

Stock Code: **5269**



ASMedia Technology Inc.

2021 Annual Report

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to access information on said offshore securities: Not applicable
6. Company website: <http://www.asmedia.com.tw>

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I. Letter to Shareholders

Dear Shareholders,

Looking back at 2021 under the global pandemic, as the pandemic gradually subsides, vaccination rates increase, and economic activity begins to slowly recover, supported by fiscal policies in various countries, the economic performance in major countries and regions was significantly higher than in 2020. Although the trend of global economic recovery was obvious, however, the supply of semiconductors, shipping and logistics, and energy resource does not meet the demand. In addition, the effects of uneven distribution of vaccines in the process of recovery has caused a divergence in global economic growth. On the other hand, Taiwan's economy continued to grow steadily throughout the year as it benefited from the economic recovery and even expansion in the United States, and Europe, which boosted demand for goods and further boosted Taiwan's export performance.

In terms of industry, the PC industry is benefiting from the strong demand of remote work and education, although entry-level laptops were still the mainstream selection, driving the growth trend of external storage device controller market demand. The original USB 3.2 10G/20G and other high-speed host controller ICs in Intel's high-end platform were performing on par. However, the overall shortage of semiconductor capacity has led to material shortages and price increases in the market, and has limited the supply of some client products. Although the market demand for high-speed controller ICs remains strong, the overall supply difficulties cannot be effectively relieved in a timely manner. Nevertheless, we were still able to maintain a certain level of revenue in 2021 by effectively deploying our product capacity and shipments of USB and PCIe controller IC product lines driven by customers in China.

In terms of operating performance, the revenue in 2021 was NT\$6.01 billion, a decrease of approximately 14% from 2020, while gross profit for 2021 was NT\$3.21 billion, a decrease of approximately 12% from 2020. However, the gross profit margin has increased to 54%. The operating income in 2021 was NT\$1.937 billion, a decrease of 22% from 2020. The net income in 2021 was NT\$3.19 billion, with a net income ratio of 53% and basic earnings per share of NT\$46.23, an increase of 9% in net income compared to 2020.

From the perspective of product development, artificial intelligence and high-performance computing applications have become the mainstream of the market, and the market demand for video editing, mass data transfer, storage backup and high-end gaming continues to grow. In addition, customized controller ICs, other applications of USB, and the need for expansion of edge computing nodes and high-speed connectivity in the 5G era are also emerging. We will continue to expand our existing SATA products and diversify applications, join the development of new generation PCIe products and expand their applications in different fields. At the same time, we will continue to lead in the USB product line, providing customers with complete solutions from 5G, 10G, 20G and USB4. In addition, we continue to promote the demand for signal boosters and amplifiers for high-speed transmission, provide customers with high-speed signal design solutions for application-specific ICs and mass production of Type-C device controllers. As a result, we continue to maintain a key leadership position among branded high-end MB, portable computer and desktop PC global assemblers, consumer electronics brands, global data storage application vendors and major hard drive suppliers. In addition to our proprietary IP and development capabilities for high-speed transmission, we are also committed to the development of customized product lines, hoping to provide a variety of customized solutions and services in the market to create a win-win situation with all our partners.

Due to the continuous evolution of USB and PCIe interface specifications, as a leader in high-speed interface ICs, we not only continues to focus on innovative R&D and keep abreast of each generation's specification changes, but also actively expands its market by focusing on the development of customized products and markets other than personal computers, such as industrial computers, network storage servers, surveillance video devices, and related connectivity controller ICs for China's self-developed processors. These still remained the focus of our business development. Furthermore, with the introduction of new processors by major international manufacturers, they will continue to support high-speed interfaces such as USB4 and PCIe 4.0/5.0, representing a new generation of high-speed transmission standards. Besides, the demand for comprehensive renewal of computing platforms and artificial intelligence applications, external devices such as SSDs

and USB Flash drives may also be in demand for replacement, which is expected to lead to a new wave of growth in high-speed transmission ICs. We will continue to work in all related fields to increase growth momentum into our operations and strengthen our company for long-term development.

Looking ahead to 2022, countries will gradually consider semiconductors as strategic assets, and the global economy will face a new wave of challenges in the post-pandemic era, such as high international inflationary pressure, normalization of monetary policies by major central banks, geopolitical conflicts, new changes in the US-China relationship, and reorganization of global supply chains etc. Thus, various subsequent uncertainties will still influence the global economic development. As a result, we will continue to invest in training professional R&D talents to innovate and advance in high-speed technology products, and maintain close cooperation with international manufacturers and related supply chains, so that the company can have more outstanding performance in operation and product development and application. Finally, we have also released our first sustainability report in 2021 to reveal our environmental, social and governance achievements to our stakeholders, actively commit to corporate social responsibility, and take concrete actions to realize our sustainable vision for a better society in return for the support and encouragement of our shareholders.

Jerry Shen

Chairman of ASMedia

II. Company Profile

1. Date of Establishment: March 24, 2004

2. Company Milestones

Date	Important Event
MAR 2004	Founded with paid-in capital of NT\$200 million.
MAY 2005	Developed the first PCI Express Quick Switch controller chip in Taiwan.
OCT 2005	Obtained Microsoft WMA (Windows Media Audio) technology certification and Green ASUS green design certification.
FEB 2006	Obtained SRS/BBE technology license and certification.
MAR 2006	Obtained Dolby technology license and certification.
JUL 2006	Developed 1 st generation of digital TV integrated controller chip.
AUG 2006	Developed 2 nd generation of portable audio/video player controller chip.
OCT 2006	Awarded the "Healthy Workplace" excellence award by Department of Health, Taipei City Government.
OCT 2006	Successfully developed Digital Photo Frames for market sales.
MAY 2007	Increased the paid-in capital by NT\$100 million to NT\$300 million through cash capital increase.
FEB 2008	Increased high-speed I/O production line development, in addition to existing Switch and Digital Photo Frame products.
MAY 2009	Increased the paid-in capital by NT\$100 million to NT\$400 million through cash capital increase.
SEP 2009	Successfully developed USB 3.0 device controller chip.
DEC 2009	Became the first company in Taiwan to obtain USB-IF certification for USB 3.0 device controller chip.
MAY 2010	Successfully developed USB 3.0 host controller chip.
AUG 2010	Received ISO 9001 Certification.
MAY 2011	Became the first company in Taiwan to obtain USB-IF certification for USB 3.0 host controller chip.
JUN 2011	Transferred \$24.86 million of capital to employee stock options.
SEP 2011	Increased the paid-in capital by NT\$50 million to NT\$475 million through cash capital increase.
DEC 2011	Completed supplementary procedures for retroactive handling of public issuance.
JAN 2012	Completed registration on Emerging Stock Market.
APR 2012	Obtained qualification certificate as a technological service organization by Industrial Development Bureau of Taiwan's Ministry of Economic Affairs.
AUG 2012	Approved the securities listing application by Securities Listing Review Committee of Taiwan Stock Exchange.
SEP 2012	Increased the paid-in capital by NT\$37.99 million to NT\$513 million through earning surplus.
DEC 2012	Increased the paid-in capital by NT\$51.03 million to NT\$564 million through cash capital increase.
DEC 2012	Company stock quote was officially listed on Taiwan Stock Exchange.
AUG 2013	Developed the next generation of 10G/8G PHY technology.
JAN 2014	Exhibited the world's first USB 3.1 to SATA controller chip in Hawaii, USA.

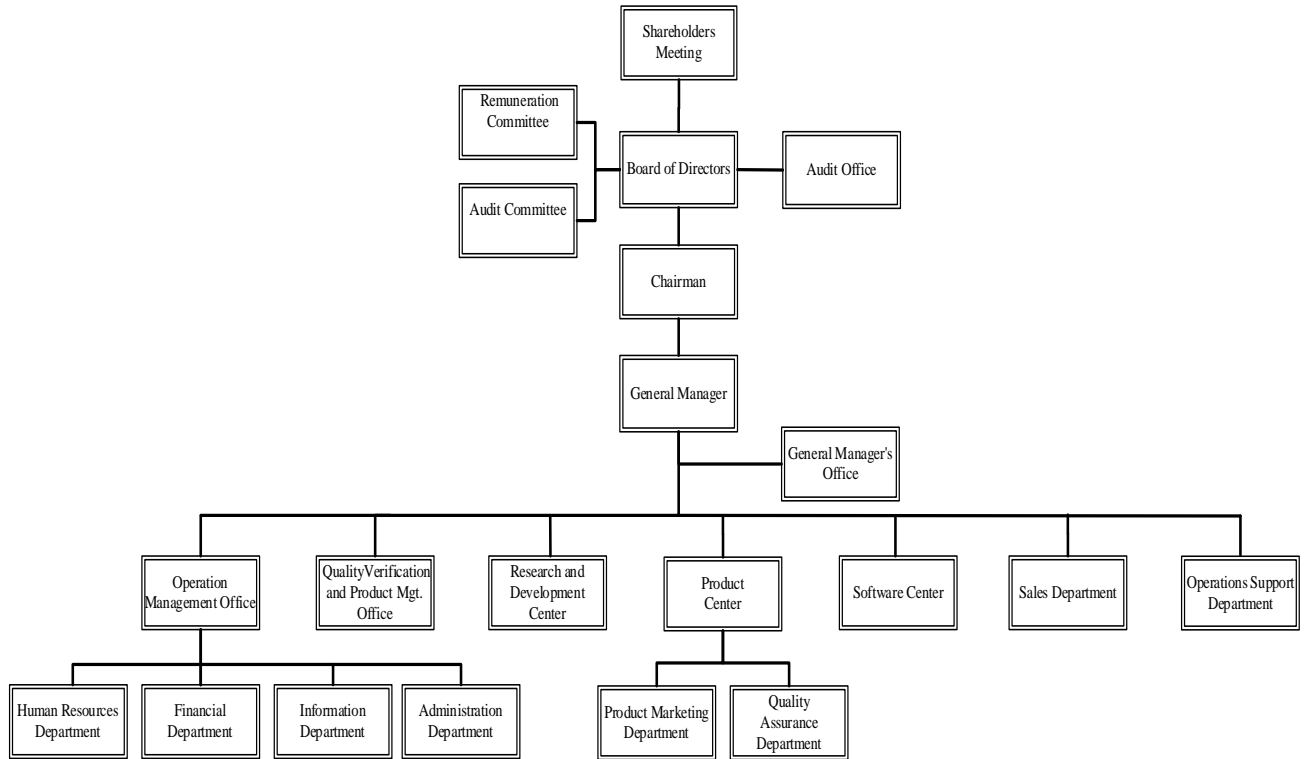
Date	Important Event
JUN 2014	Approved restricted stock awards (RSA) for employees on regular shareholder's meeting and obtained approval letter from Financial Supervisory Commission (FSC) in Aug 2014.
JUL 2014	Developed in-house technology for Hardware RAID and SATA Express.
SEP 2014	Exhibited world's first PCIe to USB 3.1 host controller chip in San Francisco, USA.
FEB 2015	Issued 732,000 shares of RSA for first time and obtained approval letter from Ministry of Economic Affairs to modify securities registration which increased the paid-in capital to NT\$571 million.
MAY 2015	Became the first company in the world to obtain USB-IF certification for USB 3.1 host controller chip.
AUG 2015	Became the first company in the world to obtain USB-IF certification for USB 3.1 to SATA controller chip.
DEC 2015	Capital reduction due to the cancellation of RSA; Obtained approval letter from Ministry of Economic Affairs to modify securities registration which reduced the paid-in capital to NT\$571 million.
JUN 2016	ASM235CM, the USB 3.1 Gen 2 Type-C to SATA integrated controller has become the first in the world to obtain USB-IF certification.
OCT 2016	Received USB-IF certification for PCIe Gen 2 to USB 3.1 host controller.
NOV 2016	Capital reduction due to the cancellation of RSA; Obtained approval letter from Ministry of Economic Affairs to modify securities registration which reduced paid-in capital to NT\$571 million.
SEP 2017	Increased the paid-in capital by NT\$29.68 million to NT\$600 million through earnings surplus.
JAN 2018	Exhibited USB 3.1 10G Retimer and USB 3.1 10G to PCI Express Gen 3 device controller at Consumer Electronics Show in Las Vegas, USA.
JUN 2018	Exhibited PCI Express Gen 3 24-channel packet switch controller at Computex Taipei and mass produced in Jul 2018.
JUN 2019	Exhibited world's first USB 3.2 Gen2x2 SuperSpeed 20G host and device controller chip at Computex Taipei and mass produced at Dec 2019.
JUN 2019	Approved 350,000 restricted stocks for employees on regular shareholder's meeting and obtained approval letter from FSC in Sep 2019.
SEP 2019	Launched PCIe Gen 2 to SATA port multiplier controller chip.
NOV 2019	The Company has been awarded "Top 200 Best Small-Medium Enterprises" by Forbes Asia.
APR 2020	Issued 9,000,000 new shares in exchange with the same value of new shares from WT Microelectronics Co. Ltd. for business alliance; Obtained approval letter from FSC and became effective since 21 st of April. The approval letter from the Ministry of Economic Affairs to modify securities registration was received on the 21 st of May. The paid-in capital was increased to NT\$690 million.
APR 2020	Capital increase due to the issuance of 185,000 shares of RSA; Obtained approval letter from Ministry of Economic Affairs to modify securities registration on 21 st of May. The paid-in capital was increased to NT\$692 million.
OCT 2020	Jerry Shen, Chairman of ASMedia has been awarded "Taiwan Top 100 CEO" by Harvard Business Review.
MAY 2021	Awarded No.10 in "Top 100 Annual Growth Companies" by Commonwealth Magazine.

Date	Important Event
JUN 2021	Awarded No.1 in "Top 100 High Value Companies" by Business Next Magazine.
DEC 2021	Capital reduction due to the cancellation of RSA; Obtained approval letter from Ministry of Economic Affairs to modify securities registration which reduced paid-in capital to NT\$692 million.

III. Corporate Governance

1. Organization System

(1) Organizational Structure



(2) Tasks of Main Departments

Department		Key Tasks
General Manager's Office		<ol style="list-style-type: none"> 1. To formulate the company's business strategies, define operational goals, monitor and evaluate the implementation and performance of the operational objectives. 2. Define the functions and responsibilities of each department, the establishment and promotion of project plans, and the appointment of department and project supervisors. 3. Integrate, coordinate, and support the implementation of business promotion and projects of all departments.
Research and Development Center		<ol style="list-style-type: none"> 1. Digital IC design process development. 2. Analog IC development and verification. 3. Hardware development. 4. Establish a complete DRC & LVS (Design Rule Check & Layout Vs Schematic) verification process.
Software Center		<ol style="list-style-type: none"> 1. System application software design and maintenance. 2. Firmware and system driver design and maintenance.
Sales Operation Center	Sales Department	<ol style="list-style-type: none"> 1. Propose performance and profit objectives in accordance with company policies and goals. 2. Develop and execute promotion and sales plans according to the objectives. 3. Understand the market demand and the trend of technological development. 4. Execute pricing scheme and channel strategies, respond to market and customer needs and assist in establishing strategic alliances with other companies.

Department		Key Tasks
	Operations Support Department	<ol style="list-style-type: none"> 1. Production scheduling and shipment control, import and export declaration of finished products and equipment; raw materials and waste disposal. 2. Outsourcing of raw material processing and testing of finished products. 3. Outsourcing and procurement of test equipment.
Product Center	Product Marketing Department	<ol style="list-style-type: none"> 1. Jointly develop and plan new products with R&D department. 2. Develop system application and IC design specifications. 3. Measurement of IC electrical characteristics in compliance with standard specifications. 4. Design and implementation of verification systems and demo systems. 5. System function, performance testing, and compatibility testing of other systems. 6. Assist in IC test engineering and establish test flows for mass production IC modules. 7. Customer engineering service and technical support.
	Quality Assurance Department	<ol style="list-style-type: none"> 1. ISO quality system operation, quality management system, document control center promotion. 2. Product quality control. 3. Customer complaints process and handling. 4. Production abnormalities process and handling. 5. Supplier management. 6. Engineering analysis. 7. Test fixture and production management. 8. ISO audit, customer audit, supplier audit.
Quality Verification and Product Management Center		<ol style="list-style-type: none"> 1. Formulate test plans. 2. Product testing. 3. Requirement testing for customers and operation testing for simulated users. 4. Product management.
Operation Management Center	Human Resource Department	<ol style="list-style-type: none"> 1. Human resource planning and establishment of personnel procedures and regulations. 2. Staff hiring and work shifts, salary, labor/health insurance, resignation management procedures. 3. Employee education and training, performance appraisal, and employee welfare tasks. 4. Establishment and management of personnel information.
	Financial Department	<ol style="list-style-type: none"> 1. Capital management, fund raising, long-term and short-term capital deployment and utilization planning, etc. 2. Stock affairs and shareholder relationship maintenance. 3. Accounting and tax planning.
	Information Department	<ol style="list-style-type: none"> 1. Planning and implementation of company's computerized management system. 2. Maintenance and control of network construction. 3. Development and implementation of information security mechanism. 4. Planning and maintenance of computer software and hardware. 5. Overall computerized operation planning and execution.
	Administration Department	<ol style="list-style-type: none"> 1. Administrative General Affairs: Lead the planning and execution of the operations of general affairs, fire prevention, public security and health to provide the best quality working environment. 2. Non-production procurement: requisition, inquiry, bargaining, procurement, receiving and inspection, and asset management operations.
Audit Office		<ol style="list-style-type: none"> 1. Audit and check the soundness, reasonableness, and effectiveness of the company's internal control system and management system, and then provide suggestions for improvement to ensure the safety of the company's operation. 2. Investigate and evaluate the progress and efficiency of each unit in implementing various plans or policies. 3. Routine auditing operation execution and abnormal improvement tracking and review.

2. Information on directors, president, vice presidents, associate vice presidents, and department head

(1) Directors and Supervisors

1. Directors

April 11, 2022; Units: Shares; %

Title	Nationality / Country of Origin	Name	Gender / age	Date Elected	Term (Year)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & minor shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses within second degree of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	ASUSTeK Computer Inc.	—	2020.06.12	3	2007.12.14	24,457,660	40.74%	24,457,660	35.33%	0	0	0	0	—	—	None	None	None	—
Representative	R.O.C.	Jerry Shen	Male/ 61~70	2020.06.12	3	2007.12.14	599,909	1.00%	449,909	0.65%	0	0	0	0	Graduate Institute of Electrical Engineering, National Taiwan University General Manager of Acer	Note 1	None	None	None	—
Director	R.O.C.	ASUSTeK Computer Inc.	—	2020.06.12	3	2007.12.14	24,457,660	40.74%	24,457,660	35.33%	0	0	0	0	—	—	None	None	None	—
Representative and President	R.O.C.	Che-Wei Lin	Male/ 51~60	2020.06.12	3	2007.12.14	1,010,761	1.68%	785,761	1.14%	0	0	0	0	M.S. in Electrical Engineering, University of Missouri Columbia, Vice President, VIA Technologies Inc. Vice President, ASUSTeK Computer Inc.	Director of Applied Optoelectronics, Inc. Director of iCatch Technology	None	None	None	—
Director	R.O.C.	ASUSTeK Computer Inc.	—	2020.06.12	3	2007.12.14	24,457,660	40.74%	24,457,660	35.33%	0	0	0	0	—	—	None	None	None	—
Representative	R.O.C.	Ted Hsu	Male/ 61~70	2020.06.12	3	2010.06.01	0	0	0	0	0	0	0	0	EMBA of National Chiao Tung University Vice-Chairman, Pegatron Corporation	Vice Chairman of ASUSTeK Computer Chairman of eBizprise Inc. Director of Eusol Biotech Co., Ltd. Director of iMotion Inc.	None	None	None	—
Director	R.O.C.	Chin-Chuan Hsu	Male/ 71~80	2020.06.12	3	2012.03.13	0	0	0	0	0	0	0	0	National Taiwan University School of Medicine Graduate Institute of Clinical Medicine, National Taiwan University College of Medicine Professor of Internal Medicine, National Taiwan University College of Medicine	Honorary Professor of National Taiwan University College of Medicine Chairman of Liver Disease Prevention and Treatment Research Foundation Chairman of Taiwan Health Foundation Chairman of Good Liver Foundation Director of AmCad BioMed	None	None	None	—
Independent Director	R.O.C.	Hung-Chih Chan	Male/ 61~70	2020.06.12	3	2012.03.13	0	0	0	0	0	0	0	0	Department of Economics, National Taiwan University Chief Editor, United Daily News Wan-Hsiang Edition President, Yuan-Liou Publishing Chairman, Cite Media Holding Group	Note 2	None	None	None	—
Independent Director	R.O.C.	Chien-Ping Hsieh	Male/ 61~70	2020.06.12	3	2012.03.13	0	0	0	0	0	0	0	0	Ph.D. of Finance, Kent State University, Ohio M.A. in Enterprise Research, University of Missouri-Columbia Chairman/President, Chunghua Investment Chief Financial Officer and Vice President, Chunghwa Telecom Deputy President and Spokesperson, Mega Financial Holdings Professor, Institute of Finance, National Taiwan University of Science and Technology	Note 3	None	None	None	—
Independent Director	R.O.C.	Ching-Chi Wu	Male/ 81~90	2020.06.12	3	2012.03.13	0	0	0	0	0	0	0	0	Ph.D. of Educational Psychology, University of Minnesota B.A. of Education, National Chengchi University Member of the Executive Yuan Cultural and Creative Industry Promotion Group/Digital	Note 4	None	None	None	—

Title	Nationality / Country of Origin	Name	Gender / age	Date Elected	Term (Year)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & minor shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses within second degree of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
															Content Industry Development Steering Group Committee Member of Chunghua Development Fund Management Chairman of National Chiang Kai-Shek Cultural Center Professor and Head of Department of Psychology, National Chengchi University Adjunct Professor of Business Administration, Entrepreneur Class, EMBA, IMBA of National Chengchi University Host of "Top University Strategic Alliance" (TUSA) Innovative and Research Project, Ministry of Education					

Note 1: Concurrently serving as chairman of the following companies: i-Waylink Inc., iMotion Group, International United Technology

Serving as director of the following companies: ASUSTeK Computer, Portwell Inc., Posiflex Technology, Yun Chuan Ltd., Fu Yi Investment Ltd.

