party in Mainland China | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Company name | Relationship with the endorser/ guarantor (Note 1) | | | | | | | | | | | |
| 0 | The Company | CoreSystem Technology | 1 | $ 437,883 | $ 122,840 (USD 4,000) | - | - | - | 3.07% | $ 1,999,875 | N | N | Y | |

Note 1: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following categories:
Having business relationship.

Note 2: The Company’s limit of total endorsement/guarantee amount and to single party both were 50% of net assets on the latest audited or reviewed financial statements. The endorsement/guarantee arises from business transaction, except for the limit mentioned above, the individual limit on endorsement/guarantee shall not exceed the transaction amount between both parties on the latest attested financial statements.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

| Securities held by | Marketable securities | Name of securities | Relationship with the securities issuer | General ledger account | As of December 31, 2022 | | | | Footnote |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | No. of shares (in thousands) | Book value | Ownership (%) | Fair value | |
| EGIS TECHNOLOGY INC. | Stock | Gingy Technology Inc. | None | Note 4 | 33 | $ 238 | 0.64% | $ 238 | |
| 〃 | 〃 | Integrated Digital Technologies, Inc. | 〃 | 〃 | 4,000 | - | 13.96% | - | |
| 〃 | 〃 | AIStorm, Inc. | 〃 | 〃 | 5,211 | 178,351 | 19.46% | 178,351 | |
| 〃 | 〃 | MEMS DRIVE INC. | 〃 | 〃 | 188 | 17,256 | 2.87% | 17,256 | |
| 〃 | 〃 | ION ELECTRONIC MATERIALS CO., LTD. | 〃 | 〃 | 1,600 | 90,972 | 4.94% | 90,972 | |
| 〃 | 〃 | Astrogate Inc. | 〃 | 〃 | 1,000 | 2,606 | 15.63% | 2,606 | |
| 〃 | 〃 | MP High Tech Solutions Pty Ltd. | 〃 | 〃 | 1,011 | 15,935 | 3.52% | 15,935 | |
| 〃 | 〃 | Gallopwave Inc. | 〃 | 〃 | 2,500 | 8,349 | 5.00% | 8,349 | |
| 〃 | 〃 | xMEMS Labs, Inc., | 〃 | 〃 | 1,003 | 8,887 | 0.97% | 8,887 | |
| 〃 | 〃 | Attopsemi Technology Co., Ltd. | 〃 | 〃 | 500 | 123,396 | 4.82% | 123,396 | |
| 〃 | 〃 | CyteSi, Inc., | 〃 | 〃 | 163 | 4,609 | 1.40% | 4,609 | |
| 〃 | 〃 | Silicon Optronics, Inc. | 〃 | 〃 | 12,641 | 903,814 | 16.16% | 903,814 | |
| 〃 | 〃 | Augentix Inc. | 〃 | 〃 | 1,050 | 5,584 | 6.93% | 5,584 | |
| 〃 | Bonds | SOFTBK 4 07/06/26 (XS2361252971) | 〃 | 〃 | - | 5,143 | - | 5,143 | |
| 〃 | Stock | BE Epitaxy Semiconductor Technology Co., Ltd. | 〃 | Note 2 | 5,153 | 76,232 | 8.89% | 76,232 | |
| 〃 | 〃 | Dian-Te Gas Investment LP | 〃 | 〃 | - | 71,674 | 67.32% | 71,674 | |
| 〃 | 〃 | Airoha Technology Corp. | 〃 | 〃 | 560 | 297,287 | 0.38% | 297,287 | |
| 〃 | 〃 | JET OPTOELECTRONICS CO., LTD. | 〃 | 〃 | 2,400 | 111,960 | 4.71% | 111,960 | |
| 〃 | 〃 | StarRiver Semiconductor Corp. | 〃 | Note 4 | 120 | 40,000 | 7.41% | 40,000 | |
| 〃 | 〃 | Precise Biometrics AB | 〃 | 〃 | 5,609 | 66,792 | 14.17% | 66,792 | |
| 〃 | Funds | Vertex Growth (SG) LP | 〃 | Note 2 | - | 45,271 | - | 45,271 | |
| 〃 | 〃 | Vertex Growth Ⅱ (SG) LP | 〃 | 〃 | - | 6,935 | - | 6,935 | |
| 〃 | 〃 | Vertex Venture (SG) SEA IV LP | 〃 | 〃 | - | 8,850 | - | 8,850 | |
| 〃 | 〃 | Shin Kong No.1 REIT | 〃 | 〃 | 5,000 | 102,900 | - | 102,900 | |
| 〃 | Stock | Sirius Wireless Pte. Ltd. | 〃 | Note 1 | 10,020 | 13,325 | 8.01% | 13,325 | |
| 〃 | Funds | Nomura Fallen Angel High Yield Bond Fund | 〃 | 〃 | 9,897 | 90,846 | - | 90,846 | |
| 〃 | Convertible bonds | Netlink Communication Inc. Convertible bonds | 〃 | Note 2 | - | 146,763 | - | 146,763 | |
| 〃 | 〃 | Gear Radio Limited. Convertible bonds | 〃 | 〃 | - | 30,710 | - | 30,710 | |
| | Stock | Linkou Golf Club | 〃 | 〃 | - | 10,200 | 0.10% | 10,200 | |
| Alcor Micro, Corp. | Funds | Taishin 1699 Money Market Fund | 〃 | Note 1 | 4,413 | 60,748 | - | 60,748 | |
| 〃 | 〃 | PGIM Money Market Fund | 〃 | 〃 | 1,879 | 30,183 | - | 30,183 | |
| 〃 | 〃 | FSITC Taiwan Money Market Fund | 〃 | 〃 | 3,232 | 50,265 | - | 50,265 | |
| 〃 | 〃 | Eastspring Investments Well Pool Money Market Fund | 〃 | 〃 | 1,459 | 20,134 | - | 20,134 | |

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

| Securities held by | Marketable securities | Name of securities | Relationship with the securities issuer | General ledger account | As of December 31, 2022 | | | | Footnote |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | No. of shares (in thousands) | Book value | Ownership (%) | Fair value | |
| Alcor Micro, Corp. | Funds | Allianz Global Investors Taiwan Money Market Fund | None | Note 1 | 3,152 | $ 40,139 | - | $ 40,139 | |
| 〃 | 〃 | CTBC Hwa-win Money Market Fund | 〃 | 〃 | 3,581 | 40,029 | - | 40,029 | |
| | | KGI Victory Money Market Fund | | 〃 | 2,554 | 30,022 | - | 30,022 | |
| 〃 | 〃 | Yuanta De-Li Money Market Fund | 〃 | 〃 | 3,020 | 50,034 | - | 50,034 | |
| 〃 | 〃 | PGIM Return Fund | 〃 | 〃 | 631 | 9,823 | - | 9,823 | |
| 〃 | 〃 | Cathay US Premium Bond Fund | 〃 | 〃 | 300 | 2,960 | - | 2,960 | |
| 〃 | 〃 | Yuanta 2-10 Year Investment Grade Corporate Bond | 〃 | 〃 | 606 | 5,981 | - | 5,981 | |
| 〃 | 〃 | Allianz Global Investors US Short Duration High Income Bond Fund | 〃 | 〃 | 941 | 9,705 | - | 9,705 | |
| 〃 | 〃 | PGIM USD High Yield Bond Fund | 〃 | 〃 | 524 | 4,835 | - | 4,835 | |
| 〃 | 〃 | Eastspring Investments Optm Inc FoFsAUSD | 〃 | 〃 | 896 | 9,713 | - | 9,713 | |
| 〃 | 〃 | KGI LOHAS Multi-Asset Fund -ZAR NB | 〃 | 〃 | 300 | 2,926 | - | 2,926 | |
| 〃 | 〃 | Yuanta Global Leaders Balanced Fund-USD (I) | 〃 | 〃 | 500 | 4,960 | - | 4,960 | |
| 〃 | 〃 | CTBC ESG Carbon Transition Multi-Asset Fund | 〃 | 〃 | 600 | 5,724 | - | 5,724 | |
| 〃 | 〃 | PGIM Global Eco-Friendly ESG Multi-Asset Fund Inc TWD | 〃 | 〃 | 600 | 5,943 | - | 5,943 | |
| 〃 | 〃 | CTBC Global Tech Trends Multi-Asset Fund-USD NB | 〃 | 〃 | 1,300 | 12,038 | - | 12,038 | |
| 〃 | 〃 | TCB GAMMA Quantitative Multi-Asset Fund | 〃 | 〃 | 2,151 | 28,839 | - | 28,839 | |
| 〃 | 〃 | Nomura Global Infrastructure Megatrend Fund USD | 〃 | 〃 | 489 | 4,878 | - | 4,878 | |
| 〃 | 〃 | PGIM Global New Supply Chain Fund-TWD(A) | 〃 | 〃 | 200 | 1,684 | - | 1,684 | |
| Alcor Micro, Corp. | Principal protected note | President Securities Corporation Principal Guaranteed Note NO.72 | 〃 | 〃 | - | 30,096 | - | 30,096 | |
| 〃 | 〃 | President Securities Corporation Principal Guaranteed Note NO.73 | 〃 | 〃 | - | 30,093 | - | 30,093 | |
| 〃 | 〃 | President Securities Corporation Principal Guaranteed Note NO.2173 | 〃 | 〃 | - | 30,033 | - | 30,033 | |
| 〃 | 〃 | President Securities Corporation Principal Guaranteed Note NO.2174 | 〃 | 〃 | - | 30,027 | - | 30,027 | |
| 〃 | Stock | Shin Kong Financial Holding Co.,Ltd. Preferred Shares A | 〃 | Note 3 | 130 | 4,667 | 0.17% | 4,667 | |
| 〃 | 〃 | HUA VI VENTURE CAPITAL CORPORATION | 〃 | Note 4 | 11 | 1,971 | 2.11% | 1,971 | |