Note 2: Concurrently serving as chairman of the following companies: PChome Online Inc., iSurvey, iHome, Site Inc., Linktel Inc., PChome Online International Co., PChome Online (Cayman) Inc., PChome Online (HK) Ltd., Rakuten, Panelpower, PChome Store, PChome InterPay, , PChome (Thailand) Co., Meet Digital Innovation Co. Ltd., Yuntongbao International Information, eCommerce Group Co., Ruten Global Inc., EC Global Limited, PChome US Inc., PChome Financial Technology Inc., PayEasy, PChome Travel, Puma Consultants Ltd, PChome Express Co., Ltd., Cornerstone Ventures, Chunghua PChome One, PChome CBS Co. Ltd., Miho International Cosmetic, Mitch Co., Ltd., Shang Shan Human Culture Foundation, 21st Century Technology Co., Ltd.

Serving as director of the following companies: PChome Japan, Development and Innovation Management Consultants, Rakuya International Info, Ruten Japan KK, funP Innovation Group, PChome Marketplace Inc. (Cayman), PChome Holding Inc. (BVI), PChome CB Pte., Ltd. PChome CBS Co., Ltd., Apujan Ltd., Business Next Media Corp., ECOSMOS Pte. Ltd, Newbloom Venture Co.,Ltd., 17Life Inc., PChome Data Technology Co., Ltd.

Concurrently serving as an independent director of the following companies: Lion Travel Service Co. Ltd, Sinyi Realty.

Note 3: Concurrently serving as chairman of the following organization: Foundation for International Cooperation in Higher Education of Taiwan.

Concurrently serving as an independent director of the following company: Polytronics Technology Corp.

Note 4: Concurrently serving as chairman of the following organizations: Creative Education and Management Foundation, Carrefour Foundation, Taiwan Cultural and Creativity Development Foundation,

Serving as director of the following organizations: Taipei Performing Arts Center, Taishin Bank Foundation for Arts and Culture, Paper Windmill Foundation, Foundation for Scholarly Exchange, U-Theatre Foundation, Shih Ho-cheng Folk Culture Foundation, Taiwan Art and Business Interdisciplinary Foundation.

2. Supervisors: Not applicable due to the formation of audit committee.

3. Major Shareholders of Institutional Shareholders

April 10, 2022

Institutional Shareholder	Major Shareholders of the Institutional Shareholder	Shares (%)
ASUSTeK Computer Inc.	Jonney Shih	4.05
	Cathay United Bank managed Expert Union Limited Investment Account	2.78
	ASUS Certificate of Depository with CitiBank (Taiwan)	2.65
	Yuanta/P-shares Taiwan Dividend Plus ETF	1.88
	New Labor Pension Fund	1.88
	HSBC (Taiwan) in custody for Morgan Stanley International Co. Investment Fund	1.67
	HSBC managed Silchester International Investors International Value Equity Trust	1.49
	Fubon Life Insurance Co., Ltd	1.35
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Market Stock Index Fund, a series of Vanguard International Equity Index Funds	1.34
	JPMorgan Chase Bank in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.22

4. Major Shareholder of Institutional Shareholder that is a Juristic Person:

Institutional Shareholder	Major Shareholders of the Institutional Shareholder	Shares (%)
Fubon Life Insurance Co., Ltd	Fubon Financial Holding Co., Ltd	100.00

5. Professional qualifications and independence analysis of directors

Criteria Name	Professional qualifications and work experiences (Note 1)	Independence Criteria (Note 2)	No. of companies also serve as independent director
ASUSTeK Computer Inc. Representative: Jerry Shen	Over 10 years of experience in corporate business Served as CEO/Director of ASUSTek Computer Currently serving as the Chairman of ASMedia Technology, i-Waylink Inc., and iMotion Group.	No cases found under Article 30 of the Company Act.	None
ASUSTeK Computer Inc. Representative: Che-Wei Lin	Over 10 years of experience in corporate business Served as Vice President of VIA Technologies, Inc. Currently serving as the President of ASMedia Technology, Director for both iCatch Technology and Applied Optoelectronics, Inc.	No cases found under Article 30 of the Company Act.	None
ASUSTeK Computer Inc. Representative: Ted Hsu	Over 10 years of experience in corporate business Served as Vice Chairman of Pegatron Corp. Currently serving as Chief Strategy Officer/Director of ASUSTeK Computer, Chairman of eBizprise Inc., Director of Advantech, Director for both Eusol Biotech Co., Ltd and iMotion Inc.	No cases found under Article 30 of the Company Act.	None
Chin-Chuan Hsu	Over 10 years of experience in corporate business Served as Professor of Internal Medicine, National Taiwan University School of Medicine Currently serving as Honorary Professor of National Taiwan University College of Medicine, Chairman for both Liver Disease Prevention and Treatment Research Foundation and Good Liver Foundation, and Director of AmCad BioMed.	No cases found under Article 30 of the Company Act.	None
Hung-Chih Chan	More than 10 years of experience in business, finance or corporate business. Served as President of Yuan-Liou Publishing, Chairman of City Media Holding Group. Currently served as Chairman for PChome Online International Co., Ruten Global Inc., PChome US Inc.; Independent Director for both Lion Travel Service Co. Ltd and Sinyi Realty.	The independent director himself, his spouse, or his relative within second degree of kinship does not serve as a director, supervisor or employee of the Company or its affiliated companies; and neither hold shares of the Company or served as a director, supervisor or employee of a company with a specific relationship with the Company. No remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years. There are no cases found under Article 30 of the Company Act.	2
Chien-Ping Hsieh	More than 10 years of experience in business, finance, accounting or corporate business. Served as Chairman/President of Chunghwa Investment, CFO and Vice President of Chunghwa Telecom, Vice President and Spokesperson of Mega Financial Holdings. Currently served as Professor of Institute of Finance at National Taiwan University of Science and Technology, Chairman of Foundation for International Cooperation in Higher Education of Taiwan, and Independent Director of Polytronics Technology Corp.	The independent director himself, his spouse, or his relative within second degree of kinship does not serve as a director, supervisor or employee of the Company or its affiliated companies; and neither hold shares of the Company or served as a director, supervisor or employee of a company with a specific relationship with the Company. No remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years. There are no cases found under Article 30 of the Company Act.	1
Ching-Chi Wu	More than ten years of experience in corporate business. Served as Chairman of National Chung Cheng Cultural Center, Professor of Department of Psychology, National Chengchi University. Currently served as Chairman of Creative Education and Management Foundation, Honorary Professor and Host of Creativity and Innovation Studies and Adjunct Professor of MBA at National Chengchi University.	The independent director himself, his spouse, or his relative within second degree of kinship does not serve as a director, supervisor or employee of the Company or its affiliated companies; and neither hold shares of the Company or served as a director, supervisor or employee of a company with a specific relationship with the Company. No remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years. There are no cases found under Article 30 of the Company Act.	None

Note: (1) Professional qualifications and work experiences:

Describe the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience shall also be described. In addition, describe whether if they are involved in the provisions of Article 30 of the Company Act.

(2) The independent director shall state the circumstances that qualify him/her to be independent, including but not limited to whether he/she, his/her spouse or relatives within second degree of kinship are directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares of the Company held by him/her, his/her spouse or relatives within second degree of kinship (or in the name of others); whether he/she is a director, supervisor or employee of a company with a specific relationship with the Company (refer to Article 3, Item 1, Paragraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of remuneration received from providing commercial, legal, financial and accounting services to the Company or its affiliates in the last two years.

6. Board Diversity and Independence

The Company adopts a candidate nomination system and the shareholders' meeting elects the candidates from a list of candidates. In accordance with the Company's "Corporate Governance Best Practice Principles", members of the Board of Directors should generally possess the knowledge, skills and qualities necessary to perform their duties. In order to achieve the desired goals of corporate governance, the Board of Directors as a whole should possess the following competencies: business judgment, accounting and financial analysis, management skills, crisis management, industry knowledge, international market perspective, leadership and decision-making skills.

The diversity policy of the Company's Board of Directors is based on the Company's operations, business model and development needs, and includes, but is not limited to, the following criteria: basic qualifications and values (e.g., gender, age, nationality and culture), professional knowledge and skills (e.g., legal, accounting, industrial, financial, marketing or technology), professional skills and industry experience.

The Company's current Board of Directors consists of seven directors, including three independent directors, with extensive experience and expertise in business, law, finance, accounting, or other areas appropriate to the Company's business, and the specific management objectives of its Board of Directors are as follows.

Management Objectives	Status
The number of independent directors exceeds one-third of the number of directors	Achieved
The number of directors who are also managers of the company should not exceed one-third of the number of directors	Achieved
Adequate diversity of professional knowledge and skills	Achieved
At least one-half of the directors with industry experience	Achieved
At least two directors have accounting or financial expertise and background	Achieved

The current members of the Company's BoD have implemented diversity as follows:

Position	Name	Core Topics of Diversity												
		Basic Criteria							Professional Background and Skills					
		Nationality	Gender	Age		Independent Director (years of service)			Operation Management	Leadership & Strategic	Industry Experience	Accounting and Finance	Marketing	Crisis Management
				30 to 50	> 50	< 3	3 to 9	> 9						
Chairman	ASUSTeK Computer Inc. Representative: Jerry Shen	Taiwan R.O.C.	Male		V				V	V	V		V	V
Director	ASUSTeK Computer Inc. Representative: Che-Wei Lin	Taiwan R.O.C.	Male		V				V	V	V		V	V
Director	ASUSTeK Computer Inc. Representative: Ted Hsu	Taiwan R.O.C.	Male		V				V	V	V		V	V
Director	Chin-Chuan Hsu	Taiwan R.O.C.	Male		V				V	V			V	V
Independent Director	Hung-Chih Chan	Taiwan R.O.C.	Male		V			V (Note)	V	V	V	V	V	V
Independent Director	Chien-Ping Hsieh	Taiwan R.O.C.	Male		V			V (Note)	V		V	V	V	
Independent Director	Ching-Chi Wu	Taiwan R.O.C.	Male		V			V (Note)	V					V

Note: Although the independent directors have all served three consecutive terms as independent directors, the Company still needs their professional insight to guide the future direction of the Company. The Board believes that they continue to exercise the necessary independence in terms of their judgment and duties and has not established a relationship with the management (or others).

(2) General Manager, President and Vice President

April 11, 2022; Units: Shares, %

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are spouses or within two degrees of kinship			Managers obtaining employee stock option certificates	Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
General Manager / President	Taiwan R.O.C.	Che-Wei Lin	Male	2007/11/01	785,761	1.14%	0	0	0	0	M.S. in Electrical Engineering, University of Missouri Columbia Vice President, of VIA Technologies, Inc. Vice President of ASUSTeK Computer	Director of Applied Optoelectronics, Inc. Director of iCatch Technology	None	None	None	—	—
Vice President	Taiwan R.O.C.	Alex Chen	Male	2008/07/01	37,873	0.05%	0	0	0	0	Department of Forestry, National Taiwan University Director of Marketing Department, VIA Technologies, Inc.	—	None	None	None	—	—
Vice President	Taiwan R.O.C.	Chi Chang	Male	2007/10/01	35,657	0.05%	0	0	0	0	M.S. in Electrical Engineering, University of California Department of Electrical Engineering, National Taiwan University Director of CPU Platform Division, VIA Technologies, Inc.	Director, Zimmit Taiwan Ltd.	None	None	None	—	—
Vice President	Taiwan R.O.C.	Weber Chuang	Male	2007/10/03	1,934	0.003%	0	0	0	0	Department of Electrical Engineering, National Taiwan University EMBA, National Chengchi University Director of System Platform Division - PM/TM, VIA Technologies, Inc.	—	None	None	None	—	—
Associate Vice President	Taiwan R.O.C.	PS Tseng	Male	2004/04/15	0	0	0	0	0	0	Institute of Electrical Engineering, National Taiwan University of Science and Technology Senior Manager, ULi Electronics Inc.	—	None	None	None	—	—
Associate Vice President	Taiwan R.O.C.	Dixon Lin	Male	2017/09/15	4,742	0.01%	3,260	0%	0	0	Industrial Engineering Department, National Taipei University of Technology Production Manager, ASE Technology Holding Co. Ltd Director of Applied Materials Division, VIA Technologies, Inc.	—	None	None	None	—	—
Associate Vice President	Taiwan R.O.C.	Chiahsin Chen	Male	2021/09/01	0	0	0	0	0	0	Graduate Institute of Electrical Engineering, National Taiwan University Department of Electronic Engineering, National Chiao Tung University Associate Manager at Genesys Logic	—	None	None	None	—	—
Associate Vice President	Taiwan R.O.C.	YD Tseng	Male	2021/09/01	0	0	0	0	0	0	Graduate Institute of Electrical Engineering, National Taiwan University Director of R&D Department at AzureWave	—	None	None	None	—	—
Accounting Manager	Taiwan R.O.C.	Martin Pan	Male	2014/03/20	0	0	0	0	0	0	Department of Financial Management, National Sun Yat-Sen University Assistant Finance Manager of Anli International Co., Ltd.	—	None	None	None	—	—

3. Remuneration of Directors, President, and Vice President

1. Remuneration of Directors (incl. Independent Directors):

December 31, 2021; Units: NT\$ thousand, %

Title	Name	Directors' remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration of part-time employees								Ratio of total (A+B+C+D+E+F+G) to Net Income (%)		Compensation paid to supervisors from an invested company other than the Company's subsidiary
		Base Compensation (A)		Severance Pay (B)		Remuneration to Directors (C)		Allowances (D)				Salaries, Bonuses, and Allowances, etc. (E)		Severance Pay (F)		Remuneration to Employee (G) (Proposed)						
		From ASMedia	Companies in the financial statements	From ASMedia	Companies in the financial statements	From ASMedia	Companies in the financial statements	From ASMedia	Companies in the financial statements	From ASMedia	Companies in the financial statements	From ASMedia	Companies in the financial statements	From ASMedia	Companies in the financial statements	From ASMedia		Companies in the financial statements		From ASMedia	Companies in the financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Director	ASUSTeK Computer Inc. Representative: Jerry Shen	700	700	0	0	7,108	7,108	0	0	0.24	0.24	49,092	49,092	0	0	47,794	0	47,794	0	3.28	3.28	None
	ASUSTeK Computer Inc. Representative: Che-Wei Lin																					
	ASUSTeK Computer Inc. Representative: Ted Hsu																					
	Chin-Chuan Hsu																					
Independent Director	Hung-Chih Chan	2,100	2,100	0	0	4,320	4,320	0	0	0.20	0.20	0	0	0	0	0	0	0	0	0.20	0.20	None
	Chien-Ping Hsieh																					
	Ching-Chi Wu																					
1. Please provide clear statement on payment policy, system, standard and structure for remuneration of independent director, as well as the relationship with amount of remuneration payment according to factors such as duties undertaken, risks and time invested: The performance evaluation of Company's directors is conducted annually by the Remuneration Committee on a regular basis based on the attendance and remarks of each director. 2. Except as disclosed in the table above, the remuneration received by the Company's directors for services provided to all companies in the financial report (e.g. serving as non-employee) in the most recent year: NT\$0																						

Remuneration Bracket

Range of remuneration	Name of Director			
	Total (A+B+C+D)		Total (A+B+C+D+E+F+G)	
	The Company	Companies in the financial statements (H)	The Company	Companies in the financial statements (I)
Below \$1,000,000	—	—	—	—
\$1,000,000 - \$2,000,000	—	—	—	—
\$2,000,000 - \$3,500,000	ASUSTeK Computer Inc. Representative Jerry Shen ASUSTeK Computer Inc. Representative Che-Wei Lin ASUSTeK Computer Inc. Representative Ted Hsu Chin-Chuan Hsu, Hung-Chih Chan, Chien-Ping Hsieh, Ching-Chi Wu	ASUSTeK Computer Inc. Representative Jerry Shen ASUSTeK Computer Inc. Representative Che-Wei Lin ASUSTeK Computer Inc. Representative Ted Hsu Chin-Chuan Hsu, Hung-Chih Chan, Chien-Ping Hsieh, Ching-Chi Wu	ASUSTeK Computer Inc. Representative Jerry Shen ASUSTeK Computer Inc. Representative Ted Hsu Chin-Chuan Hsu, Hung-Chih Chan, Chien-Ping Hsieh, Ching-Chi Wu	ASUSTeK Computer Inc. Representative Jerry Shen ASUSTeK Computer Inc. Representative Ted Hsu Chin-Chuan Hsu, Hung-Chih Chan, Chien-Ping Hsieh, Ching-Chi Wu
\$3,500,000 - \$5,000,000	—	—	—	—
\$5,000,000 - \$10,000,000	—	—	—	—
\$10,000,000 - \$15,000,000	—	—	—	—
\$15,000,000 - \$30,000,000	—	—	—	—
\$30,000,000 - \$50,000,000	—	—	—	—
\$50,000,000 - \$100,000,000	—	—	ASUSTeK Computer Inc. Representative Che-Wei Lin	ASUSTeK Computer Inc. Representative Che-Wei Lin
Over \$100,000,000	—	—	—	—
Total	7	7	7	7

Note: The remuneration disclosed in this table is different from the concept of income under the Income Tax Act. Therefore, the purpose of this table is for information disclosure and not for taxation purposes.

2. Remuneration of Supervisors: Not applicable due to the formation of audit committee.

3. Remuneration of President and Vice Presidents

December 31, 2021; Units: NT\$ thousand

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Remuneration to Employee (D) (Proposed)				Ratio of total compensation, (A+B+C+D) to net income (%)		Compensation paid to supervisors from an invested company other than the Company's subsidiary
		ASMedia	Consolidated Entities	ASMedia	Consolidated Entities	ASMedia	Consolidated Entities	The Company		Companies in the financial statements		The Company	Companies in the financial reports	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager / President	Che-Wei Lin	15,600	15,600	0	0	76,521	76,521	93,713	0	93,713	0	5.82	5.82	None
Vice President	Alex Chen													
Vice President	Chi Chang													
Vice President	Weber Chuang													

Remuneration Bracket

Range of remuneration payable to Company's President and Vice Presidents	Names of President and Vice Presidents	
	ASMedia	Companies in the financial statements (E)
Below \$1,000,000	—	—
\$1,000,000 - \$2,000,000	—	—
\$2,000,000 - \$3,500,000	—	—
\$3,500,000 - \$5,000,000	—	—
\$5,000,000 - \$10,000,000	—	—
\$10,000,000 - \$15,000,000	—	—
\$15,000,000 - \$30,000,000	Chi Chang, Alex Chen, Weber Chuang	Chi Chang, Alex Chen, Weber Chuang
\$30,000,000 - \$50,000,000	—	—
\$50,000,000 - \$100,000,000	Che-Wei Lin,	Che-Wei Lin
Over \$100,000,000	—	—
Total	4	4

Note: The remuneration disclosed in this table is different from the concept of income under the Income Tax Act. Therefore, the purpose of this table is for information disclosure and not for taxation purposes.

4. Name of Officers receiving remuneration to employees and allocation status

Units: NT\$ thousand, %

	Title	Name	Stock Bonus	Cash Bonus (Estimated)	Total	Ratio of total amount to net income (%)
Management Team	General Manager/President	Che-Wei Lin	0	102,856	102,856	3.22
	Vice President	Alex Chen				
	Vice President	Chi Chang				
	Vice President	Weber Chuang				
	Associate Vice President	PS Tseng				
	Associate Vice President	Dixon Lin				
	Associate Vice President	Chiahsin Chen				
	Associate Vice President	YD Tseng				
	Accounting Manager	Martin Pan				

5. Compare and state the total amount of remuneration paid to the Company's directors, supervisors, president, and vice president as a percentage of the net income of the individual financial statements for the most recent two years; and a description of the policy, standard, and combination of remuneration payments; the procedures for setting remuneration and the relationship to business operating results and future risks.

- (1) Analyze the ratio of the total remuneration to net income after tax in the last two years paid to the Company's directors, supervisors, president, and vice presidents:

Unit: %

Year (Note)	2020	2021
Total remuneration paid to directors, president and vice presidents as a percentage of net income after tax	6.80%	5.82%

Note: The relationship refers to the surplus year.

- (2) The remuneration policy, standard, combinations of remuneration payments, and the procedures of setting remuneration and the relationship to business operating results and future risks.

Director's remuneration includes both compensation and remuneration to directors. The board of directors is authorized to determine the compensation of the directors based on the extent of their participation in and value of their contributions to the Company's operations with reference to the industry standards. The remuneration of directors is handled in accordance with Article 24 of the Company's Articles of Incorporation. When Company's financial statements shows profit earning for that fiscal year, no more than 1% of the Company's distributable earnings shall be set aside as remuneration to the directors, and the board of directors shall prepare a distribution proposal and submit it to the shareholder's meeting for approval.

The remuneration of the president and vice presidents includes salary, bonuses, allowances, employee remuneration, employee stock option certificates and restricted stocks. The board of directors shall consider the nature of their work, their responsibilities, the positions they hold, the responsibilities they assume, and the level of similar positions in the

industry. The amount of employee remuneration is determined in accordance with the Company's Articles of Incorporation. The amount of remuneration to employees is determined in accordance with the Company's Articles of Incorporation and approved in the shareholders' meeting.

4. Implementations of Corporate Governance

(1) Board of Directors

The board of directors convened 7 meetings in the most recent year (2021) [A]. The attendance of directors is as follows:

Job title	Name	Attendance, in Person (B)	By Proxy	Attendance rate (%) 【B/A】	Remarks
Chairman	Representative of ASUSTeK Computer Inc: Jerry Shen	7	0	100.00	
Director	Representative of ASUSTeK Computer Inc: Ted Hsu	6	1	85.00	
Director	Representative of ASUSTeK Computer Inc: Che-Wei Lin	7	0	100.00	
Director	Chin-Chuan Hsu	7	0	100.00	
Independent Director	Hung-Chih Chan	7	0	100.00	
Independent Director	Chien-Ping Hsieh	7	0	100.00	
Independent Director	Ching-Chi Wu	7	0	100.00	

Other mentionable items:

1. If any of the following circumstances occurs in the operation of the Board of Directors, the date, period, content of the motions, the opinions of all independent directors and the Company's handling of independent directors' opinions shall be stated:

(1) Matters listed in Article 14-3 of the Securities and Exchange Act:

Board of Directors	Subject	Opinions of independent directors	Company's treatment of the opinions	Resolution
2021.04.29	Approved the issuance of restricted stocks for employees.	None	None	All approved

(2) In addition to the previous provisions, other resolutions of the Board meeting against which independent directors make objections or reserve opinions or submit written statements: None.

2. If there are director's avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting shall be specified: None.
3. TWSE / TPEX Listed Companies should disclose the cycle and period of self-assessment, assessment scope, method, and content of individual board directors (or peers) and fill out the assessment form:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Perform once a year	2021.01.01 to 2021.12.31	Board of Directors, individual directors, and members of functional committee	Internal self-assessment	<p>(1) Board performance evaluation: the degree of participation in company operation, improve decision-making quality of the board of directors, the composition and structure of the board of directors, the selection and continuous education of directors, and internal control policies.</p> <p>(2) Performance evaluation of individual directors: Mastery of corporate goals and tasks, awareness of directors' responsibilities, and participation in the company's operations, awareness of management and communication with internal affiliates, professionalism and continuing education of directors, and internal control policies.</p> <p>(3) Performance evaluation of functional committees: Participation in company operations, awareness of functional committee responsibilities, improvement of functional committee decision quality, composition and selection of functional committee members, and internal control policies.</p>

4. Evaluation and reinforcement of the functions of the board of directors in the current year and previous year:

(1) The Company has formulated "Regulations Governing Board of Directors' Meetings" in order to effectively establish the governance system of the board of directors for purpose of complete supervision. Important resolutions are announced on the MOPS in accordance with the law. The accounting manager and auditor also attend the board meeting and issue relevant reports for directors' reference.

- (2) The Company has completed “Self-Evaluation or Peer Evaluation of the Board of Directors” on January 18, 2021 in order to implement corporate governance, enhance the functions of the board of directors, establish performance goals and strengthen the operational efficiency of the board of directors, and will conduct the evaluation at beginning of each year.

- (2) The operation of the audit committee or the participation of supervisors in the operation of the board of directors:

The regular shareholders' meeting of the Company elects three independent directors who in turn constitute an audit committee that conducts meeting at least once every 3 months. The audit committee shall held responsible for adequate expression of Company's financial statements and the appointment (or dismissal) of CPAs as well as their independence and performance, the effective implementation of Company's internal controls as in compliance with relevant laws and regulations as well as the management and control of the Company's existing or potential risks. The following summarizes the main duties and key tasks performed for the year:

1. Establish or amend internal control procedures in accordance with Article 14-1 of the Securities and Exchange Act.
2. Assess the effectiveness of internal control procedures.
3. Establish or amend procedures for major financial business activities such as acquisition or disposal of assets, engaging in derivative commodity transactions, loaning funds to others, and endorsing or providing guarantees for others in accordance with provisions of Article 36-1 of the Securities Exchange Act.
4. Matters involving directors stakes.
5. Substantial amount of asset or derivative commodity transactions.
6. Excess granted on loan of funds, endorsements, or guarantees.
7. Fundraising, issuing, or private placement of equity securities.
8. Delegate, discharge, or remuneration of CPAs.
9. Appointment (or dismissal) of financial, accounting, or internal audit managers.
10. The annual financial report signed or stamped by Chairman, President, and accounting manager and 2nd quarter financial report subject to audit and verify by Company's appointed CPA.
11. Other serious matters as specified by the Company or by the competent authority.

1. Operation of the Audit Committee:

The Audit Committee convened 5 meetings in 2021 [A]. The following is the attendance of the independent directors:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Independent Director	Hung-Chih Chan	5	0	100.00	
Independent Director	Chien-Ping Hsieh	5	0	100.00	
Independent Director	Ching-Chi Wu	5	0	100.00	

Other mentionable items:

1. If any of the following circumstances happens in the operations of the audit committee, it shall describe the date, term, **agenda**, opinion of audit committee and the Company's treatment of these opinions.

(1) The provision of the Securities and Exchange Act, Article 14-5:

Audit Committee	Subjects	Opinions of Audit Committee	Company's opinions on Audit Committee	Resolution
The 4 th time of the 2 nd term 2021.04.29	Proposal the issuance of new restricted stocks for employees.	None	None	All approved
The 6 th time of the 2 nd term 2021.08.09	Approving the report 2Q21 financial statements by CPA.	None	None	All approved

(2) Further to the aforementioned matters, other resolutions not passed by the audit committee, however, approved by two-thirds of the Board of Directors: None.

2. The avoidance of conflict of interest on the side of the independent directors: None.
3. The communication between the independent directors and the internal auditor and accountants (shall include the essential events, methods and results of the Company's financial and business condition):
 1. The auditors of the Company shall provide audit reports to the independent directors on a regular basis, and shall communicate with them by telephone, mail, or text message whenever necessary, and shall sit on the audit committee to provide suggestions and explanations when the members need relevant information.
 2. The accountants delegated by the Company shall explain to independent directors in writing or face-to-face on the review or during inspection of financial statements. Independent directors can reply their opinions in the same way. In case of any doubt, communicate via telephone, mails or messages at all times.
 3. The independent directors of the company did not express any opinions on the communication between the internal auditor and accountants.

2. Supervisors' participation in the operations of the board of directors: Not applicable due to the formation of audit committee.

(3) Corporate Governance Implementation Status and Deviation from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Assessment item	Implementation Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary Description	
1. Does the Company establish and disclosed Corporate Governance Best Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has already implemented “Corporate Governance Best Practice Principles”.	Compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"
2. Shareholding structure and shareholders' equity (1) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes, and litigations, and implement based on the procedure?	V		(1) The Company has established the spokesperson system with an acting spokesperson, and a dedicated person to handle related issues. At the same time, shareholders attending the meeting have sufficient time to speak and discuss, and the Company will accept and improve upon any non-controversial and feasible suggestions.	All items are compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The major shareholders of the Company are the management team. The Company is able to keep track of the list of major shareholders at any given time to ensure the stability of management powers and to maintain good communication channels at all times.	
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The Company has clearly established and implemented appropriate risk control mechanisms of-specific measures for management of transactions by specific entities or stakeholders as well as supervision of subsidiaries and related internal operations.	
(4) Does the Company establish internal regulations that prohibit insiders from trading marketable securities using undisclosed information in the market?	V		(4) The Company has established "Ethical Corporate Management Best Practice Principles" and "Guidelines for the Adoption of Codes of Ethical Conduct" and "Management Guideline for Prevention of Insider Trading" and educates the employees at least once a year on matters to be followed in accordance with the relevant laws and regulations.	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board have a diversity policy, specific management objectives and implementation?	V		(1) The Company has specified the policy on diversity of board members in Article 20 of the “Corporate Governance Best Practice Principles”, which includes basic qualifications, industrial skills and experience. Currently, there are seven directors, all of whom are nominated in accordance with the Company's Articles of Incorporation, and have professional backgrounds in industrial management, technology research and development, and finance and accounting. In view of the rapidly changing industry environment and in order to meet the needs of future development trends, the Company has set a target of minimum of six hours of continuing education for all directors in addition to the annual continuing education requirement for independent directors. Please refer to the BoD Diversity Table on page 14 for the implementation of diversity for individual board members.	All items are compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		(2) The Company has established a compensation committee with three independent directors, which is operating in accordance with the regulations, and will evaluate the establishment of other functional committees in the future depending on operational needs.	
(3) Does the Company establish method for evaluating Board performance, conduct annual performance evaluation results to the Board, and use the results as a basis for the remuneration and nomination of individual directors?	V		(3) In order to implement corporate governance and enhance the functions of the Board of Directors to establish performance targets and strengthen the efficiency of the Board of Directors' operations, the Company	

Assessment item	Implementation Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
(4) Does the Company regularly evaluate the independence of CPAs?	V		completed the establishment of "Self-Evaluation or Peer Evaluation of the Board of Directors" on January 18, 2021 and conducts evaluation at the beginning of each year, and reports the results of the performance evaluation to the Board of Directors. (4) The Board of Directors regularly evaluates the independence of the certified public accountants on an annual basis. The relevant evaluation is based on the "Statement of Independence" issued by the certified public accountants' accounting firm, and after the evaluation, if there is no matter mentioned in the independence evaluation checklist, the certified public accountants can be confirmed to be independent, and the evaluation results will be reported to the Board of Directors. (Note 1)	
4. Is the TWSE / TPEx listed company equipped with qualified and appropriate number of corporate governance personnel, and appoints a corporate governance director responsible for corporate governance-related matters (including but not limited to providing the information needed by directors and supervisors to carry out business, assisting directors and supervisors to comply with laws and regulations, handling matters related to meetings of the board of directors and shareholders' meeting in accordance with the law, handling company registration and change registration, and producing minutes of board meetings and shareholders' meetings)?		V	The Company has not yet designated a corporate governance officer. Currently, the President's Office coordinates the personnel of each department to be responsible for corporate governance-related matters in accordance with the assignment of duties and responsibilities.	In the future, the Company will consider whether or not to proceed depending on the company's operating requirement
5. Has the Company established channels for the communications with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), and the section for the shareholders on the official website of the Company to respond to all concerns of the stakeholders on corporate social responsibility?	V		The Company maintains a smooth communication channel with all stakeholders, and can be contacted directly at any time by telephone, letter, fax, and e-mail if necessary. In November 2021, a questionnaire and reporting system for ESG concerns have been set up on the Company's website.	Compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has assigned the Registry and Transfer Agency Department of KGI Securities Co., Ltd. to handle the stock affairs of the shareholders meeting.	Compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
7. Information disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) The Company has set up a website in both Chinese and English to disclose information about the Company's business and corporate governance, including the publication of CSR report on the official website and the disclosure of information about the Company's sustainable implementation for the reference of shareholders and the general public. (http://www.asmedia.com.tw)	All items are compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conferences)?	V		(2) The Company has a designated personnel responsible for the collection and disclosure of corporate information, and discloses all relevant information (including corporate presentations) on the Market Observation Post System and the Company's website from time to time. A spokesperson system has also been implemented in accordance with the regulations.	
(3) Does the Company announce and disclose its annual financial report within two months after the end of the fiscal year, as well as announce and disclose the Q1, Q2, Q3 financial reports and the monthly operating conditions well in advance of the deadline?	V		(3) The Company announces and reports quarterly financial reports and monthly operations in accordance with Article 36 of the Securities and Exchange Act.	
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g. including but not limited to, employee rights, employee wellness, investor relations, supplier relations,	V		(1) Employee welfare and care: (a) The Company has established various operating rules and regulations to protect labor rights and benefits, and has set up an	All items are compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEx

Assessment item	Implementation Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			<p>employee welfare committee to promote employee welfare. In addition to the provision of labor and health insurance premiums and pensions, the Company also provides funds for monthly afternoon tea and quarterly departmental luncheon, and organizes annual employee health checkups and employee trips. In addition, we provide formal and informal channels for employees to fully express their concerns about their work.</p> <p>(b) The Company holds regular seminars every year, inviting lecturers to give courses on health, management, law, etc. At the same time, each department has budgeted for education and training to enhance employees' competitiveness in the workplace. In addition, we will include sustainability education courses as in-service fundamental training for our employees starting in 2022.</p> <p>(c) The EAP (Employee Assistance Program) provides professional consultation and referral of necessary resources to assist employees in five major areas, including legal, financial, psychological, medical and management, and confidentiality of employee privacy.</p> <p>(2) Investor relations: The Company has set up a spokesperson and an acting spokesperson to maintain close contact with shareholders at all time. Furthermore, a dedicated person handles various information disclosures on the Market Observation Post System (MOPS) to protect the rights and interests of investors.</p> <p>(3) Supplier relationships: The Company maintains good cooperative relations with suppliers. All business transactions are subject to the signing of relevant cooperation contracts or contractual agreements to protect the rights and obligations of both parties.</p> <p>(4) Rights of stakeholders: Stakeholders can communicate with the Company at any time by telephone, letter, fax, or email if necessary.</p> <p>(5) Directors and supervisors training: The directors of the Company are required to participate in professional training related to corporate governance and financial operations every year.</p> <p>(6) Implementation of risk management policies and risk measurement standards: The Company adheres conservative and prudent management principles, and does not engage in high-risk or speculative behavior.</p> <p>(7) Implementation of customer policies: The Company provides customers with high-quality products according to its business philosophy, and maintains good customer relationships.</p> <p>(8) Liability insurance for directors and supervisors: The Company has specified in its Articles of Incorporation the purchase of liability insurance for its directors, and has actually implement and reported to the Board of Directors.</p>	Listed Companies"
9. Describe the improvements with reference to the corporate governance evaluation results issued by Taiwan Stock Exchange and the improvement status of the items which failed in the most recent year and the reinforcement and measures taken for the items which have yet to be improved: The Company will gradually improve and implement the matters that have not yet been improved based on corporate planning.				

Note 1: Independence checklist for CPA and their associated firm

Assessment	Yes	No	Remarks
The certified public accountant did not currently serve as a director, supervisor, or manager of the Company.	V		None
The certified public accountant does not hold stocks or share dividends of the Company or affiliated companies.	V		None
The certified public accountant does not receive paycheck by the Company or affiliated companies.	V		None
The certified public accountant has not provide audit service for the Company in seven consecutive years?	V		None
The certified public accountant confirms that the firm in which he/she works for has complied with the standards of independence regulations.	V		None
No former partner of the designated accountant serves as a director, supervisor, or manager of the Company or in a position having significant influence on the audit case within one year after relieved of his/her office.	V		None

(4) If the Company has a remuneration committee, it should disclose its composition, responsibilities, and operation

1. In order to implement corporate governance and improve the remuneration system for directors, supervisors, and managers of the Company, the remuneration committee was established on December 28, 2011 in accordance with Article 14-6 of the Securities and Exchange Act and “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange”. The total number of committee members appointed by the board of directors were three. At least one of them shall be an independent director of the company, all members shall elect an independent director to serve as the convener and chairman of the meeting and to represent the committee externally. The committee shall faithfully perform the following duties with the care of a good administrator:

- (1) To regularly review and propose amendments to these regulations.
- (2) To establish and regularly review the policies, systems, standards and structures for performance evaluation and remuneration of directors and managers of the Company.
- (3) To regularly evaluate and set the remuneration of directors and managers.

2. Members of the Remuneration Committee

<div style="display: flex; justify-content: space-between;"> Status Identity </div> <div style="display: flex; justify-content: space-between;"> Professional Qualifications and Work Experiences (Note 1) Independence Status (Note 2) </div> <div style="display: flex; justify-content: space-between;"> Remuneration Committee of Companies </div>		Name	
Independent Director	Hung-Chih Chan	<p>More than 10 years of experience in business, finance or corporate business.</p> <p>Served as President of Yuan-Liou Publishing, Chairman of City Media Holding Group.</p> <p>Currently served as Chairman for PChome Online International Co., Ruten Global Inc., PChome US Inc.; Independent Director for both Lion Travel Service Co. Ltd and Sinyi Realty.</p>	<p>The independent director himself, his spouse, or his relative within second degree of kinship does not serve as a director, supervisor or employee of the Company or its affiliated companies; and neither hold shares of the Company or served as a director, supervisor or employee of a company with a specific relationship with the Company.</p> <p>No remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years.</p> <p>There are no cases found under Article 30 of the Company Act.</p>

Independent Director	Chien-Ping Hsieh	More than 10 years of experience in business, finance, accounting or corporate business. Served as Chairman/President of Chunghwa Investment, CFO and Vice President of Chunghwa Telecom, Vice President and Spokesperson of Mega Financial Holdings. Currently served as Professor of Institute of Finance at National Taiwan University of Science and Technology, Chairman of Foundation for International Cooperation in Higher Education of Taiwan, and Independent Director of Polytronics Technology Corp.	The independent director himself, his spouse, or his relative within second degree of kinship does not serve as a director, supervisor or employee of the Company or its affiliated companies; and neither hold shares of the Company or served as a director, supervisor or employee of a company with a specific relationship with the Company. No remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years. There are no cases found under Article 30 of the Company Act.	1
Independent Director	Ching-Chi Wu	More than ten years of experience in corporate business. Served as Chairman of National Chung Cheng Cultural Center, Professor of Department of Psychology, National Chengchi University. Currently served as Chairman of Creative Education and Management Foundation, Honorary Professor and Host of Creativity and Innovation Studies and Adjunct Professor of MBA at National Chengchi University.	The independent director himself, his spouse, or his relative within second degree of kinship does not serve as a director, supervisor or employee of the Company or its affiliated companies; and neither hold shares of the Company or served as a director, supervisor or employee of a company with a specific relationship with the Company. No remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years. There are no cases found under Article 30 of the Company Act.	None

Note (1) Professional qualifications and work experiences:

Describe the professional qualifications and experience of individual remuneration committees.

- (2) The independent director shall state the circumstances that qualify him/her to be independent, including but not limited to whether he/she, his/her spouse or relatives within second degree of kinship are directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares of the Company held by him/her, his/her spouse or relatives within second degree of kinship (or in the name of others); whether he/she is a director, supervisor or employee of a company with a specific relationship with the Company (refer to Article 3, Item 1, Paragraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of remuneration received from providing commercial, legal, financial and accounting services to the Company or its affiliates in the last two years.

3. Operation of the Remuneration Committee

(1) There members of the remuneration committee of the Company: 3 people.

(2) Period of the term: June 22, 2020 to June 11, 2023.

The Remuneration Committee convened 3 meetings in 2021 (A).

Member qualifications and attendance are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Hung-Chih Chan	3	0	100.00	None
Committee	Chien-Ping Hsieh	3	0	100.00	None
Committee	Ching-Chi Wu	3	0	100.00	None
Other mentionable items: 1. The board of directors decline to adopt or amend recommendation of the Remuneration Committee, shall specify the meeting date, session, motion, resolutions of the Board, and opinion of the Company with respect to the Remuneration Committee: None. 2. If a member of the Remuneration Committee has adverse or qualified opinions on the resolutions of Remuneration Committee on written record, with specification of date of meeting, session, motion, opinions of all members, and handling the response of that member: None.					

- (3) Discussion of the cause and resolution result of Company's Remuneration Committee in the most recent year:

Date	Agenda	Resolution
2021.1.18	Approved the allocation of performance bonuses for 2020.	All approved
2021.3.15	Approved the allocation of remuneration for directors and employees of 2020.	All approved

- (5) If the Company has a nomination committee, it should disclose its composition, duties and operation: The Company does not have a nomination committee at present, and will evaluate the establishment of one in the future depending on practical operational needs.