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

| Securities held by | Marketable securities | Name of securities | Relationship with the securities issuer | General ledger account | As of December 31, 2022 No. of shares (in thousands) | Book value | Ownership (%) | Fair value | Footnote |
|---|---|---|---|---|---|---|---|---|---|
| Alcor Micro, Corp. | Stock | WK Venture Capital XI | None | Note 4 | 15,380 | $ 272,806 | 15.38% | $ 272,806 | |
| 〃 | 〃 | FOXFORTUNE TECHNOLOGY II VENTURES LIMITED | 〃 | 〃 | 1,000 | 31,988 | 5.80% | 31,988 | |
| 〃 | 〃 | Koodata Inc. Preferred Stock | 〃 | 〃 | 2,375 | 14,655 | 2.73% | 14,655 | |
| 〃 | 〃 | Koodata Inc.Common Stock | 〃 | 〃 | 10,088 | 66,802 | 11.60% | 66,802 | |
| 〃 | 〃 | Helios Bioelectronics Inc. | 〃 | 〃 | 14,300 | 60,000 | 10.77% | 60,000 | |
| 〃 | Bonds | AT&T Inc. | 〃 | Note 3 | - | 2,156 | - | 2,156 | |
| 〃 | Beneficiary | Fuyou Venture Capital Co., Ltd | 〃 | Note 2 | - | 12,460 | - | 12,460 | |
| Alcorlink Corp. | Funds | Fuh Hwa Fund | 〃 | Note 1 | 2,896 | 32,581 | - | 32,581 | |
| 〃 | Bonds | STANDARD CHARTERED PLC. | 〃 | Note 5 | - | 15,048 | - | 15,048 | |
| 〃 | 〃 | 〃 | 〃 | Note 6 | - | 27,342 | - | 27,342 | |
| Alcor Micro Tech. (ShenZhen) Ltd. | Funds | CR Yuanta Cash Income Money Market Fund B | 〃 | Note 1 | 7,254 | 31,973 | - | 31,973 | |
| Syncomm Technology Corp. | 〃 | PGIM Money Market Fund | 〃 | 〃 | 4,126 | 66,294 | - | 66,294 | |
| 〃 | 〃 | Mega Diamond Money Market Fund | 〃 | 〃 | 3,203 | 40,823 | - | 40,823 | |
| 〃 | 〃 | JIH SUN MONEY MARKET FUND | 〃 | 〃 | 2,675 | 40,310 | - | 40,310 | |
| 〃 | 〃 | Allianz Global Investors Taiwan Money Market Fund | 〃 | 〃 | 1,574 | 20,045 | - | 20,045 | |
| Alcor Micro Technology, Inc. | Stock | NGD Systems Inc. | 〃 | Note 4 | 8,705 | 14,223 | 3.45% | 14,223 | |
| Alcor Micro Technology,(H.K.) Limited | Bonds | HP Inc. | 〃 | Note 3 | - | 2,272 | - | 2,272 | |
| 〃 | 〃 | Power Finance Corp. Ltd. | 〃 | 〃 | - | 5,589 | - | 5,589 | |
| 〃 | 〃 | Natwest Group Plc. | 〃 | 〃 | - | 3,046 | - | 3,046 | |
| 〃 | 〃 | TSMC Arizona Corp. | 〃 | 〃 | - | 5,830 | - | 5,830 | |
| 〃 | 〃 | AT&T Inc.5.35% Global Notes due 2066 (TBB) | 〃 | 〃 | 4 | 2,663 | - | 2,663 | |
| Chun-Feng Investment Limited | Funds | Allianz Global Investors Taiwan Money Market Fund | 〃 | Note 1 | 4,746 | 60,441 | - | 60,441 | |
| 〃 | 〃 | PGIM Money Market Fund | 〃 | 〃 | 636 | 10,211 | - | 10,211 | |
| 〃 | 〃 | Eastspring Investments Well Pool Money Market Fund | 〃 | 〃 | 733 | 10,124 | - | 10,124 | |
| 〃 | 〃 | Nomura Taiwan Money Market Fund | 〃 | 〃 | 612 | 10,129 | - | 10,129 | |