(6) Sustainability development and deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Assessment Item	Implementation Status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
1. Has the Company established a governance structure to promote sustainable development and set up a full-time (contractor) unit to promote sustainable development, which is authorized by the board of directors to be handled by senior management and supervised by the board of directors of the situation?	V		The President's Office coordinates the implementation of sustainable development related operations, and the President leads each department to form an executive team to formulate sustainability goals, CSR development strategies and guidelines, and then to cooperate and implement the implementation plan according to the responsibilities of each relevant department, and to report the results at the Board of Directors' meeting.	Compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"
2. Does the Company follow a significant principle to conduct risk assessments on the environment, society, and governance (ESG) related to company operation, as well as setting relevant risk management policy or strategy?	V		(1) The Company has formulated relevant operating specifications for various risk factors such as "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", and "Guidelines for the Adoption of Codes of Ethical Conduct". Based on this, implementing risk management and promoting corporate governance proactively to achieve the purpose of enhancing Company's reputation, strengthening the risk culture, and providing strategic management decision-making advice. (2) The Company has conducted risk assessment on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of ESG materiality. Based on the results of the questionnaire analysis of ESG issues to stakeholders, the Company have prepared a sequence of material issues and management policies in line with its operational objectives, as described in page 38 and 39.	Compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"
3. Environmental issues (1) Has the Company established a suitable environmental management system according to its industrial characteristics?	V		The Company is committed to implementing and complying with the RBA Code of Conduct, taking responsibility for environmental issues, minimizing adverse impacts on society, the environment, and natural resources during the manufacturing process, and protecting public health and safety. In accordance with the Conflict-Free Mineral Smelter Program (CFSP), the Responsible Business Alliance, (RBA) and the Global Sustainability Initiative (GeSI), we have conducted a survey of conflict minerals starting in 2021 and	Compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"

Assessment Item	Implementation Status			Deviation from "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Description	
			<p>required our suppliers to submit a "Declaration for the Non-Use Hazardous Substances" to certify that the metals used in their products do not come from conflict areas, in order to support our social responsibility philosophy of not using conflict minerals. The social responsibility concept of not using conflict minerals is supported by real actions. All of our major suppliers have passed 100% of the following environmental related international certification standards and regulations.</p> <p>The Company has disclosed information and policies related to environmental responsibility on its website. https://www.asmedia.com.tw</p>	
(2) Is the Company striving in promoting efficiency of utilizing various resources, as well as regenerated materials that impose low impact to the environment?	V		<p>In order to fulfill the CSR of the Company and promote economic, social and environmental progress, we have adopted four sustainable strategies: low-carbon mission, recycling, social inclusion and value creation, and sustainable manufacturing principles, and have adopted them as principles to promote environmental protection with our business partners and stakeholders, including suppliers, contractors, customers, joint ventures and communities. In the case of mergers and acquisitions, it is also appropriate to follow the spirit of this policy to perform due diligence and disclose specific environmental commitments on the official website.</p> <ol style="list-style-type: none"> 1. Improve product eco-efficiency and introduce innovative R&D technologies and management. 2. Control and limit the use of hazardous substances in manufacturing materials and components. 3. Develop recycled materials or extend the product life cycle. 4. To follow the policy of mineral procurement management and green product standard to promote green procurement. 5. To give priority to the use of materials and equipment developed by the upstream/downstream supply chain, taking into account both customer needs and green design, in order to enhance the technology and competitiveness of the overall supply chain. 6. Prioritize the use of recyclable, low environmental impact materials or reusable packaging materials. 	Compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"

Assessment Item	Implementation Status			Deviation from "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Description	
(3) Does the Company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues?	V		The Company is committed to responding to the current global trend of energy saving and carbon reduction, in order to fulfill the responsibility of global citizens to protect the environment. In response to the business risks brought about by climate change, each department takes stock of the climate-related risks involved in its own business scope, and then reports and consolidates them to the company president. The Task Force on Climate-related Financial Disclosures (TCFD) framework identifies potential climate change risks and opportunities through the four core elements of "governance," "strategy," "risk management," and "targets and goals," and grasps the impact and influence of climate change on the company's operations, and prepares relevant strategies and measures to prevent risks and harm caused by climate change. (Please refer to CSR report for specific measures and details)	Compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"
(4) Does the Company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it have strategies for energy conservation & carbon reduction, greenhouse gas emission reduction, water use reduction, and other waste management?	V		The Company has implemented management policies for energy, greenhouse gases, water resources and waste. Please refer to CSR report for specific measures and details. The Company has followed the "Sustainable Development Guidemap for TWSE/TPEX Listed Companies" plan and approved by the Board of Directors to complete the greenhouse gas inventory and verification planning schedule, and expects to complete the greenhouse gas inventory and verification by 2029.	Compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"
4. Social issues (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Company has followed the relevant content of the "United Nations Universal Declaration of Human Rights," formulated and disclosed its human rights policy statement, and defined its working rules and internal management practices. The Company promises to implement and comply with the RBA's relevant code of conduct, such as the following. (a) Respect for human rights of workers: including respect for freedom of employees, unlimited freedom of assembly, prohibition of any form of forced labor, no child labor, provision of safe and healthy working and living conditions, ensuring the safety and health of employees, prohibition of any form of	Compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"

Assessment Item	Implementation Status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			<p>discrimination, prohibition of any inhumane treatment, and wages, benefits and working hours for workers in accordance with the law.</p> <p>(b) To provide a healthy and safe working environment for workers, including ensuring occupational safety, providing emergency preparedness programs, managing occupational injuries and illnesses, and maintaining public health.</p> <p>(c) Follow the highest standards of ethics, including honesty, integrity, clean operations, no improper earnings or bribery, benefit avoidance, respect for intellectual property rights, an anonymous complaint or whistleblower system to protect the confidentiality of whistleblowers, and prohibition of retaliation.</p> <p>(d) All of our major suppliers have passed 100% of the following socially relevant international certification standards and regulations (please refer to the CSR report).</p>	
(2) Does the Company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		<p>(a) In addition to the Company’s leave system that exceeds the requirements of the Labor Standards Act, it also provides labor and health insurance, appropriation of labor pensions, group accident insurance, and regular health checks for employees in accordance with the law. There are also travel subsidies, employee travel subsidies, year-end celebration parties, and year-end bonuses.</p> <p>(b) Other welfare measures: birthday gift vouchers, Labor Day gift vouchers, Mid-Autumn Festival gift vouchers, implementation of employee stock option certificates, and issuance of restricted stocks. There is also a welfare committee that provides subsidies for marriage, funerals, hospitalization, and child birth. In order to promote the physical and mental health of employees, we have created a number of sports-related clubs to alleviate the work pressure of employees, and we have been providing semi-annual subsidies to evaluate the percentage of employees participating in these clubs. The average percentage of employees participating in 2019 was 40%.</p>	Compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"

Assessment Item	Implementation Status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			(c) In order to relieve the heavy pressure of various projects at work and to uphold the spirit of social support, we arrange for visually impaired massage therapists to provide massage services at specific times in the company.	
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>The Company does not have a factory and the office premises are part of a leased commercial building in the city, and each floor is equipped with a strict security system. In addition to the access control for personnel entering and exiting, we also have a complete fire protection system and conduct regular fire equipment maintenance and drills once a year to maintain the safety of our employees' working environment. We also provide regular health checkups and group insurance for employees every year, and arrange for external lecturers to conduct health or safety courses.</p> <p>In order to implement occupational safety and health management thoroughly and prevent occupational disasters comprehensively, our company will focus on the following 7 major aspects:</p> <ol style="list-style-type: none"> 1. Safety and health management: access control/visitor control. 2. Safety and health education and training: digital learning platform - disaster prevention and first aid education videos. 3. Standard operating procedures and work safety analysis: for dangerous work, set up hazard work practice guidelines. 4. Safety and health inspection: regular maintenance, inspection and disinfection of office equipment/ environment. 5. Emergency response: Regularly conduct disaster prevention drills. 6. Health management and promotion: health examination and consultation. 7. Safety and health activities: health education and health promotion activities. <p>Please refer to the CSR report for details of the above implementation measures.</p>	Compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"
(4) Does the Company provide its employees with career	V		Based on the organization and function of each department,	Compliant with the Code of

Assessment Item	Implementation Status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
development and training sessions?			the Company proposes annual education and training requirements and prepares budgets every year, and intermittently hires external lecturers for internal education and training. In 2021, we have launched an e-learning platform, which will be supplemented by external professional training courses according to the characteristics of job duties to enable our employees to achieve organizational performance and functional development.	"Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"
(5) Does the Company comply with relevant regulations and international standards information of customer health and safety, customer privacy, and marketing and labeling its goods and services, and has it established consumer rights protection policies and complaint procedures?	V		The marketing and labeling of our products and services are handled in accordance with domestic laws and regulations, as well as the relevant laws and regulations of the countries in which our customers are located, including the environmental requirements of each product and the compliance with product patents. In addition, the Company has always attached importance to customer feedback and maintains good communication with customers. We have also set up customer communication channels and response methods on the company's official website, as well dedicated service procedures for handling customer feedback to ensure the best service performance for our customers and to achieve the purpose of protecting their rights and interests.	Compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"
(6) Does the Company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?	V		The Company has strict internal evaluation and investigation procedures for suppliers. In addition to listing the existence of records that affect the environment and society as an important inspection item, the provision of all products must comply with laws and environmental protection standards. The contract stated the product and the production process must meet the requirements of environmental protection regulations, and no harmful substances should be used. If there is a violation of the content of the contract or laws and regulations, and depending on the seriousness of the circumstances, the supplier shall be liable for compensation in order to fulfill corporate social responsibility. The Company has disclosed its supply chain management policy in the CSR report: (a) Suppliers will be evaluated annually and audited from time to time according to the supplier management procedures, and the Quality Assurance department will conduct the evaluation according to the	Compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"

Assessment Item	Implementation Status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			<p>evaluation criteria of delivery quality, engineering capability, and ESG sustainability, etc. 100% of the suppliers have complied with our supplier management policy in 2021.</p> <p>(b) Suppliers are required not to purchase and not to use Conflict Minerals. We have conducted Conflict Minerals surveys and investigations in accordance with the Conflict Free Smelter Program (CFSP), the RBA Code of Conduct, and the Global Sustainability Initiative (GeSI) to ensure that suppliers comply with the Company philosophy of not using Conflict Minerals.</p> <p>(c) All major suppliers have passed various international certification standards and regulations.</p>	
5. Does the Company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the Company, such as sustainability development report? Do the reports above obtain assurance from a third party verification unit?	V		<p>The Company has published its Corporate Sustainability Report in 2021 with reference to international standards such as the Climate Relevant Financial Disclosure Framework (TCFD). The report was prepared in accordance with the principles of inclusiveness, sustainability, materiality and completeness of reporting, as well as the quality principles of accuracy, balance, clarity, comparability and timeliness. This report has not yet received confirmation or assurance from a third party verifier.</p> <p>In addition to adopting the TCFD disclosure framework, the 2021 CSR report will incorporate the Sustainability Accounting Standards Board (SASB) and GRI Standards 2021.</p>	Compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"
<p>6. If the Company has its own code of practice for sustainable development based on “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Code and its implementation:</p> <p>The Company currently does not have a code of practice for sustainable development. However, in daily company operations, we are committed to fulfilling corporate social responsibility, including active participation in environmental protection, social emergency relief, social welfare, and other activities. Relevant operating conditions are disclosed in the annual report.</p>				
<p>7. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices:</p> <p>(1) Environmental protection:</p> <p>1. Our Company is a professional IC design company with independent research and development and design as its primary operating activities. Our main products are produced by outsourcing which belonged to the fabless IC design industry (no fab). In addition to the working environment and manufacturing process, subcontracted processing plants must meet the requirements of environmental protection laws and regulations. All production materials must comply with the "Restricted Product Substances Control Procedures" stipulated by the Company. Besides not using hazardous substances, we also specify the use of safety materials that meet international standards. In addition, the Company obtains laboratory reports provided by the supplier in a timely manner and conduct audits on the suppliers on related matters. We</p>				

Assessment Item	Implementation Status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
<p>have signed a declaration of non-use of hazardous substances with each of our suppliers and use safe materials and parts that are certified by environmental standards and complied with RoHS, PFOS, Halogen Free, and REACH SVHC standards.</p> <p>2. Our Company have been promoting energy conservation and resource recycling, including practical measures such as waste separation, full adoption of energy-efficient lamps, lighting saving, air conditioning usage hours control and temperature control. We have set short/medium/long-term goals related to environmental policies, including 2% per capita electricity and 1% per capita water savings per year, as well as the reduction of resource consumption in the office as an important indicator.</p> <p>3. Our Company continues to implement paperless campaigns and uses online electronic signature control for internal processes and other form documents to reduce paper waste and contribute to the global environment.</p> <p>4. Respond to environmental protection activities: Do One Thing for the Tamsui River, Earth Hour.</p> <p>(2) Social welfare and services:</p> <p>1. Medical support: To improve the quality and environment of medical care in the country through the sustainable operation of donated medical institutions and foundations.</p> <p>2. Social welfare: a. Emergency relief. b. Education in rural areas: Support children in rural areas to participate in relevant camp activities. c. Resource recycling: recycling of used computer resources to reduce digital gap and disparity. d. Donation and support from public welfare organizations.</p> <p>3. Foster and cultivate: Our Company is dedicated to public welfare and sponsors research funds for various universities and medical institutions every year. We actively negotiate with various universities on industry-academia cooperation programs, sponsor overseas competitions and support international seminars. Through the sharing of practical experience by industry professionals, we provide students with the opportunity to familiarize themselves with the industry's technical expertise during their studies, and expand the horizons of domestic students through sponsoring overseas competitions and organizing international seminars. We hope to establish a campus development program so that students can gain more relevant experience after graduation or further training and give back what they have learned in the workplace. The Company not only selflessly shares to cultivate talents for the industry, but also hopes to improve the employment rate of young people through campus recruitment.</p> <p>(3) Consumer Rights: The Company upholds the principle of integrity and professional services, and has a dedicated unit to handle customer feedback to ensure the best service performance and achieve the purpose of protecting the rights and interests of customers. The Company has set up a stakeholder section on the official website to provide a dedicated email address for communication and contact with stakeholders. For any questions, suggestions or even complaints on material issues, the Company can maintain a smooth and good interaction through the email address announced on the official website.</p> <p>(4) Human rights:</p> <p>1. The Company has formulated and disclosed its human rights policy declaration in accordance with the relevant content of the "United Nations Universal Declaration of Human Rights," and hires labor in accordance with various government regulations such as the Labor Standards Act. It does not force employees to work, prohibits child labor and illegal labor, and provides employees with a healthy and safe working environment to protect their rights and interests.</p> <p>2. In order to maintain gender equality at work, the Company follows the "Act of Gender Equality in Employment." It clearly stipulates that sexual harassment in the workplace is strictly prohibited in the employee's work rules, and there are appeal procedures and disciplinary regulations to protect the rights and interests of employees.</p> <p>3. The Company has formulated a maternal health protection plan in the workplace based on Article 31 of the “Occupational Safety and Health Act,” the "Implementation Measures for the Maternal Health Protection of Female Workers," and other maternal labor health protection policies. We provide a safe, hygienic, healthy, and friendly work environment for employees during pregnancy and breastfeeding in the workplace, to ensure the physical and mental health of pregnant, postpartum, and breast-feeding female employees to protect their health.</p> <p>4. The Company regularly organizes course lectures every year and invites lecturers to teach related courses. These include “Workplace Interpersonal Relations,” “Retirement Pension, Labor Insurance Elderly Benefits and Occupational Disaster Relief,” and so on.</p> <p>(5) Safety and health:</p>				

Assessment Item	Implementation Status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
<div>1. Our Company is an IC design company and have not set up a factory. The office is a commercial building leased in an urban area. In order to provide a safe working environment for employees, we have established access control at the main entrances and exits as well as elevator access control on each floor. Furthermore, building security staff registers visitors to prevent non-company personnel from entering and leaving at will.</div> <div>2. The Company has a security system and is connected to the security company 24 hours a day to protect the safety of company personnel and property.</div> <div>3. The office building where the company is located is equipped with a complete fire safety system and conducts various disaster prevention drills and maintenance of fire equipment regularly every quarter to enhance personnel disaster response capabilities and reduce disaster losses.</div> <div>4. In addition to daily cleaning operations, the Company regularly conducts environmental disinfection, water dispenser water quality testing, air conditioning system cleaning and inspection, and places air purifiers in the office to provide employees with a good working environment.</div> <div>5. The Company’s office area is completely smoke-free. We are committed to promoting workplace smoke prevention and proactively implementing workplace smoke-free measures. We have obtained the Healthy Workplace Self-certification-Smoke Harm Prevention Standard issued by the National Health Bureau, establishing a working environment free from second-hand smoke.</div> <div>6. We organize regular health education and publicity lectures every year, and conduct employee health inspections so that employees can develop in a balanced manner in physical and mental health.</div> <div>(6) Other social responsibilities: The Company regularly recruits several R&D staff undergoing their alternative national service every year in accordance with the national talent cultivation plan. In addition to reducing expenditures, this also effectively uses the expertise of R&D service staff to make them suitable for their talents.</div>				

Note : CSR Material Issues

Risk Assessment Items / Issues	Risk Management Strategies or Policies
Legal Compliance	Based on the philosophy of honesty, transparency and responsibility, we will establish management policies based on integrity and sound corporate governance and risk control mechanisms with reference to the “Company Act”, the “Securities and Exchange Act”, the “Business Entity Accounting Act”, the “Political Donations Act” and the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” or other business practices, in order to achieve the goal of sustainable corporate development.
Innovative R&D and Product Competitiveness	<ul style="list-style-type: none"> We will continue to invest in nurturing our R&D professionals to innovate and advance in high-speed technology products, and maintain close cooperation with major international manufacturers and related supply chains. ° As a leader in high-speed interfaces, we not only focus on innovative research and development to keep abreast of each generation's specification changes, but also actively expand our markets, focusing on custom product partnerships and market development beyond personal computers.
Operational Performance	<ul style="list-style-type: none"> Maintain close cooperation with international manufacturers and related supply chains to enable the Company to outperform in its operations and product development and applications. Improve operational performance and pursue sustainable development goals.

Risk Assessment Items / Issues	Risk Management Strategies or Policies
Corporate Governance	<ul style="list-style-type: none"> Enhance the functions of the Board of Directors to enhance the company's reputation, strengthen the risk culture, and provide strategic management decisions. Rationalize and allocate the rights and responsibilities of all shareholders, management team, and stakeholders.
Risk Management	<ul style="list-style-type: none"> The Company maintains conservative and prudent management principles and does not engage in high-risk and speculative activities. Identify common risks and develop strategies to manage them to avoid losses to the Company.
Nurturing Talents	<ul style="list-style-type: none"> In collaboration with major universities, we develop projects and provide research funding, and sponsor overseas competitions to broaden the horizons of domestic students and nurture future young talents. Through the sharing of practical experience with industry professionals, we provide students with the opportunity to familiarize themselves with the professional technology and knowledge of the industry and nurture professional talents for the industry.
Supply Chain Management	<ul style="list-style-type: none"> In addition to the important inspection of our suppliers' records of environmental and social impacts, all products must be provided in compliance with environmental standards. If there is any violation of the contract or the law, we shall be liable for compensation depending on the severity of the situation.
Customer Satisfaction	<ul style="list-style-type: none"> We provide high quality products to our customers and maintain good customer relations in accordance with our management philosophy.
Environmental Sustainability	<ul style="list-style-type: none"> In addition to the environmental protection laws and regulations, the production materials of the outsourced factories must comply with the "Restricted Product Substances Control Procedures" stipulated by the company. We continue to promote energy conservation and resource recycling, including the implementation of practical measures such as garbage sorting, full adoption of energy-saving lamps, light saving, control of air-conditioning usage hours and temperature control, and paperless campaigns. The Company President convenes relevant units to jointly formulate sustainability goals, CSR development strategies and guidelines, and reports the results of implementation at the Board of Directors' meeting.

(7) Ethical corporate management and deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”
The management team is based on the concept of integrity, transparency, and responsibility, considering the Company Act, Securities and Exchange Act, Commercial Accounting Act, Political Contribution Act, and relevant regulations for listing on the TWSE or OTC, or other relevant laws and regulations such as business practices. In this way, it establishes a management policy based on integrity and perfects corporate governance and risk control mechanisms to achieve the goal of sustainable development of the Company. At the same time, through the construction of an honest and conservative corporate culture, internal audit, and internal control and risk management implementation, we ensure that directors, supervisors and employees can comply with relevant laws and regulations in the execution of their business.

Assessment Items	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and causes thereof
	Yes	No	Summary description	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the Company establish an ethical corporate management policy that was approved by the Board of Directors, and declare its ethical corporate management policy and methods in its regulations and external documents, as well as the commitment of its Board and management to implementing the management policies?</p> <p>(2) Does the Company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes preventive measures for conduct specified in Article Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Did the Company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(1) The Company has formulated the "Ethical Management Code" and the "Ethical Management Operation Procedures and Behavior Guidelines," and the audit unit regularly checks the compliance with the preceding system and reports to the board of directors.</p> <p>(2) The Company has set forth its "Guidelines for Ethical Operation Procedures and Behavior" to serve as procedures for handling dishonest behavior and improper interests and promotes the ethical management policy through conferences and educational training. it is included in employee performance appraisals, setting up a clear and effective reward, punishment, and appeal system.</p> <p>(3) In accordance with "Procedures for Ethical Management and Guidelines for Conduct", the Company has specified various preventive measures and set up a dedicated unit to implement and supervise them, as well as a system of rewards, penalties and complaints. Any violation of the regulations shall be handled by human resources, legal affairs and other related units in accordance with the law.</p>	<p>All items are compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies Compliant with the Code of " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"</p>
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the Company evaluate the integrity records of its counterparties and specify the terms of integrity in the contracts it signs with its counterparties?</p> <p>(2) Did the Company establish a dedicated unit under the board of</p>	<p>V</p> <p>V</p>		<p>(1) Rigorous evaluation mechanisms and procedures are put in place before establishing a business relationship between the Company and its counterparties. Furthermore, it considers the legality of the target and whether there is a record of dishonest behavior. At the same time, when signing the contract, its content includes compliance with the ethical management policy. Afterward, when business dealings or cooperation partners are found to have dishonest behavior, they immediately stop business dealings with them and list them as objects of refusal.</p> <p>(2) The Company's human resources unit is responsible for the</p>	<p>All items are compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies Compliant with the Code of " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"</p>

<p>directors to promote ethical corporate management, and periodically (at least once a year) report to the Board of Directors and supervise the implementation of the ethical corporate management policy and unethical conduct prevention plan?</p> <p>(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Does the Company have effective accounting system and internal control systems set up to facilitate ethical corporate management, does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit compliance with the unethical conduct prevention plan or commission a CPA to perform the audit?</p> <p>(5) Does the Company regularly hold internal and external educational trainings on operational integrity?</p>	<p>V</p> <p>V</p> <p>V</p>	<p>formulation and supervision of the ethical management policy and prevention plan, ensuring the implementation of the ethical management code, and reports to the Board of Directors once a year.</p> <p>(3) The Company has established its "Guidelines for the Adoption of Codes of Ethical Conduct". Among directors, managers, and other interested parties who are present or attend as non-voting delegates to the board of directors, when they have an interest themselves or the juristic persons they represent, they may state opinions and answer queries but shall not participate in discussions and voting.</p> <p>(4) The Company has established an effective "Accounting System" and "Internal Control System." Auditors regularly check compliance with the internal control system in accordance with the annual audit plan and prepare an audit report for the board of directors.</p> <p>(5) At least once a year, the Company will hold education and training on integrity management or send promotional materials through email to allow recipients to fully understand the Company's integrity management policies, preventive plans, and the consequences of violations of dishonest behavior. Simultaneously, through the course arrangement of the training department, all employees are selected at irregular intervals for guidance on relevant laws and regulations, At present, this initiative has accumulated 238 person-times, thus exceeding 200 person-times.</p>	
<p>3. Operation of the corporate whistle-blowing system</p> <p>(1) Has the Company adopt a concrete whistleblowing/reward system and facilitate a convenient whistleblowing channel with an appropriate person for reaching the accused and follow-up?</p> <p>(2) Has the Company establish standard operating procedures for the investigation of whistleblowing matters, follow-up measures to be taken after the completion of the investigation, and the related</p>	<p>V</p> <p>V</p>	<p>(1) The Company has established a specific whistleblowing and rewarding system in the "Work Guideliness", "Guidelines for the Adoption of Codes of Ethical Conduct" and "Ethical Corporate Management Best Practice Principles", and established a convenient whistleblowing channel. Furthermore, the management will assign a dedicated unit to handle the case depending on the circumstances of the whistleblowing.</p> <p>(2) The Company's "Guidelines for the Adoption of Codes of Ethical Conduct" and "Ethical Corporate Management Best Practice Principles" both specify operating</p>	<p>All items are compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies</p>

confidentiality mechanism?			procedures and related confidentiality mechanisms.	
(3) Does the Company take measures to protect whistleblowers from improper treatment as a result of whistleblowing?	V		(3) The Company prudently handle the identity of the whistleblower and the content of the report with confidentiality.	
4. Enforcement of information disclosure (1) Does the Company disclose its ethical corporate management guidelines and the results of its implementation on the Company's website and MOPS?	V		(1) The Company has established "Ethical Corporate Management Best Practice Principles" and disclosed information on the Company's intranet site regarding the title, name, date of violation, content of the violation, and the circumstances under which the violation was handled.	All items are compliant with the Code of "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
5. If the Company has established its own ethical corporate management policies based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the differences between the policies and their implementation: None.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): None.				

- (7) If the Company has established the Corporate Governance Best Practice Principles and the related regulations, it should disclose how to inquire about such principles: It has been uploaded to the corporate governance section of the Market Observation Post System in accordance with relevant regulations.
- (8) Other important information that may be disclosed to enhance understanding of the corporate governance operations.
1. Directors' participation in corporate governance-related continuing education for the most recent year and up to the date of the annual report

Title	Name	Training date	Organizer	Course title	Training hours
Chairman	Jerry Shen	2021.08.11	Taiwan Corporate Governance Association	Full Activation of Enterprise Digital Resilience - From Ransomware to Emergency Response and Recovery	3.0
		2021.11.10	Taiwan Corporate Governance Association	Analysis of Important Domestic and Foreign Tax Measures and Trends	3.0
Director	Ted Hsu	2021.08.11	Taiwan Corporate Governance Association	Full Activation of Enterprise Digital Resilience - From Ransomware to Emergency Response and Recovery	3.0
		2021.11.10	Taiwan Corporate Governance Association	Analysis of important domestic and foreign tax measures and trends	3.0
Director	Che-Wei Lin	2021.11.10	Securities and Futures Institute	Corporate Mergers and Acquisitions: A Hostile Merger Focus	3.0
		2021.11.16	Taiwan Corporate Governance Association	Board of Directors' Operation and Decision Effectiveness	3.0
Director	Chin-Chuan Hsu	2021.09.01	Financial Supervisory Commission R.O.C.	The 13th Taipei Corporate Governance Forum	3.0
		2021.09.15	Digital Governance Association	Seminar on Directors' and Supervisors' Responsibility and Risk Management	3.0
Independent Director	Hung-Chih Chan	2021.08.27	Taiwan Corporate Governance Association	Real Estate Sustainability Thinking and Brand Development	3.0
		2021.11.30	Taiwan Corporate Governance Association	Digital Opportunity and Digital Talent	3.0
		2021.12.23	Securities and Futures Institute	Technology Development and Business Model of Blockchain	3.0
		2021.12.23	Securities and Futures Institute	Money Laundering Prevention and Anti-Financial Terrorism Practice	3.0
Independent Director	Chien-Ping Hsieh	2021.05.07	Taiwan Corporate Governance Association	Advanced Audit Committee Practices - M&A Review and Directors' Responsibilities	3.0
		2021.11.05	Taiwan Corporate Governance Association	Ten Essential Lessons in Corporate Governance	3.0
Independent Director	Ching-Chi Wu	2021.11.16	Securities and Futures Institute	ESG/CSR and Sustainable Governance in 2021	3.0
		2021.11.23	Taiwan Corporate Governance Association	How to implement ESG from the perspective of foreign shareholders and voting behavior of issuing companies	3.0

2. Participation of Company's management team (including the President, vice president, accounting, finance, and auditing officers) have been involved in corporate governance-related training related for the most recent year and up to date of the annual report

Title	Name	Training date	Organizer	Course title	Training hours
General Manager/ President	Che-Wei Lin	2021.11.10	Securities and Futures Institute	Corporate Mergers and Acquisitions - Focusing on Hostile Mergers and Acquisitions	3.0
		2021.11.16	Taiwan Corporate Governance Association	Board Operations and Decision Effectiveness	3.0

(9) Implementation status of internal control system:

1. Statement of Declaration of Internal Control Systems:

ASMedia Technology Inc.

Statement of Declaration of the Internal Control Systems

Date: March 14, 2022

Based on the results of self-assessment, the Company's internal control system for 2021 is hereby declared as follows:

1. The Company acknowledges and understands that the establishment, implementation, and maintenance of the internal control system are the responsibility of the Board and managerial officers of the Company, and that such a system has been implemented within the Company. The purpose of the system is to reasonably ensure that the effectiveness and efficiency of operations (including profits, performance, and protecting the security of assets), reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and by laws, are achieved.
2. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes in the environment and circumstances. The internal control system of the Company contains self-oversight mechanisms, and actions are taken to correct deficiencies as they are identified.
3. The Company evaluates the design and execution of its internal control system based on the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether the existing system continues to be effective. The criteria defined in "the Regulations" include five elements depending on the management control process: 1. environment control; 2. risk assessment; 3. control process; 4. information and communication; and 5. supervision. Each element further encompasses several sub-elements. Please refer to "the Regulations" for details.
4. The Company has adopted the aforementioned internal control system for internal audit on the effectiveness of the design and enforcement of the internal control system.
5. Based on the evaluation result of the preceding item, regarding Note 2 of the Company's Internal Control System on December 31, 2021 (encompassing the supervision and management of subsidiaries), and including an understanding of the effectiveness of operations and the degree to which the efficiency with which objectives are achieved, it is believed that the reporting is reliable, timely, transparent and in compliance with the relevant specifications and relevant laws and regulations, and the design and execution of the relevant Internal Control System are effective and it can reasonably ensure that the above goals are achieved.
6. This Statement will be a major part of the Company's annual report and prospectus and will be made publicly available. The Company shall be held liable for misrepresentation or nondisclosure in the above content, according to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement of Declaration was approved by the Company's board of directors on March 14, 2022. Among the seven directors present, none had objections and all agreed with the content of this Statement of Declaration.

ASMedia Technology Inc.

Chairman: Jerry Shen

President: Che-Wei Lin

2. Entrusted accountant to review the accountant's review report of the internal control system:
None

(11) In the most recent year and up to the date of publication of the annual report, if the Company and its internal personnel have been punished according to law, and the punishment has been imposed on internal personnel by the Company for violation of the internal control systems, major defects and improvements: None.

(12) Important resolutions of the shareholders meeting and the board of directors in the most recent year and as of the printing date of the annual report

1. Important resolutions and implementation status of the shareholders meeting and the first interim shareholders meeting:

Time	Important issues	Implementation status
2021.07.23	1. Acknowledge the Company's 2020 financial statements and business reports. 2. Acknowledge the Company's 2020 earnings distribution proposal.	The ex-dividend base date is set on 2021.09.01 and the issuance date for cash dividend is on 2021.09.17.

2. Important resolutions from the Board of Directors:

Time	Important issues
2021.05.10	1. Approved the Company's financial statements for 2021 Q1. 2. Approved the Company's application for renewal of credit facility with Mega International Commercial Bank. 3. Approved the cancellation of the Company's RSA shares in 2021 Q1.
2021.06.24	1. Approved to change the date of the 2021 Annual General Meeting of Shareholders
2021.08.09	1. Approved the Company's financial statements for 2021 Q2. 2. Renewal of the insurance coverage for Company directors and key personnel. 3. Approved the Company's cash dividend distribution date for 2021. 4. Approved the renewal of the Company's credit line with Cathay United Bank. 5. Approved the Company's proposal to issue RSA shares for employees.
2021.11.08	1. Approved the Company's financial statements for 2021 Q3. 2. Approved the Company's audit plan for 2022. 3. Approved the cancellation of the Company's RSA shares in 2021 Q3. 4. Approved the amendment of the "Self-Evaluation or Peer Evaluation of the Board of Directors" of the Company.
2022.01.19	1. Approved the Company's application for extension of credit line from Shanghai Commercial and Savings Bank.
2022.03.14	1. Approved the "Declaration of Internal Control System" for 2021. 2. Approved the amendment to the "Procedures for the Acquisition and Disposal of Assets". 3. Approved the amendment to the "Procedures for Election of Directors". 4. Approved the extension of the Company's credit line with Cathay United Bank. 5. Approved the extension of the Company's credit lines with Mega International Commercial Bank". 6. Approved the Company's business report and financial statements for 2021. 7. Approved the Company's 2021 earnings distribution proposal. 8. Approved the distribution of remuneration for directors and employees in 2021. 9. Approved the date, venue, and agenda of the 2022 annual regular shareholders' meeting.

(13) In the most recent year and up to the date of publication of the annual report, the major issues of record or written statements made by any director dissenting to important resolutions passed by the Board of Directors: None.

(14) Resignation of Chairman, President and other members of management team from

the preceding year to the printing date of this report: None.

5. Disclosure of Auditing Fees

Unit: NT\$ thousand

Accounting Firm	Name of CPA	Auditing Period	Audit Fee	Non-Audit Fee	Subtotal	Remarks
PwC Taiwan	Shih-Jung Weng	2021.01.01~ 2021.12.31	1,990	270	2,260	Non-audit fees are mainly for RSA shares for employees and audit fee on business owner.
	Chun-Yao Lin					
KPMG Taiwan		2021.01.01~ 2021.12.31		247	247	Non-audit fees are mainly for transfer pricing report and change of registration.

- (1) If there is any change in the appointed independent auditor firm and the Company's annual auditing expenses decreased simultaneously, information regarding the amount and reasons for the decrease in auditing fee shall be disclosed: Not applicable.
- (2) Auditing fee decreased by 10% or above in comparison to the previous year, information regarding the amount, percentage and reasons for the decrease in auditing fee shall be disclosed: Not applicable.

6. Change in independent auditors: None.
7. The Company's Chairman, President, manager (s) who is (are) responsible for financial or accounting affairs working in the accounting firm of the appointed independent auditors or the accounting firm's related parties within the past year: None.
8. Changes in shareholding of directors, supervisors, officers and major shareholders holding more than 10% shares for the preceding year to the date of printing of this annual report
 - (1) Changes in Shareholding and Shares:

Unit: Shares

Job title	Name	2021		Current year through March 31	
		Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares
Director	ASUSTeK Computer Inc. Representative: Jerry Shen	0	0	0	0
Director	ASUSTeK Computer Inc. Representative: Che-Wei Lin	0	0	0	0
Director	ASUSTeK Computer Inc. Representative: Ted Hsu	0	0	0	0
Director	Chin-Chuan Hsu	0	0	0	0
Independent Director	Hung-Chih Chan	0	0	0	0
Independent Director	Chien-Ping Hsieh	0	0	0	0
Independent Director	Ching-Chi Wu	0	0	0	0
President	Che-Wei Lin	(78,000)	0	0	0
Vice President	Alex Chen	(18,000)	0	0	0
Vice President	Chi Chang	0	0	0	0
Vice President	Weber Chuang	(15,000)	0	0	0
Associate Vice President	PS Tseng	1,140	0	0	0
Associate Vice President	Dixon Lin	(1,000)	0	0	0
Associate Vice President	Chiahsin Chen	0	0	0	0

Job title	Name	2021		Current year through March 31	
		Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares
Associate Vice President	YD Tseng	0	0	0	0
Accounting Manager	Martin Pan	0	0	0	0

(2) Information on equity transfers and pledges: Not applicable.

9. Information about the relationships among top ten shareholders, such as related parties, spouses, or relatives within the second degree of kinship

April 11, 2022; Units: Shares, %

Name	Shareholding		Shareholding under spouse and underage children		Shareholding under the title of third party		Top 10 shareholders who are related parties to each other under SFAS No. 6 or who are related to each other as spouses or second degree relatives		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
ASUSTeK Computer Inc.	24,457,660	35.33%	0	0	0	0	Huacheng Venture Capital, Co., Ltd.	It is a reinvestment company recognized by ASUSTeK Computer Inc. under the equity method.	-
							Huamin Investment Co., Ltd.	It is a reinvestment company recognized by ASUSTeK Computer Inc. under the equity method.	-
WT Microelectronics Co., Ltd.	9,000,000	13.00%	0	0	0	0	None	None	
Huacheng Venture Capital Co., Ltd.	4,918,014	7.10%	0	0	0	0	ASUSTeK Computer Inc.	It is a reinvestment company recognized by ASUSTeK Computer Inc. under the equity method.	-
							Huamin Investment Co., Ltd.	It is a reinvestment company recognized by ASUSTeK Computer Inc. under the equity method.	-
Huamin Investment Co., Ltd.	2,399,641	3.48%	0	0	0	0	ASUSTeK Computer Inc.	It is a reinvestment company recognized by ASUSTeK Computer Inc. under the equity method.	-
							Huacheng Venture Capital, Co., Ltd.	Affiliated company of ASUS Group	
Nan Shan Life Insurance Company, Ltd.	2,287,000	3.30%	0	0	0	0	None	None	--
Goldman Sachs Global Future Technology Leaders Equity managed by Standard Chartered	1,297,000	1.87%	0	0	0	0	None	None	
Cathay Life Insurance Co., Ltd.	802,592	1.16%	0	0	0	0	None	None	-
Che-Wei Lin	785,761	1.14%	0	0	0	0	None	None	
Allianz Global Investors - Allianz Oriental Income Equity managed by Standard Chartered	710,000	1.03%	0	0	0	0	None	None	-

Name	Shareholding		Shareholding under spouse and underage children		Shareholding under the title of third party		Top 10 shareholders who are related parties to each other under SFAS No. 6 or who are related to each other as spouses or second degree relatives		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
The Government of Singapore Investment Corp. Equity managed by Citibank	686,000	0.99%	0	0	0	0	None	None	-

10. Number of the shares in the same investees held by the Company and its directors, supervisors, managers and the enterprises directly or indirectly controlled by the Company, and calculation of the combined shareholding ratio: None.

4. Capital and Shares

1. Capital and Shares

(1) Type of Shares

Unit: Shares

Type of Shares	Authorized Shares			Remarks
	Outstanding Shares	Unissued Shares	Total	
Order common stock	69,218,051	50,781,949	120,000,000	All listed as ordinary shares

(2) Issued Shares

1. Changes of Capital in the last five years and during the most recent fiscal year up to the date of publication of the annual report

Year Month	Per Share (NT\$)	Approved share capital		Paid-in capital		Remarks		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Source of capital	Capital increased by assets other than cash	Other
2004.03	10	20,000,000	200,000,000	20,000,000	200,000,000	Incorporation	—	—
2007.05	10	30,000,000	300,000,000	30,000,000	300,000,000	Cash increase of NT\$100 million	—	Note 1
2008.04	10	60,000,000	600,000,000	30,000,000	300,000,000	—	—	Note 2
2009.05	10	60,000,000	600,000,000	40,000,000	400,000,000	Cash increase of NT\$100 million	—	Note 3
2011.06	10	60,000,000	600,000,000	42,486,000	424,860,000	Increase in employee stock options by NT\$24.86 million	—	Note 4
2011.09	25	60,000,000	600,000,000	47,486,000	474,860,000	Cash increase of NT\$50 million	—	Note 5
2012.09	10	60,000,000	600,000,000	51,284,880	512,848,800	Increase in capital of NT\$37.9888 million from retained earnings	—	Note 6
2012.12	62	60,000,000	600,000,000	56,387,880	563,878,800	Cash increase of NT\$51.03 million	—	Note 7
2015.03	10	60,000,000	600,000,000	57,119,880	571,198,800	Restricted stocks of NT\$7.32 million	—	Note 8
2015.08	10	60,000,000	600,000,000	57,090,880	570,908,800	Cancellation of restricted stocks of NT\$290,000	—	Note 9
2015.12	10	60,000,000	600,000,000	57,086,880	570,868,800	Cancellation of restricted stocks of NT\$40,000	—	Note 10
2016.08	10	60,000,000	600,000,000	57,084,780	570,847,800	Cancellation of restricted stocks of NT\$21,000	—	Note 11
2016.11	10	60,000,000	600,000,000	57,070,780	570,707,800	Cancellation of restricted stocks of NT\$140,000	—	Note 12
2017.08	10	60,000,000	600,000,000	57,070,180	570,701,800	Cancellation of restricted stocks of NT\$6,000	—	Note 13
2017.09	10	90,000,000	900,000,000	60,037,861	600,378,610	Increase in capital of NT\$29,676,810 from retained earnings	—	Note 14
2020.02	10	120,000,000	1,200,000,000	60,037,861	600,378,610	Change the Articles of Incorporation to increase the total capital by NT\$300 million	—	Note 15
2020.05	10	120,000,000	1,200,000,000	69,222,861	692,228,610	Increase capital by exchange of shares and issuance of restricted stocks for total capital of NT\$91,850,000	—	Note 16
2021.06	10	120,000,000	1,200,000,000	69,220,641	692,206,410	Cancellation of restricted stocks of NT\$22,200	—	Note 17
2021.12	10	120,000,000	1,200,000,000	69,218,051	692,180,510	Cancellation of restricted stocks of NT\$25,900	—	Note 18

Note 1: 2007.5.14 Taipei City Construction Management Office No. 09684324300

Note 2: 2008.4.15 Department of Commerce, Ministry of Economic Affairs No. 09732085830

Note 3: 2009.5.13 Department of Commerce, Ministry of Economic Affairs No. 09832232630

Note 4: 2011.07.13 Department of Commerce, Ministry of Economic Affairs No. 1005041100

Note 5: 2011.10.6 Taipei City Office of Commerce No. 1005063117

Note 6: 2012.09.13 Department of Commerce, Ministry of Economic Affairs No. 10101191140

Note 7: 2012.12.27 Department of Commerce, Ministry of Economic Affairs No. 10101264710

Note 8: 2015.03.11 Department of Commerce, Ministry of Economic Affairs No. 10401033430

Note 9: 2015.08.25 Department of Commerce, Ministry of Economic Affairs No. 10401178550
Note 10: 2015.12.01 Department of Commerce, Ministry of Economic Affairs No. 10401251170
Note 11: 2016.08.12 Department of Commerce, Ministry of Economic Affairs No. 10501197100
Note 12: 2016.11.29 Department of Commerce, Ministry of Economic Affairs No. 10501276090
Note 13: 2017.08.28 Department of Commerce, Ministry of Economic Affairs No. 10601121810
Note 14: 2017.09.13 Department of Commerce, Ministry of Economic Affairs No. 10601129810
Note 15: 2020.02.26 Department of Commerce, Ministry of Economic Affairs No. 10901030460
Note 16: 2020.05.21 Department of Commerce, Ministry of Economic Affairs No. 10901071830
Note 17: 2021.06.23 Department of Commerce, Ministry of Economic Affairs No. 11001096420
Note 18: 2021.12.02 Department of Commerce, Ministry of Economic Affairs No. 11001218320

2. Related information based on shelf registration policy: None.

(3) Shareholder Structure

April 11, 2022

Quantity \ Status of shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	5	21	158	3,386	488	4,053
Shareholding (shares)	—	3,728,595	46,310,660	3,691,665	15,487,131	69,218,051
Percentage (%)	—	5.39	66.91	5.33	22.37	100.00