Note 1: Current financial assets at fair value through profit or loss.
Note 2: Non-current financial assets at fair value through profit or loss.
Note 3: Current financial assets at fair value through other comprehensive income.
Note 4: Non-current financial assets at fair value through other comprehensive income.
Note 5: Current financial assets at amortised cost.
Note 6: Non-current financial assets at amortised cost.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Marketable securities | General ledger account | Counterparty | Relationship with the counterparty | Balance as at January 1, 2022 | | Addition | | Disposal | | | | Balance as at December 31, 2022 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | No. of shares (in thousands) | Amount | No. of shares (in thousands) | Amount | No. of shares (in thousands) | Selling price | Book value | Gains (losses) on disposal | No. of shares (in thousands) | Amount (Note) |
| The Company | iCatch Technology Inc. | Long-term equity investment accounted for using equity method | None | None | 10,000 | $ 652,000 | 8,000 | $ 537,600 | - | $ - | $ - | $ - | 18,000 | $ 1,169,344 |
| 〃 | Silicon Optronics, Inc. | Financial assets at fair value through other comprehensive income | 〃 | 〃 | - | - | 12,641 | 1,549,739 | - | - | - | - | 12,641 | 903,814 |
| 〃 | Airoha Technology Corp. | Financial assets at fair value through profit or loss - non-current | 〃 | 〃 | - | - | 560 | 374,452 | - | - | - | - | 560 | 297,287 |

Note: Including income (loss) accounted for using equity method or adjustment measured at fair value.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | | Percentage of consolidated total operating revenues or total assets (Note 3) |
|---|---|---|---|---|---|---|---|
| | | | | General ledger account | Amount | Transaction terms | |
| 1 | Egis Technology Korea Inc. | Egis Technology Inc. | 2 | Service revenue (Note 6) | $ 39,176 | Transaction prices and terms were similar to non-related party | 1.19% |
| 2 | Alcor Micro, Corp. | Alcor Micro Technology (H.K.) Limited | 3 | Sales revenue (Note 6) | 77,983 | | 2.37% |

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

(1) Parent company is ‘0’.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Individual transaction amount less than 1% of total assets or consolidated income will not be disclosed.