(4) Distribution Profile of Share Ownership

Per share of NT\$10; April 11, 2021

Category of Shareholdings (Unit: Share)	Number of Shareholders	Ownership (shares)	Ownership (%)
1 - 999	2,617	143,976	0.21%
1,000 - 5,000	1,022	1,819,028	2.63%
5,001 - 10,000	118	910,066	1.31%
10,001 - 15,000	52	665,102	0.96%
15,001 - 20,000	48	868,088	1.25%
20,001 - 30,000	45	1,107,233	1.60%
30,001 - 40,000	26	902,432	1.30%
40,001 - 50,000	21	973,865	1.41%
50,001 - 100,000	41	2,917,419	4.21%
100,001 - 200,000	33	4,495,713	6.50%
200,001 - 400,000	13	3,648,000	5.27%
400,001 - 600,000	6	2,813,541	4.06%
600,001 - 800,000	4	2,791,681	4.03%
800,001 - 1,000,000	1	802,592	1.16%
Over 1,000,001	6	44,359,315	64.10%
Total	4,053	69,218,051	100.00%

(5) List of Major Shareholders: All shareholders with a stake of 5 percent or greater, and also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list

April 11, 2022

Name of major shareholders	Shareholding	Percentage (%)
ASUSTeK Computer Inc.	24,457,660	35.33%
WT Microelectronics Co., Ltd.	9,000,000	13.00%
Hua Cheng Venture Capital Ltd.	4,918,014	7.10%
Hua Min Investment Co., Ltd.	2,399,641	3.48%
Nan Shan Life Insurance Co., Ltd.	2,287,000	3.30%
Goldman Sachs Global Future Technology Leaders Equity by Standard Chartered.	1,297,000	1.87%
Cathay Life Insurance Co., Ltd.	802,592	1.16%
Che-Wei Lin	785,761	1.14%
Allianz Global Investors - Allianz Oriental Income Equity managed by Standard Chartered.	710,000	1.03%
The Government of Singapore Investment Corp. Equity managed by Citibank.	686,000	0.99%

(6) Market price, net value, earnings, and dividend per share in the last 2 years and related information

Units: NT\$ thousand, Thousand shares

Year			2020	2021	Current year through March 31, 2022 (Note 8)
Item					
Market price per share (Note 1)	Highest Market Price		1,960.00	2,455.00	2,065.00
	Lowest Market Price		564.00	955.00	1,480.00
	Average Market Price		1,283.64	1,671.12	1,739.68
Net worth per share (Note 2)	Before distribution		212.67	235.72	228.10
	After distribution		187.61	209.67	—
Earnings per share	Weighted average shares		66,308	69,076	69,093
	Earnings per share (Note 3)	Before adjustment	44.16	46.23	12.28
		After adjustment	44.16	46.23	—
Dividends per share	Cash dividends		24.00	26.00	—
	Stock dividends	Dividends from retained earnings	0	0	—
		Dividend from capital surplus	0	0	—
	Accumulated undistributed dividends (Note 4)		—	—	—
Analysis of return on investment	Price/Earnings ratio (Note 5)		29.07	36.15	141.67
	Price/Dividend ratio (Note 6)		53.48	64.27	—
	Cash dividend yield rate (Note 7)		1.87%	1.56%	—

Note 1: List the highest and lowest market price per share; also calculate the average market price per share in accordance with the trade amount and shares.

Note 2: Please base the information on the shares issued at year end and the resolution for stock distribution in shareholders meeting.

Note 3: If the stock dividend is to be adjusted retroactively, please list the earning per share before and after the adjustment.

Note 4: According to the regulations of securities issuance, if the dividends that is not distributed can be accumulated till the year with retained earnings, the accumulated unpaid dividend of the year must be disclosed.

Note 5: P/E ratio = Closing price per share for the year / Earnings per share.

Note 6: P/D ratio = Closing price per share for the year / Cash dividend per share.

Note 7: Cash dividend yield rate = Cash dividend per share/ Closing price per share of the year.

Note 8: Subject to the approval of the annual shareholders meeting.

Note 9: The data collected up to March 31, 2022 were included in the report printed on May 10.

(7) Execution of Dividend Policy

1. Dividend policy:

If there is earning in the Company's annual final accounts, it should be withdraw first to pay the taxes to make up for previous losses, and 10% of the statutory surplus reserve shall be provided. However, this limit is not applicable when the statutory legal reserve has reached the level of the Company's paid-in capital. In addition, according to the Company's operational needs and the provisions of laws and regulations, after the special reserve is listed or converted, if there is a remaining balance and the undistributed earnings at the beginning of the same period is the cumulative distributable surplus of shareholders, the board of directors shall draft an earnings distribution. When new shares are issued, they shall be distributed after a resolution at the shareholders meeting.

If the Company is to distribute all or part of its dividends and bonuses in cash, this shall be authorized by a meeting of the board of directors with more than two-thirds attending and more than half of those in attendance agreeing to the proposal, and this shall be then reported to the shareholders meeting.

The Company's dividend policy depends on factors such as its financial structure, operating conditions, and capital budget, taking into account shareholders' interests and the balance of dividends. The distributable earning may be retained at discretion or distributed in stock or cash. It is expected that the dividend distribution quota will be maintained between 10% and 100% of the available surplus for the current year. However, the proportion of cash dividend distribution shall not be less than 10% of the total dividend.

2. Status of the dividend distribution proposal to be made at the shareholders meeting:

- (1) The Company's net profit after tax for 2021 is NT\$3,193,148,444. After the allocation of the statutory legal reserve of NT\$331,378,355, the total earnings available for distribution for 2021 is NT\$4,310,508,659. The proposed distribution of cash dividends to shareholders is NT\$26 per share, totaling NT\$1,799,669,326.
- (2) Upon the approval of the annual meeting of shareholders, it is proposed that the Chairman be authorized to resolve the dividend record date and other relevant issues.
- (3) Distribution of Retained Earnings:

Unit: NT\$

Item	Amount	Note
Unappropriated earnings – beginning	1,328,103,462	
Add: Retained Earnings Adjustments	120,635,108	
Adjusted unappropriated earnings at beginning (accumulated deficit)	1,448,738,570	
Add: 2021 net income	3,193,148,444	
Less: Legal reserve (10%)	(331,378,355)	
Less: Reversal of special reserve	0	
Accumulated distributable earnings at end of 2021	4,310,508,659	
Distributed items:		
Shareholder bonus	1,799,669,326	NT\$26 per share
Undistributed earnings – ending	2,510,839,333	

3. Any material change in dividend policy expectations: None.
- (8) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:
The Company has not disclosed its financial forecast, so this is not applicable.
- (9) Remuneration of employees and directors
1. The percentages or ranges with respect to employee and director remuneration, as set forth in the company's Articles of Incorporation.
If the company makes a profit during the year, it shall allocate no less than 1% of the balance as the remuneration to employees and no more than 1% of the balance as the remuneration to directors. However, the amount to cover accumulated loss shall be reserved from the earnings in advance.
The subject of above-mentioned staff remuneration distribution shall include staff of controlling and affiliated company that complies with certain conditions.
 2. The basis for estimating the amount of employee and director remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.
The Company's estimated amount of remuneration for employees and directors is calculated in accordance with the provisions of the company's Articles of Incorporation. In the case of the accounting treatment of the discrepancy between the actual distributed amount and the estimated figure, it shall be identified as accounting changes and stated as the income of the year of allocation.
 3. Allocation of remuneration adopted by the board of directors in 2021:
 - (1) Remuneration to employees and directors to be allocated in cash.

Item	Amount (NT\$)
Remuneration to employees	249,545,838
Remuneration to directors	11,428,457

Any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized:
After the approval of the 2022 general meeting of shareholders, it will be deemed as a change in accounting estimates and recognized as profit and loss for 2022.

 - (2) The amount of remuneration to employees distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration:
This is not applicable because the company has no employee remuneration distributed by stocks in the current period.
4. The actual distribution of employee and director remuneration for 2020 (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee or director remuneration, the discrepancy, cause, and how it is treated:
 - (1) The distribution of remuneration for employees and directors during the year is

as follows:

Remuneration to employees: NT\$231,076,578

Remuneration to directors: NT\$10,665,073

- (2) Discrepancy between the actual distribution and the recognized employee or director remuneration, additionally the discrepancy, cause, and how it is treated: None.

(10) Status of the Company repurchasing its own shares: None.

2. Status of corporate bonds

- (1) Information on corporate bonds: None.
(2) Information on convertible corporate bonds: None.
(3) Information on exchangeable corporate bonds: None.
(4) Summary information on the issuance of corporate bonds: None.
(5) Information on corporate bonds with warrants: None.

3. Handling of preferred shares (preferred shares with warrants): None.

4. Status of global depository receipts: None.

5. Status of employee share subscription warrants: None.

6. Handling of new restricted employee stocks

- (1) Any restricted stock that have not yet met the vesting conditions

Types of new restricted shares	Restricted stocks for first time in 2019
Effective date of declaration	September 18, 2019
Issue date	April 22, 2020
Issued number of restricted stocks	185,000 shares
Issue price	Issue price NT\$0 (bonus shares)
Ratio of issued restricted stocks to total issued shares	0.3%
Vested conditions of restricted stocks	1. Proportion of vested shares one year after the issuance date of restricted stocks for those who are still working in the Company: 30%. 2. Proportion of vested shares two years after the issuance date of restricted stocks for those who are still working in the Company: 40%. 3. Proportion of vested shares three years after the issuance date of restricted stocks for those who are still working in the Company: 30%.
Restrictions on the custody of RSA	1. RSA (including stock dividends) allocated to employees under this method shall be delivered to a trust depository institution designated by the Company for safekeeping before the vesting conditions are met, and shall cooperate with the company in completing all procedures and signing of relevant documents. 2. In addition to the aforementioned restrictions on safekeeping, when

	<p>employees are allocated with RSA (including their stock dividends) before they have fulfilled the vesting conditions, except in the event of inheritance, the employees shall not sell, pledge, transfer, give away to others, provide as collaterals, or otherwise dispose of the RSA.</p> <ol style="list-style-type: none"> Before the vesting conditions are met, the employee rights on RSA including but not limited to the right to receive dividends, bonuses, capital surplus, and rights to subscribe and vote for cash capital increase. Same condition applies to the issuance of ordinary common shares. The employee's rights to attend, propose, express, access voting rights, and other matters related to shareholders' rights at company's shareholders meeting before the vesting conditions are met is entrusted to the trustee for the exercise of such rights. During the vesting period, if the company reduces its capital by any amount other than the statutory capital reduction, the RSA shall be canceled in proportion to the capital reduction. In addition, if the Company conducts a capital reduction in cash, the cash returned by the Company shall be delivered to the trust and shall be delivered to the employees only after the vesting conditions are met.
Safekeeping of restricted stocks	<p>The RSA must be delivered to a custodian trust immediately after the issuance. Cash dividend from the issuance of RSA are not required to be delivered to the trust for safekeeping until the vesting condition s met. After the employees meet the vesting conditions, the shares allocated to the trust account will be transferred to the employee's personal securities account in accordance with the trust custody agreement.</p>
Measures to be taken when employees are granted with RSA but failed to meet the vesting conditions	<ol style="list-style-type: none"> When an employee resigns, retires, or is dismissed with cause, the qualification to receive shares will be lost on the effective date of these circumstances, and the Company shall retrieve the RSA (including stock dividends) at no extra charge and cancel the shares if the conditions of vesting have not been met. In the event that of physically disability or death or cause of natural death due to an occupational disaster, the unvested shares of RSA shall be treated in the following manner: <ol style="list-style-type: none"> If an employee is physically disabled due to an occupational disaster and is unable to continue to work, the unvested RSA shall be deemed to have satisfied all vesting conditions from the effective date of the employee's resignation. If an employee dies as a result of an occupational disaster, the unvested shares of restricted employees' rights shall be deemed to be fully vested on the date of the employee's death, and the successor may apply to receive the shares to which he or she is entitled upon completion of the necessary statutory procedures and provision of relevant documents In the event of an employee's death not due to an occupational disaster, all conditions of vesting are deemed to have been met on the date of the employee's death, and the successor may apply to receive the shares to which he or she is entitled upon completion of the necessary statutory procedures and provision of relevant documents. If an employee has been approved by the Company to take a leave of absence without pay, the rights and benefits of the RSA that have not yet met the vesting conditions may be reinstated upon reinstatement, provided that the period of vesting of the RSA shall be deferred in accordance with the period of the leave of absence without pay. Due to the Company's operational needs, the employees are required and approved by the Company to transfer to the Company's affiliates, the Chairman of the Board of Directors or his/her

	<p>authorized supervisors may approve the percentage and the servicing period for meeting the vesting conditions within the time schedule specified in Article 5 of this section if the other vesting conditions specified in Article 5 are met during the year of transfer.</p> <p>5. The employee or his or her successor shall receive the RSA after the vesting condition has been fulfilled in accordance with this Article and the trust agreement in Article 6, Paragraph 1. If the Company's operations require the employee or his or her successor to cooperate in the share collection process, the employee or his or her successor shall cooperate in the share collection process within one year from the date the Company notifies the collection in accordance with Terms of Use. If the employee or his or her successor fails to do so, the employee or his or her successor shall be deemed to have refused to receive the shares and the Company shall have the right to retrieve the shares at no extra charge and cancel the shares.</p>
Number of RSA shares retrieved or purchased	4,810 shares
Number of RSA shares released	125,022 shares
Number of unreleased RSA shares	55,168 shares
Unreleased RSA to total shares outstanding (%)	0.08%
Effect on shareholders' equity	Has not yet caused a significant impact on shareholders' equity

(2) Names and status of managers and top ten employees who have obtained restricted stocks through the publication date of the annual report

Apr 22, 2022

	Position	Name	RSA shares acquired	RSA shares acquired to total shares outstanding	Restricted rights lifted				Restricted rights unlified			
					RSA shares released	Issue price	Issued amount	RSA shares released to total shares outstanding	RSA shares unreleased	Issue price	Issued amount	RSA shares unreleased to total shares outstanding
Managerial Officer	Associate Vice President	PS Tseng	11,050	0.02%	7,735	0	0	0.01%	3,315	0	0	0.005%
	Associate Vice President	Chiahsin Chen										
	Associate Vice President	YD Tseng										
Employee	Director	Karl Wang	23,940	0.03%	16,758	0	0	0.02%	7,182	0	0	0.01%
	Director	Jesse Huang										
	Director	ShengChung Wu										
	Vice Director	Shuyu Lin										
	Vice Director	Roger Lin										
	Vice Director	Curtis Lin										
	Senior Manager	Chingyen Wu										

Note: There is only one manager targeted for this distribution, so no additional disclosure of the allocation or subscription status will be made.

7. Mergers and acquisitions or stock shares transferred with new stock shares issued:

(1) During the most recent fiscal year and up to the date of publication of the annual report, the company has completed issuance of new shares in connection with a merger or acquisition or with acquisition of shares of other company:

- Concerning issuance of new shares in connection with merger or acquisition or with acquisition of shares of any other company within the past quarter: None.
- The execution of the new share issuance of other companies completed in the latest quarter: None.

(2) In the most recent year and as of the date of publication of the annual report, if the board of directors has approved the merger or transfer of shares of other companies to issue new shares, the implementation status and basic information of the merger or transferring company should be disclosed: None.

8. Implementation of the company's capital allocation plans

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: Not applicable.

V. Overview of Business Operation

1. Business Activities

(1) Business Scope

1. Primary Business Contents

- (1) F119010 Electronic materials wholesale industry.
- (2) I501010 Product design industry.
- (3) F118010 Information software wholesale industry.
- (4) I301010 Information software services industry.
- (5) I301030 Electronic information supply service industry.
- (6) F401010 International trade industry.
- (7) I301020 Data processing services industry.
- (8) ZZ99999 Besides those that are subject to approval, all businesses that are not prohibited or restricted by business law shall be operated.

2. The Proportion of Primary Business Products

Units: NT\$1,000; %

Primary Products \ Year	2020		2021	
	Sales	%	Sales	%
High-Speed Interface Controllers	6,005,582	85.95	4,560,956	75.90
High-Speed Device Controllers and Others	981,888	14.05	1,448,056	24.10
Total	6,987,470	100.00	6,009,012	100.00

3. Current Products (Services) Item

The Company is dedicated to the design and development, sales, and technical services of high-speed switch IC, PCIe bridge IC, and USB 3.0/USB 3.1/USB4 controllers. The following are the main business product items:

● USB Controllers

- ASM3242- USB 3.2 Gen2x2 Host
- ASM3241-USB 3.2 Gen2x2 Host
- ASM3142-USB 3.2 Gen2x1 Host
- ASM3042-USB 3.2 Gen1 Host
- ASM2364-USB 3.2 Gen2x2 to PCIe NVMe
- ASM2362-USB 3.2 Gen2x1 to PCIe NVMe
- ASM235CM-USB 3.2 Gen2x1 to SATA
- ASM1352R-USB 3.2 Gen2x1 to SATA
- ASM1156-USB 3.2 Gen1 to SATA
- ASM225CM-USB 3.2 Gen1 to SATA
- ASM1153E-USB 3.2 Gen1 to SATA
- ASM1153-USB 3.2 Gen1 to SATA
- ASM1074-USB 3.2 Gen1 Hub

- PCIe Bridge Controllers

- ASM2812I-PCIe Gen3 Packet Switch
- ASM2806I-PCIe Gen3 Packet Switch
- ASM2806A-PCIe Gen3 Packet Switch
- ASM2824-PCIe Gen3 Packet Switch
- ASM2812-PCIe Gen3 Packet Switch
- ASM2806-PCIe Gen3 Packet Switch
- ASM1812I-PCIe Gen2 Packet Switch
- ASM1806I-PCIe Gen2 Packet Switch
- ASM1824-PCIe Gen2 Packet Switch
- ASM1812-PCIe Gen2 Packet Switch
- ASM1806-PCIe Gen2 Packet Switch
- ASM1184e-PCIe Gen2 Packet Switch
- ASM1182e-PCIe Gen2 Packet Switch
- ASM1083-PCIe to PCI Bridge Controller

- SATA Controllers

- ASM1092-Port Multiplier
- ASM1092R-SATA RAID Controller
- ASM1166-PCIe to SATA Controller
- ASM1164-PCIe to SATA Controller
- ASM1064-PCIe to SATA Controller
- ASM1062-PCIe to SATA Controller
- ASM1061-PCIe to SATA Controller
- ASM1061R-PCIe to SATA RAID Controller
- ASM1062R-PCIe to SATA RAID Controller

- High-Speed Signal Switches, Mux/DeMux and Level Shifters

- ASM1442K-HDMI Level Shifter
- ASM1458-USB Switch
- ASM1456B-SATA Switch
- ASM1456-SATA Switch
- ASM1468-USB/SATA/PCIe Re-driver
- ASM1465-USB/SATA/PCIe Re-driver
- ASM1467-USB/SATA/PCIe Re-driver
- ASM1466-USB/SATA/PCIe Re-driver
- ASM1464-USB/SATA/PCIe Re-driver
- ASM1543-Type C Mux
- ASM2480B-PCIe Switch
- ASM1480-PCIe Switch
- ASM1562-USB 3.1 Gen 2 Re-Timer

- ASIC (Application Specific Integrated Circuit)

- Customized chip solutions.

4. New Products to Be Developed

- USB4 Host and Device Controllers and USB Hub.
- PCI Express Gen 5 Controllers.
- PD Controller
- Develop I/O Hub using low-power PHY.
- Develop complete product line of signal/packet switches to meet the requirements for different types of market.
- With continuous improvement and cost reductions in existing USB product lines in order to maintain current leading position.
- Conduct latest IC processing technology.
- Conduct latest IC packaging technology.

(2) Industry Overview

(1) Current Status of the Industry and Future Developments

A. Semiconductors and IC Design Industry

According to the World Semiconductor Trade Statistics (WSTS), the total sales value of the global semiconductor market is expected to reach US\$556.0 billion in 2021, an annual increase of 26.2%. The total sales value is expected to exceed US\$600 billion in 2022, representing a 10.4% annual growth rate and a record high. The overall semiconductor market will not be negatively impacted by the COVID-19 pandemic in 2021, with strong consumer demand driving double-digit growth rates in key product categories. The largest contributor to growth is memory (34.6%), followed by analog (30.9%) and logic (27.3%). FY2022 will see a continued shortage of chips and higher foundry prices.

Fall 2021 Q4 Update	Amounts in US\$M			Year on Year Growth in %		
	2020	2021	2022	2020	2021	2022
Americas	95,366	121,481	141,386	21.3	27.4	16.4
Europe	37,520	47,757	52,918	-5.8	27.3	10.8
Japan	36,471	43,687	47,928	1.3	19.8	9.7
Asia Pacific	271,032	342,967	371,291	5.1	26.5	8.3
Total World - \$M	440,389	555,893	613,523	6.8	26.2	10.4
Discrete Semiconductors	23,804	30,337	33,275	-0.3	27.4	9.7
Optoelectronics	40,397	43,404	46,844	-2.8	7.4	7.9
Sensors	14,962	19,149	22,442	10.7	28.0	17.2
Integrated Circuits	361,226	463,002	510,962	8.4	28.2	10.4
Analog	55,658	74,105	84,539	3.2	33.1	14.1
Micro	69,678	80,221	89,709	4.9	15.1	11.8
Logic	118,408	154,837	181,257	11.1	30.8	17.1
Memory	117,482	153,838	155,458	10.4	30.9	1.1
Total Products - \$M	440,389	555,893	613,523	6.8	26.2	10.4

Source: World Semiconductor Trade Statistics (WSTS)

B. Personal Computer Industry (hereinafter referred to as PCs)

According research from Gartner, overall PC shipments will reach 339.8 million units in 2021, up 9.9% from 2020.

Global Shipment Performance of Top 6 PC Brands in 2021

Unit: 1,000 PCs

PC Vendors	2021 Shipment	2021 Market Share (%)	2020 Shipment	2020 Market Share (%)	YoY (%)
Lenovo	84,017	24.7	76,113	24.6	10.4
HP	74,180	21.8	68,181	22.1	8.8
Dell	59,681	17.6	50,736	16.4	17.6
Apple	25,983	7.6	22,008	7.1	18.1
Acer	24,335	7.2	22,460	7.3	8.3
ASUS	21,656	6.4	17,849	5.8	21.3
Others	49,917	14.7	51,731	16.7	-3.5
Total	339,769	100.0	309,079	100.0	9.9

Note: Data includes desktops, laptops, ultra-thin laptops (e.g., Microsoft Surface) and Chromebooks, but excludes iPads. all data is based on preliminary research estimates. Final estimates are subject to change. Statistics are based on shipments to channel. Figures may not add up to the total shown due to rounding. Source: Gartner (January 2022)

IDC reports that PC shipments reached a 10-year high in 2021, with growth slowing this year. After the pandemic outbreak drove the PC market boom, some consumer and education demand has been gradually reduced. Without the chip shortage problem, 2021 shipments may be greater, chip problems are expected to remain in the first half of 2022. IDC revealed that the market demand peak has passed and growth is expected to slow in 2022.

Top 5 Companies, Worldwide Traditional PC Shipments, Market Share, and Year-Over-Year Growth, Q4 2021 (Preliminary results, shipments are in thousands of units)					
Company	4Q21 Shipments	4Q21 Market Share	4Q20 Shipments	4Q20 Market Share	4Q21/4Q20 Growth
1. Lenovo	21,701	23.4%	22,430	24.4%	-3.3%
2. HP Inc.	18,645	20.1%	19,266	21.0%	-3.2%
3. Dell Technologies	17,197	18.6%	15,797	17.2%	8.9%
4. Apple	7,602	8.2%	7,001	7.6%	8.6%
5T. ASUS*	6,105	6.6%	5,427	5.9%	12.5%
5T. Acer Group*	6,036	6.5%	6,538	7.1%	-7.7%
Others	15,367	16.6%	15,285	16.7%	0.5%
Total	92,653	100.0%	91,744	100.0%	1.0%

Source: IDC Quarterly Personal Computing Device Tracker, January 12, 2022

Source: IDC (2022/1/12)

In 2021, the notebook market has grown by 19.2%, reaching 240 million units. According to the MIC, in 2021, the pandemic will bring about a new lifestyle, prompting the growth of demand in the information industry, with the highest growth in notebooks.

In the processor segment, non-x86-based processors are expected to gradually expand their share in the information hardware industry, and the share of laptops with Arm-based processors will reach 10% in 2021. The growth is mainly due to the active investment of upstream chip and operating software vendors, plus the Chromebook market is growing gradually due to education bids from various countries. As the market grows, it is expected that the market share of Arm architecture will also continue to increase.

In 2021, the semiconductor industry will face even more severe capacity shortage and crowding problems, as the supply shortage extends from foundry to packaging and testing, resulting in high lead times and prices.

In 2021, as the COVID-19 pandemic continues to spread, many countries have implemented border controls, travel restrictions, and limiting large gatherings and processions to avoid mass infections. Many domestic and foreign educational institutions and state universities have been promoting cloud-based services for distance learning (including online learning, and verification). At the same time, in countries where the pandemic is more serious, some enterprises have started to purchase business laptops and extend the time of remote for their employees due to factors such as city closures and home isolation, replacing conference room meetings with video conferencing and cloud-based offices. In addition, the fever of the home economy has led to the booming development of e-commerce, Internet, online streaming audio and video services, video games and other industries, as well as the governments of various countries have successively offered subsidies to increase public demand for PCs and consumer electronics, further driving up demand for related supply chains.

C. Storage Industry

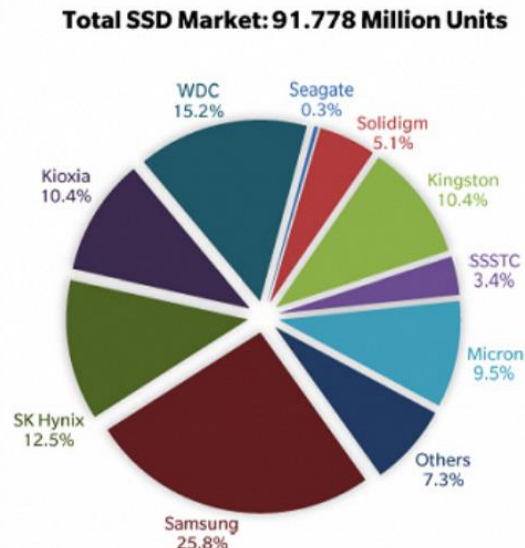
SSD (Solid State Disk) is composed of a control chip and a storage chip (NAND Flash chip), which utilizes the characteristics of traditional NAND Flash and uses block writing and erasing for reading and writing functions, so SSD is much faster than traditional hard disk in terms of reading and writing speed. SSDs also have the advantages of low power consumption, small size, anti-vibration, high stability, and low temperature resistance, the demand in the server and PC markets continues to rise.

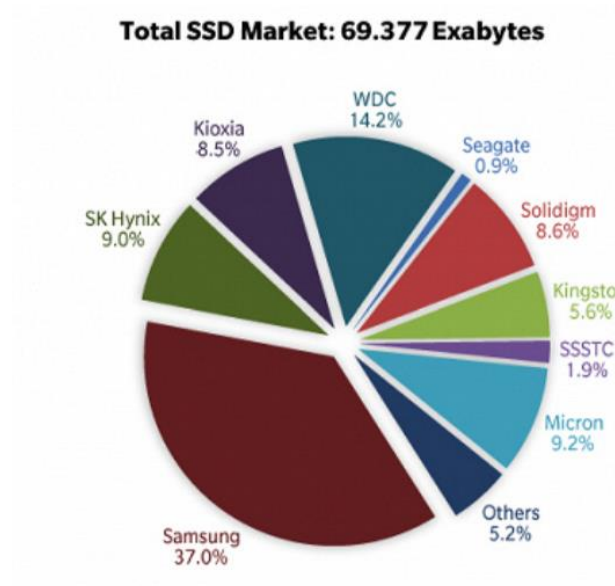
The SSD market continues to expand. According to Japanese research firm, Techno Systems Research, SSD shipments for laptops are estimated at 197 million units in 2021, far higher than the 34 million units shipped by rival HDDs. If the price of SSDs declines and PC manufacturers are willing to purchase them, it is expected to accelerate the replacement of HDDs.

According to data storage research by TrendFocus, a total of 373.2 million consumer SSDs were shipped worldwide in 2021, with a record annual growth rate of 12.4%, benefiting from the NB boom caused by the fever of the home economy. Looking at the industry trends, the 12% annual growth rate in notebook PC shipments and the 1% annual growth rate in desktop PC shipments during the same period drove the rapid growth of SSDs, reflecting the widespread adoption of SSDs in the hardware market due to their advantages in performance, size and low power consumption.

In addition, a total of 91.8 million SSDs were shipped worldwide in 4Q 2021, an 11% increase compared to 4Q 2020, and 597.8 EB of SSDs were shipped worldwide in 2021, an increase of 29% compared to 2020.

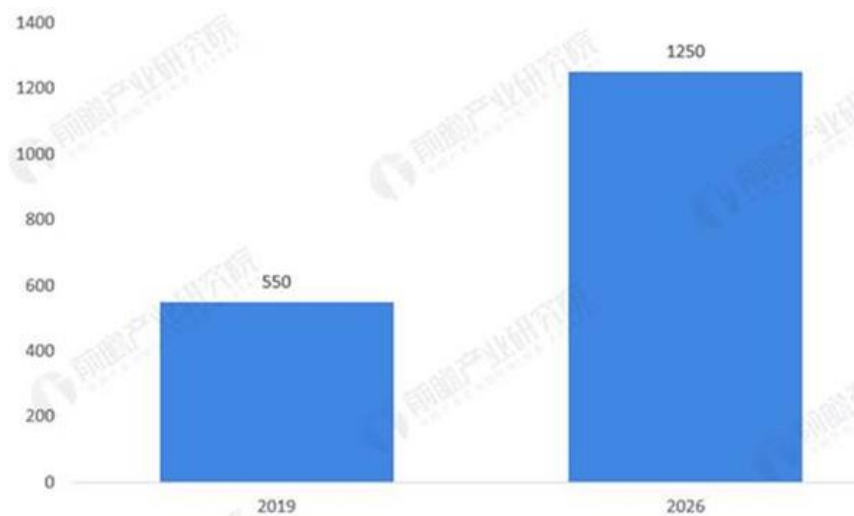
The following are the shipment and capacity statistics for Q4 2021.





Source: TrendFocus (2022/4)

In addition, the post-COVID-19 era is also driving demand for SSDs in data centers due to increasing data traffic from home office scenarios. According to Global Market Insight, the global SSD market size exceeded US\$55 billion in 2019 and is expected to maintain an average compound growth rate of 15% in the future, with the market size exceeding US\$125 billion by 2026.



Source: Global Market Insight (2022/2)

Since 2018, we have successfully developed USB 3.2/20G to PCIe NVMe controller products for SSDs and HDDs, providing up to 20Gbps bandwidth bridging for M.2 NVMe Express SSD external hard drive enclosures and supporting UASP (USB Attached SCSI Protocol) transfer protocol to provide faster transfer speeds for high-capacity storage devices with read/write transfer performance up to 2,000MB/s. SSDs will also benefit from the strong demand in the computer market in 2021 due to the impact of remote work, widening the gap between SSDs and HDDs.

(2) Upstream, midstream, and downstream industry linkages

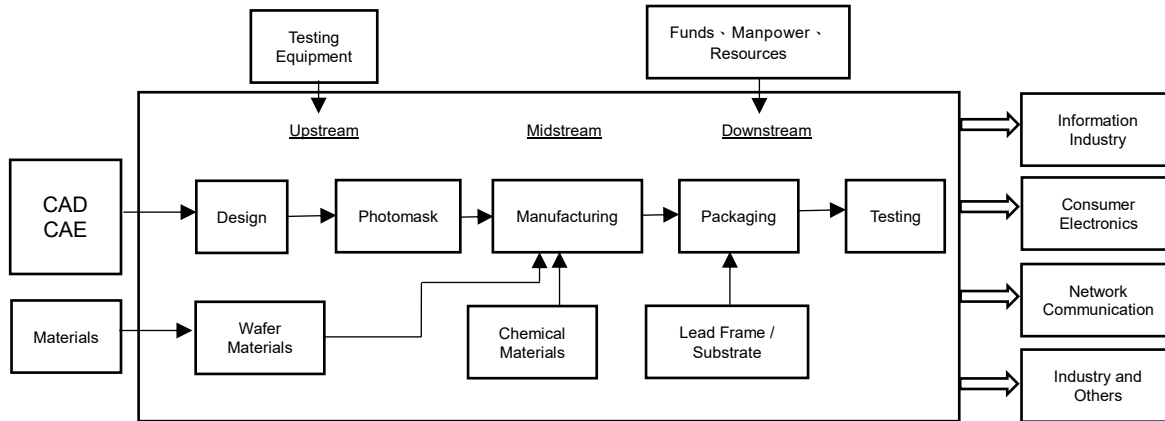
The Company is a leading IC design company with R&D capabilities in PCIe, USB, and SATA high-speed transmission interfaces. It is mainly engaged in the research, development, design and sales of high-speed interface ICs and high-speed device controller ICs, such as high-speed Switch ICs, PCIe bridge chip ICs and USB control ICs, among which high-speed interface ICs (i.e. high-speed Switch ICs and PCIe bridge chip ICs) are mainly used in personal computers, while high-speed device controller ICs (i.e. USB control ICs) are mainly used in storage devices.

The source of IC products comes from IC design, and IP is the intellectual property of IC design. The IP development process includes IP design and IP verification, and in IC design, IP core reuse can effectively shorten the product development cycle and reduce costs. Today's IC designs have significantly increased the number of functions and therefore must utilize existing validated IP components in order to meet time-to-market requirements. However, due to the differences in functional requirements and technical processes, companies must provide various types of IP, thus creating companies that specialize in IP design. IC design uses CAD and other auxiliary tools to express the specifications and functions of customer or self-developed products through circuit design by ICs, which is how the functions of a chip are transferred from logic design to wafer design. ICs can be simply divided into two major categories: analog ICs and digital ICs. The global IC design industry has shifted its focus from computer computing to mobile devices, and then further into IoT and artificial intelligence fields, and has entered the era of a three-way division between the United States, Taiwan, and China.

The process of IC manufacturing is to take the wafers made by the foundry, print the basic circuit pattern on them with photomasks, and then use oxidation, diffusion, CVD (Chemical Vapor Deposition), etching, and ion implantation to make the circuit and circuit components on the wafers. Since the circuit design on ICs is a layered structure, it is necessary to go through several iterations of mask input, pattern creation, and circuit and component formation before a complete integrated circuit can be made. Taiwan IC manufacturers are still ahead of the competition in the development of TSMC's advanced process technology.

IC packaging is a process in which the diced wafers are covered with plastic, ceramic or metal to protect them from contamination and to facilitate assembly, and to achieve electrical connection and heat dissipation between the wafer and the electronic system. IC testing can be divided into two stages. The first is wafer testing before packaging, which mainly tests electrical properties. The other is the finished IC test, which is mainly to test whether the

IC function, electrical properties and heat dissipation are normal to ensure quality. With the rise of IoT applications, Taiwan's IC packaging and testing industry continues to develop high-end packaging and heterogeneous integration technologies to widen the gap with competitors. The upstream, midstream, and downstream correlations of the industry to which the Company belongs are illustrated below:



Source: IT IS Project of Industrial Economics & Knowledge Center of ITRI provided by Yuanta Securities

(3) Various trends of product development

A. Switch IC Technology

High-speed Switch ICs and PCIe Bridge ICs are widely used. In response to the trend of major CPU chipset manufacturers to improve performance and reduce cost, chipsets cannot be designed to support multiple signal transmission specifications, or with the popularity of high-speed interfaces. Thus, the design limitation arising from them have increased. High-speed Switch ICs and PCIe Bridge ICs are the main solutions for motherboard manufacturers and related applications to meet the demand of supporting multiple signal transmission specifications at the same time. Through the high-speed Switch IC and PCIe Bridge IC, both the main transmission signal of SATA hard drive and external device USB can be converted into PCIe signal mainly supported by the chipset, and the chipset can support multiple applications and external high-speed signal transmission at a lower cost.

B. New USB Technology

USB is one of the most successful PC interface of all time, with a wide variety of product applications to suit almost any device function. Common USB peripheral products include mice, keyboards, hard disks (storage devices), DVD drives, printers, speakers, and digital cameras. USB is also suitable for data acquisition, control systems, or special design applications, and is not only reliable, fast, versatile, and inexpensive, but is supported by all major operating systems.

The USB Implementer's Forum (USB-IF) in the new USB 4.0 specification mentioned that the vision of USB is to use a simple interface to connect all forms of electronic products, from cell phones to computers to

monitors, to support the USB Type-C (USB-C) terminal; another key point is that USB should be able to transfer all kinds of transmission needs "sound, video, data, power transmission" in one go. The other key point is that USB is designed to cover all kinds of transmission needs: audio, video, data, and power transmission. In short, the previous power cable, audio cable, video transmission, network signal cable, now only a USB-C can be used instead. In the future, USB 4.0 alone can provide up to 40Gb/s transmission speed, connect to a screen, and transmit 8K images, and even support power transmission (USB-PD) to quickly charge a laptop and eliminate the need for a USB power cable.

USB Specification

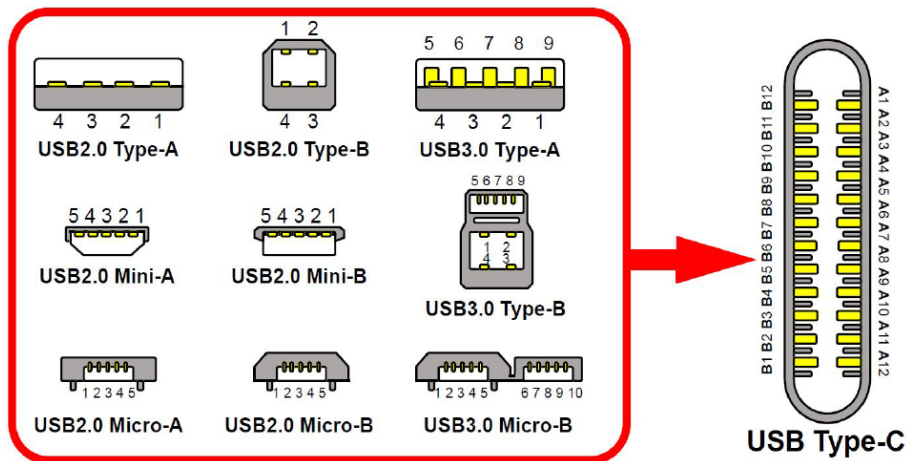
USB Version	Official Name	Theoretical Max. Transfer Rate	Marketing Name	Release Date
USB 2.0	USB 1.0	1.5Mbps	Low-Speed	Jan 1996
	USB 1.1	12Mbps	Full-Speed	Sep 1998
	USB 2.0	480Mbps	High-Speed	Apr 2000
USB 3.2	USB 3.1 Gen1	5Gbps	SuperSpeed USB	Nov 2008
	USB 3.1 Gen2	10Gbps	SuperSpeed USB 10Gbps	Jun 2013
	USB 3.2 Gen2x2	20Gbps	SuperSpeed USB 20Gbps	Sep 2017
USB 4	USB4 Gen3x2	40Gbps	USB4 40Gbps	Sep 2019

Source: USB Implementers Forum

The main reason why USB-IF chose USB Type-C as the only official standard for the current USB 3.2 standard is that the 24 definable pins of USB-C far exceed those of USB-A and USB-B. Higher speeds require more bandwidth support, and only more definable pins can effectively increase channel bandwidth. Among them, USB 3.2 Gen2x2 uses Tx/Rx x2 channels with a total of 8 pins to achieve a transmission bandwidth of 20Gbps.

A few years ago, the VESA organization and USB-IF jointly launched the "DisplayPort over USB-C" program that allows the USB-C interface with DP video transmission. When Intel released Thunderbolt 3 standard, in addition to speed increase to 40Gbps, another obvious change is the replacement of previous mini DP interface to the USB-C interface, which can support dual 4K output. Apple's Macbook with USB Type-C interface also provides DP output through the USB-C interface, and can also achieve VGA and HDMI output by connecting to an adapter.

The advantage of the USB Type-C interface that supports USB 3.2/4.0 is that it can be plugged in both forward and reverse directions, and its transmission speed can theoretically reach 20Gbps to 40Gbps. In addition, the USB Type-C interface is significantly smaller in length and width than the conventional Micro USB interface. For handheld mobile devices, USB Type-C is clearly a better standard. In terms of charging, unlike the earlier version of the port that only supported 5V, USB Type-C can provide up to 20V and 5A current output, with a maximum output power of 100W and support for fast bi-directional power supply, using a smartphone as the charging medium to temporarily charge other devices, making USB Type-C able to take on the majority of handheld and mobile devices on the market. This allows USB Type-C to meet the charging requirements of most handheld and mobile devices on the market.

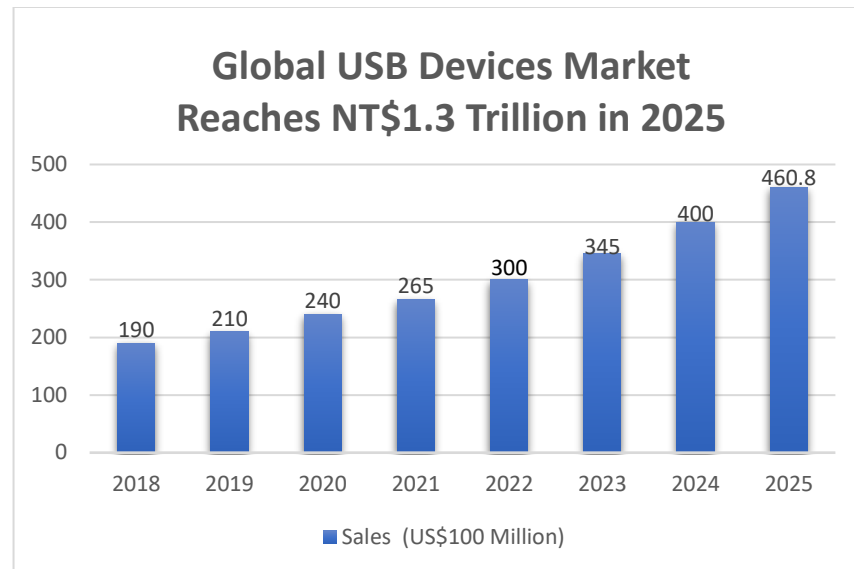


Source: USB Implementers Forum

USB4 needs to be verified before it can obtain certification approval and be sold. Therefore, the USB-IF has launched a certification program to ensure that USB4 can be used for data transfer and power transmission through Type-C ports and to strengthen the security principle. Under this certification compatible system, companies that have developed their own USB4 PHY IP are able to launch USB4 controllers.