Note 6: The transactions were eliminated when preparing the consolidated financial statements.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Information on investees

For the year ended December 31, 2022

Table 5

Unit: Thousands of NTD/shares

(Except as otherwise indicated)

| Investor | Investee | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2022 | | | Net income (loss) of investee for the year ended December 31, 2022 | Investment income (loss) recognised by the Company for the year ended December 31, 2022 | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Balance as at December 31, 2022 | Balance as at December 31, 2021 | No. of shares | Ownership (%) | Book value | | | |
| The Company | Egis Technology (Japan) Inc. | Japan | Customer service, business promotion and technical service | $ 109,279 | $ 109,279 | 7,680 | 100.00% | $ 854 | $ 464 | $ 464 | |
| 〃 | Egis Technology (Korea) Inc. | Korea | Customer service, business promotion and technical service | 18,233 | 18,233 | 20 | 100.00% | 27,171 | 1,309 | 1,309 | |
| 〃 | Igistec Co., Ltd. | Taiwan | Technology development | - | 59,497 | - | - | - | ( 541) | ( 260) | Note 2 |
| 〃 | Sense Investment and Consulting Inc. | Taiwan | Holding company | 1,880 | 1,880 | 167 | 100.00% | 2,198 | 35 | 35 | |
| 〃 | Luxsentek Microelectronics Corp. | Taiwan | Technology development | 140,000 | 140,000 | 14,000 | 86.93% | 4,993 | ( 83,182) | ( 64,144) | |
| 〃 | Alcor Micro, Corp. | Taiwan | Technology development | 707,000 | 794,600 | 20,000 | 22.01% | 689,312 | 109,092 | 3,441 | |
| 〃 | VASUBI Technology Inc. | Taiwan | Technology development | 40,000 | - | 4,000 | 100.00% | 22,053 | ( 17,947) | ( 17,947) | |
| 〃 | NUI Technology Inc. | Taiwan | Technology development | 90,000 | - | 9,000 | 100.00% | 74,420 | ( 15,580) | ( 15,580) | |

| Investor | Investee | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2022 | | | Net income (loss) of investee for the year ended December 31, 2022 | Investment income (loss) recognised by the Company for the year ended December 31, 2022 | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Balance as at December 31, 2022 | Balance as at December 31, 2021 | No. of shares | Ownership (%) | Book value | | | |
| The Company | Taurus Wireless Inc. | Taiwan | Technology development | $ 10,000 | - | 1,000 | 100.00% | $ 2,147 | ($ 7,853) | ($ 7,853) | |
| 〃 | Vitrio Technology Corporation | Taiwan | Technology development | 4,970 | 4,970 | 142 | 50.00% | - | - | - | |
| 〃 | iCatch Technology Inc. | Taiwan | Technology development | 1,189,600 | 652,000 | 18,000 | 18.91% | 1,169,344 | 69,640 | ( 57,225) | |
| 〃 | SCT Holdings Ltd. | Cayman Islands | Design, development and sales of IC | 371,380 | - | 6,404 | 20.00% | 367,339 | ( 22,457) | ( 5,924) | |
| 〃 | Egis Innovation Fund G.P., Ltd. | Taiwan | General investment business | 7,500 | - | 750 | 50.00% | 7,487 | ( 26) | ( 13) | |
| Alcor Micro, Corp. | Alcor Micro Technology, Inc. (AMTI) | Cayman Islands | Investment holding company | 850,378 | 788,050 | 28,613,000 | 100.00% | 95,972 | ( 50,792) | ( 50,792) | |
| 〃 | AlgolTek, Inc. | Taiwan | Development, design and sales of IC | 73,782 | 73,782 | 5,256,631 | 19.47% | 220,205 | 37,625 | 7,380 | |
| 〃 | Syncomm Technology Corp. | Taiwan | Development, design and sales of IC | 133,578 | 133,578 | 8,444,245 | 26.72% | 127,415 | 66,362 | 17,781 | |
| 〃 | Alcorlink Corp. | Taiwan | Development, design and sales of IC | 259,214 | 259,214 | 14,640,133 | 49.99% | 311,058 | 4,792 | 2,387 | |
| 〃 | Chun-Feng Investment Limited | Taiwan | General investment business | 90,000 | 90,000 | 9,000,000 | 100.00% | 130,255 | 25,476 | 21,168 | |
| 〃 | ENE Technology Inc. | Taiwan | Development, design and sales of IC | 252,800 | 252,800 | 8,000,000 | 17.65% | 266,437 | 76,906 | 10,633 | |

| Investor | Investee | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2022 | | | Net income (loss) of investee for the year ended December 31, 2022 | Investment income (loss) recognised by the Company for the year ended December 31, 2022 | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Balance as at December 31, 2022 | Balance as at December 31, 2021 | No. of shares | Ownership (%) | Book value | | | |
| Chun-Feng Investment Limited | AlgolTek, Inc. | Taiwan | Development, design and sales of IC | $ 5,814 | $ 22,344 | 179,353 | 0.66% | $ 7,332 | $ 37,624 | $ 1,163 | |
| 〃 | Syncomm Technology Corp. | Taiwan | Development, design and sales of IC | 17,943 | 17,943 | 1,719,642 | 5.44% | 22,185 | 66,362 | 3,612 | |
| Alcor Micro Technology, Inc. (AMTI) | Alcor Micro Technology, Corp. (AMTC) | U.S.A | After sales service and collection of business intelligence | - | 22,784 | - | - | - | 1 | 1 | Note 3 |
| 〃 | Alcor Micro Technology, (H.K.) Limited (AMTHK) | Hong Kong | Management and sales of electronic products | 520,107 | 520,107 | 18,790,000 | 100.00% | 26,943 | ( 52,347) | ( 52,347) | |

Note 1: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates prevailing at the transaction dates and balance sheet accounts at spot exchange rates prevailing at the transaction dates.

Note 2: Igistec Co., Ltd. was liquidated in November, 2022.

Note 3: AMTC was liquidated in March, 2022.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022 | Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022 | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 | Net income of investee for the year ended December 31, 2022 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the year ended December 31, 2022 | Book value of investments in Mainland China as of December 31, 2022 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022 | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Remitted to Mainland | Remitted back to Taiwan | | | | | | | |
| Egis Intelligent (Shanghai) Co., Ltd. | Customer service, business promotion and technical service | $ 55,521 | Note 2 | $ 61,420 | $ - | $ - | $ 61,420 | ($ 4,032) | 100% | ($ 4,032) | $ 51,424 | $ - | Note 3 |
| Alcor Micro Tech., (ShenZhen) Ltd. | After sales service and collection of business intelligence | 56,960 | Note 1 | 56,960 | - | - | 56,960 | 1,739 | 100% | 1,739 | 50,634 | - | 〃 |
| ENE Touch Technology Co., Ltd. (ENE Touch) | Wholesale of electronic materials | 9,047 | Note 2 | 9,047 | - | - | 9,047 | ( 2,352) | 100% | ( 2,352) | ( 205) | - | Note 3, Note 6 |

| Company name | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA |
|---|---|---|---|
| Egis Technology Inc. | $ 61,420 | $ 61,420 | $ 4,578,912 |
| Alcor Micro Tech. (ShenZhen) Ltd. | 56,960 | 56,960 | 4,578,912 |
| ENE Touch Technology Co., Ltd. (ENE Touch) | 9,047 | 9,047 | 4,578,912 |

Note 1: Reinvested in Mainland China company through Alcor Micro Technology, Inc. in the third area.

Note 2: Directly invest in a company in Mainland China.

Note 3: Investment income (loss) was recognised based on the financial reports that are audited by CPA.

Note 4: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates prevailing at the transaction dates and balance sheet accounts at spot exchange rates prevailing at the transaction dates.

Note 5: Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA is the higher of the consolidated net assets or net assets of each company.

Note 6: Listed in accordance with the financial statements of subsidiaries.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Major shareholders information

December 31, 2022

Table 7

| Name of major shareholders | Shares | |
|---|---|---|
| | Name of shares held | Ownership (%) |
| Sen-Chou Lo | 9,006,262 | 13.00% |