With Intel's new platform that combines USB4 and Thunderbolt 4, a high-speed transmission platform that spans hundreds of millions of devices across cell phones and computers will soon be available. Building on the past experience in USB product line development and problem solving, the company is actively initiating next-generation USB4 development in anticipation of bringing better performance and user experience to consumers and customers of all generations.

Due to the strategy and product quality control, the company has entered the stage of dominance where the big players will always dominate, and have completed the development and mass production of both device and host controllers for the USB 3.2 Gen2x2 20G specification, and will continue to maintain the leading position in USB 3.2. In addition, the USB-IF has announced the next-generation USB4 specification, and the company has already invested in its development, hoping to obtain the first opportunity in the USB4 market.



Source: Market Research Future (2020/9)

C. PCI Gen4 Technology

PCI-Express (PCIe) is currently the fastest slot design for computer bus bandwidth. PCIe Gen3 was originally the mainstream of the market, and most of the graphics cards used this interface at that time, but after 2019, PCIe Gen4 products began to appear. The bandwidth per lane (BW) is 2GB/s, double that of PCIe Gen3. In order to support 64GBps transfer rate, the PCIe 4.0 technology architecture has not been significantly changed, but there are some slight changes in the connector part. However, for related manufacturers, PCIe 4.0 is still backward compatible with the previous version of the connector, so there is no need to worry about the adoption of PCIe 4.0 specification will replace all the existing devices.

The primary target markets for PCIe 4.0 is to increase bandwidth through cost-effective manner to address the needs of large data applications, as well as workstations, servers, desktops, laptops, tablets, embedded systems, peripherals, and high-performance computing market. Although PCIe currently has room for artificial intelligence, enterprise servers, automobiles, cloud service systems, personal computers (PC) and mobile devices, and storage devices, and some companies are beginning to implement PCIe interfaces, it is expected that storage system and servers will continue to be the majority of PCIe 4.0 applications.

The company's new PCIe Gen3 switch chipset has been developed and entered mass production. In addition, the new generation PCIe Gen3 to multi-port SATA chip has been developed and entered mass production, offering customers with a variety of options outside of U.S. manufacturers for industrial control and data access needs. In terms of new technology, the company has invested in the research and development of PCIe Gen4 IP to continue to cultivate the high-speed IC market.

Evolution and Comparison of PCIe Specification

Gen	Raw Bit Rate (GT/s)	Link Bandwidth	Bandwidth per Lane (in each direction)	Total x16 Bi-Directional Bandwidth
PCIe 1.x	2.5GT/s	2Gb/s	250MB/s	8GB/s
PCIe 2.x	5.0GT/s	4Gb/s	500MB/s	16GB/s
PCIe 3.x	8.0GT/s	8Gb/s	~1GB/s	~32GB/s
PCIe 4.0	16GT/s	16Gb/s	~2GB/s	~64GB/s
PCIe 5.0	32GT/s	32Gb/s	~4GB/s	~128GB/s

Source: PCI-SIG

(4) Status of Market Competition

The company's core competency comes from the development and application of high-speed transmission interface technology. Since switch IC and PCIe bridge chips possess high entry barriers, only relatively few domestic companies are engaged in the R&D and production of related products. At present, the main competitors of our products are all foreign manufacturers, including Pericom Semiconductor (a subsidiary of Diodes Inc.), PLX Technology (a subsidiary of Broadcom), and Texas Instruments, etc.

At present, the company's USB 3.2 Gen2x2 20G product is the fastest and the only controller chip in the market that can support both device and the host respectively. This chip has successfully entered mass production and has been well received by customers. In order to consolidate its competitive advantage, the company will continue to launch new products to continuously optimize performance and enhance compatibility, and continue to invest in research and development in related fields to maintain its leading position in the market.

(3) Overview of Technology and R&D

1. R&D expenses in 2021 and till up to date of publication.

Units: NT\$ thousand, %

Item	2021	As of March 31, 2022
R&D expenditures	989,056	301,272
Net operating income	6,009,012	1,463,334
Percentage of revenue (%)	16.46%	20.59%

2. Technologies or products successfully developed in most recent years

Year	Model	Product Features	Main Function
2008	ASM1441	Mux/DeMux HDMI/DVI Compliance Signals Switch	Can be used for signal path switching or signal selection.
	ASM1442	HDMI/DVI Level Shifter	Upgrade non-HDMI/DVI signals to HDMI /DVI level.
2009	ASM1051	SuperSpeed USB to SATA Bridge Controller	Convert USB 3.0 signals to SATA signals.
	ASM1052	USB 3.0 / eSATA to SATA	Convert USB/eSATA signals to SATA signals.

Year	Model	Product Features	Main Function
	ASM1443	1:2 HDMI/DVI Switch Level Shifter	Upgrade the signal level to HDMI/DVI level and switch to output either the source signal or HDMI/DVI level signal.
	ASM1445	HDMI/DVI 3.3V Mux/DeMux Switch	Can be used for signal path switching or signal selection. Support 3.3 volt voltage.
	ASM1452	4 Differential-Channels LVDS Mux/DeMux Switch	Can be used for signal path switching or signal selection.
	ASM1453	SATA II Mux/DeMux Switch	Can be used for signal path switching or signal selection.
2010	ASM1041	PCI Express to SuperSpeed USB Host Controller	1-port USB 3.0 SuperSpeed USB 3.0 host controller.
	ASM1051E	SuperSpeed USB to SATA Bridge Controller	USB 3.0 to SATA6G device controller.
	ASM1051U	SuperSpeed USB to SATA Bridge Controller	USB 3.0 to SATA3G UASP device controller.
	ASM1054	SuperSpeed USB to SATA Bridge Controller for Ultra Slim Form Factor	The world's smallest USB 3.0 to SATA 3G controller.
	ASM1061	PCI Express 2.0 to SATA 6Gbps Controller	PCIe to SATA6G bridge chip.
	ASM1062	PCI Express to SATA6G and PATA Controller	PCIe to SATA6G and PATA bridge chip.
	ASM1083	PCI Express to PCI Bridge	3-port PCIe to PCI controller.
	ASM1085	PCI Express to PCI Bridge	5-port PCIe to PCI controller.
	ASM1455	SuperSpeed / SATA III	Can be used for signal path switching or signal selection
	ASM1456	SATA III Mux/DeMux Switch	Can be used for signal path switching or signal selection
	ASM1458	USB 3.0 Switch	Can be used for signal path switching or signal selection
	ASM1053	SuperSpeed USB to SATA Bridge Controller with UAS	USB 3.0 to SATA6G+UAS controller with integrated power control function.
	ASM1463	SATA II Re-Driver	SATA3G signal conditioner.
	ASM1464	USB 3.0 Re-Driver	USB 3.0 signal conditioner.
	ASM1465	USB 3.0 Re-Driver	USB 3.0 signal conditioner.
	ASM1466	USB 3.0 Switch	SATA 6G signal conditioner.
	ASM107X	SuperSpeed USB to SATA Bridge Controller with UAS	USB 3.0 hub.
	ASM103X	SATA II Re-Driver	USB 3.0 Flash drive controller.
2011	ASM1051A	USB 3.0 Re-Driver	USB 3.0 to SATA controller with encryption function.
	ASM1053	USB 3.0 Re-Driver	USB 3.0 to SATA6G+UAS controller with integrated power control.

Year	Model	Product Features	Main Function
	ASM1054	SATA III Re-Driver	USB 3.0 to SATA6G+UAS controller with integrated power control.
	ASM107X	USB 3.0 Hub Controller	USB 3.0 hub.
	ASM103X	Flash Disk Controller	USB 3.0 USB Flash drive controller.
2012	ASM1182	SuperSpeed USB to SATA Bridge Controller with Security	PCIe expansion chip.
	ASM1187	SuperSpeed USB to SATA Bridge Controller with UAS	PCIe expansion chip.
	ASM1184	SuperSpeed USB to SATA Bridge Controller with UAS	PCIe expansion chip.
	ASM1092	USB 3.0 Hub Controller	SATA expansion chip.
	ASM1092R	Flash Disk Controller	SATA expansion chip.
	ASM1442K	PCIe Packet Switch	4K/2K bit converter support
	ASM1042A	PCIe Packet Switch	xHCI USB 3.0 host controller.
2013	ASM1153	PCIe Packet Switch	New generation USB 3.0 device controller.
	ASM1154	SATA Port Multiplier	New generation USB 3.0 device controller IC in a compact package.
	10G/8G PHY	SATA Port Multiplier	10G/8G physical layer test chip.
	ASM1090R	4K/2K Support Level Shifter	SATA expansion chip.
	ASM1090	xHCI Supporting Host	SATA expansion chip.
	ASM1424	Next Generation USB 3.0 Device Controller	Can be used for signal path switching or signal selection.
2014	ASM1062R	Next Generation USB 3.0 Device with Slim Package	PCIe to SATA bridge chip with additional hardware disk acceleration.
	ASM1142	10G/8G PHY Test Chip	USB 3.1 host controller.
	ASM1141	SATA Port Multiplier	USB 3.1 host controller.
	ASM1352R	SATA Port Multiplier	USB 3.1 to SATA RAID controller.
	ASM1351	Thunderbolt and Display Port Switch	USB 3.1 to SATA bridge chip.
2015	ASM1543	SATA Express Controller IC	USB 3.1 Type-C signal conversion chip.
	ASM1562	xHCI1.1 Supporting Host	USB 3.1 Gen2 timing reconfiguration circuit chip.
	ASM1542	xHCI1.1 Supporting Host	USB 3.1 passive signal conversion chip.
2016	ASM235CM	USB 3.1 to SATA RAID Chip	USB 3.1 to SATA bridge chip.
	ASM2351	USB 3.1 to SATA Bridge Chip	USB 3.1 to SATA bridge chip.
	ASM2142	USB 3.1 Type-C Switch	New generation USB 3.1 host controller IC.
2017	ASM3142	USB 3.1 Gen2 Re-Timer	New generation USB 3.1 host controller chip (supports Multiple INs function)
	ASM18XX	USB 3.1 Passive Switch	PCIe Gen2 expansion chip.
	ASM28XX	USB 3.1 to SATA Bridge Chip (type C integrated)	PCIe Gen3 expansion chip.
2018	ASM2362	USB 3.1 to SATA Bridge Chip (type C integrated)	USB 3.1 Gen2 to PCIe bridge chip.
	ASM100X	xHCI1.1 Supporting Host	USB 3.1 Gen2 signal conditioner.

Year	Model	Product Features	Main Function
2019	ASM324X	xHCI1.1 Supporting Host (Support Multiple Ins)	USB 3.2 Gen2x2 20G host controller.
	ASM2364	PCIe Gen2 Packet Switch	USB 3.2 Gen2x2 to PCIe device controller chip.
	ASM1062A	PCIe Gen3 to SATA Bridge Controller	PCIe Gen3 to SATA port multiplier chip.
	ASM1064		
	ASM1164		
	ASM1165		
	ASM1166		
2022	28 nm	Test chip	28nm process chip testing.

(4) Long-term and short-term business development plans:

1. Short-term development plans

(1) Expand customer base and increase market share

From the current OEM or ODM leader with certification capability, the company will gradually expand to directly correspond with domestic and foreign brand manufacturers to expand market penetration and increase revenue scale.

(2) Strengthen the quality of customer service to ensure competitive advantage

Provide fast and high quality technology and acquire latest laboratory equipment to perform diagnostics, testing and validation services for specific customers, and suggest improvements to increase the value of the company and expand the differentiation from the competitors.

(3) Establish company awareness

Actively participate in exhibitions, introduce, and release new products, and cooperate with system manufacturers to enhance company's reputation and visibility and identify potential new customers.

(4) Develop new business models

By integrating or optimizing company's in-house technology, and cooperating with domestic and international customers to develop specific ICs by method of revitalize IP utilization and increase customer adhesion.

(5) Through the cooperation with international manufacturers, and strengthen the service to brand manufacturers and establish trust to enter the supply chain of international manufacturers.

2. Long-term development plans

(1) Combine the market demand for applications to increase the depth and breadth of products

To grasp the pulse of market demand and customer response, and to accumulate design experience and integrated technology to effectively extend the depth of existing products and expand the breadth of product lines. In addition, select the research and development of products that are beneficial to both the company and customers to create a win-win situation.

(2) Strengthen personnel training and build corporate culture

In addition to continuously cultivating professional R&D and technical personnel to meet the company's future business objectives, the company

also cultivate the corporate culture of the organization members in order to establish an organizational culture with common values and achieve a common vision of sustainable management in response to the company's future sustainable growth.

- (3) Improve company's core structure, strengthen organizational effectiveness, and effectively enhance operational efficiency.

2. Market and Production Overview

(1) Market Analysis

1. Major product sales regions

Units: NT\$ thousand, %

Year		2020		2021	
		Sales	%	Sales	%
Domestic Sales		1,383,755	19.80	1,987,036	33.07
Export	North America	4,503,420	64.45	2,338,765	38.92
	Asia	1,000,033	14.31	1,571,105	26.14
	Others	100,262	1.44	112,106	1.87
	Total	5,603,715	80.20	4,021,976	66.93
Grand Total		6,987,470	100.00	6,009,012	100.00

Note: The information above is compiled and disclosed by shipping location.

2. Market Share

In 2021, the company shipped more than 109.90 million units of high-speed controller ICs. Among them, the cumulative shipment of high-speed device controller chips was about 55.07 million units, which makes the company a leading company in the same category. Since its establishment, the company has been continuously improving its R&D technology and has become an excellent example of a balanced development in terms of compatibility, stability and cost in the global industry, and has been highly recognized by customers in Europe and the United States.

The Company has also achieved a brilliantly high level of growth in its business performance in recent years. The future development and combination of a series of products with excellent product quality and high price competitiveness will enable the Company to maintain considerable growth potential in the future.

3. Future market supply and demand and growth

In terms of new technology development, the company has already invested in the research and development of USB4 and PCIe Gen4, and the design is expected to be finalized in the first half of 2022, and is expected to become the major supplier of USB4 host controller chips for motherboards and personal computers, and well-known OEMs or motherboard manufacturers will be the main customers.

Looking ahead to 2022, the demand for semiconductor chips will be strong due to the digital transformation trend brought about by the pandemic, and the

long-term structural increase in demand for semiconductors will be seen under the general industry trend. As the global 5G and high-speed computing chip market demand continues to drive the growth of handheld mobile devices, artificial intelligence, self-driving cars and electric vehicles, data centers, and personal computers, it is expected to drive the upgrade business opportunity of peripheral transmission high-speed and high-performance chips, which will drive the demand for chips, making chip-related issues continue to be the focus of the industry. In addition, Taiwan's semiconductor industry as a whole will maintain stable growth as the leading semiconductor companies have an international competitive advantage in high-end processes. However, the outbreak of the pandemic has not yet subsided, semiconductor wafer capacity is tight, key components are in short supply, and the U.S.-China trade, the war between Russia and Ukraine and technology disputes are the main risks affecting the industry outlook.

4. Competitive Advantage

(1) Experienced R&D team

Currently, more than 80% of the company's members are R&D, including digital logic design, analog design, software development, system development, and physical design teams. The senior R&D staff and management team have more than 10 years of experience in the semiconductor industry, and are able to provide high quality ICs to the customers through the division of labor and cooperation to enhance the technology level and build a high-quality talent and efficient R&D team to enable the company to provide high-quality ICs to customers.

(2) Maintain good relationship with customers and partners

The company provides complete product development services to the customers and are able to meet their needs in terms of product quality, delivery (effective inventory management and sales management), yield rate and after-sales service in a timely manner. In addition, integrating resources with strategic partners and developing vertical markets for related products. The company also provides in-house validation services for specific customers using new and sophisticated instrumentation in company's laboratories, and support the latest design, simulation and measurement technologies through well-designed product platforms to improve the timeliness of validation. Therefore, the company can maintain a good relationship with the customers and partners, which is essential to the future development of the operations.

(3) Diversified product portfolio

For applications associated with personal computer, industrial control, and data storage devices, the company provides USB controller chips such as USB 3.2 Gen2x2 Host, USB 3.2 Gen2x1 Host, USB 3.2 Gen2x2 to PCIe NVMe and USB 3.2 Gen2x1 to SATA ; PCIe bridge controller chips such as PCIe Gen2/Gen3 Packet Switch, and PCIe to PCI Bridge Controller; SATA controller chip such as SATA RAID Controller, and PCIe to SATA Controller; High Speed Switch controller chip such as USB Switch, and Type C Mux; Customized chip solution such as ASIC and PDK/KGD. Therefore, our company possesses high competitive advantage in strengthening the layout and planning of related applications and product extension and expansion.

- (4) R&D capabilities on high-speed PHY
The company has the ability to develop in-house high-speed physical layer (PCIe Gen2/Gen3/Gen4, SATA 6Gbps, USB 2.0/3.0/3.1/3.2 Gen2x2), which can reduce compatibility problems and provide better development speed and technology mastery. In addition, the company also possesses the core technologies of system-on-chip and analog circuit design, which are highly competitive in the face of diversified and real-time demands.
- (5) Leading technology quality certification
As a model in the USB 3.1/3.2 field, the company ranked first in the world in terms of UASP certification, KGD (Known Good Device) and PDK (Product Development Kit). After leading the world with the first USB 3.1 solution in 2014, the company continues to lead in USB host and device chips, and will continue to develop diverse and value-added niche products in the spirit of market leadership and product innovation. In addition, the company is actively participating in the development and discussion of USB4 specifications.
- (6) Accumulated customer success and product quality
After 10 years of hard work and management, we have assisted many customers to develop their products smoothly and cooperate with international manufacturers to apply in-house designed and produced high-speed I/O chips, accumulating many successful experiences and enriching our product line by differentiating specifications to meet mainstream market demands. In addition, the quality of our products is excellent, therefore, customers can reduce the risk, thus, having a stable customer base in return. However, the company still needs to continuously innovate and introduce new products to help customers achieve a leading position in the market.

5. Favorable and unfavorable factors and countermeasures for development prospect

A. Favorable factors:

- (1) High-speed interface products have a higher barrier to entry
The high-speed interface ICs sold by the company require a higher level of technology due to the integration of digital and analog IC design capabilities in the product development stage. Therefore, the entry barrier is higher than that of general ICs, which can avoid competitive price competition and protect the company's profitability.
- (2) Good relationship with upstream foundries and packaging and testing companies
The members of the company have been in the IC design industry for a long period of time, and have established long-term well relationship with upstream wafer foundries and packaging and testing companies. Thus, the company can obtain abundant and flexible capacity support.
- (3) Long-term and well relationships with customers
The motherboard and notebook computer manufacturers in the computer industry have been long-term customers of the company and good customer relationships were maintained throughout. As for consumer electronics products, sound results were achieved in the external hard disk market, and customers are highly satisfied with the

products and are willing to adopt them for long-term business cooperation.

- (4) The product line has sufficient depth and breadth to enhance product compatibility and provide customer with a variety of changes.
- (5) Possess a complete and total understanding of PC industry.
- (6) Most of the major competitors are US companies, and the transition of chip procurement strategy in China has created new market opportunities.

B. Unfavorable factors and countermeasures:

(1) Material cost and price competition

The company's product design and quality are of high standard, therefore, the foundry production is entrusted to domestic leading foundry, and the cost is high compared to other foundries. However, due to product quality, reliability, and customer satisfaction, the company still selects the leading foundry and turns to strengthen R&D design to rationalize costs and improve profit margins.

(2) Higher investment costs and rising professional labor costs for R&D

The company systematically analyze the market and prospective of the product invested in to ensure that the return on investment for all projects is in line with expectations. In addition, through the establishment of the company culture, we take care of the needs of our employees and build up their recognition.

(3) Longer period for training professional R&D staff

Through a complete recruitment plan and staff training to avoid staff succession, and through the matching of cooperation between senior staff and new staff, and strengthen the professional training of R&D staff to achieve the effect of experience transmission. The company actively recruit outstanding R&D and design talents domestically and overseas and conduct campus recruiting to recruit new blood.

(4) Rise of IC design industry in China

The company will continue to enhance the competitiveness of its own brands and strengthen the R&D capabilities.

(5) Frequent mergers and acquisitions for power of dominance

If small and medium-sized IC design companies do not have niche products, their bargaining power (cost and selling price) space will be compressed. The company will continue to strengthen its R&D capabilities and continue to develop niche products.

(6) Transitions of China's chip procurement strategy

Due to China's strong support for local and regional distributors, the company needs to invest a lot of manpower and resources to find reliable agents to reduce regional distribution and support costs and reduce variables.

(2) Important applications and production processes of major products

1. Important applications:

- (1) PCIe Bridge Chip: Allow computer-related industries to extend the required SATA, USB 3.2 and PCIe specifications.
- (2) High-Speed Switches: Allows motherboard customers to expand the display interface, PCIe or increase signal strength to expand different applications according to their needs.

- (3) USB 3.2 Device Controllers: Through the USB 3.2 device controller chip and the host controller chip, users can easily upgrade the computer performance, reduce waiting time and improve work efficiency and quality of life.
- (4) I/O Hubs: Equivalent to the role of south-bridge in a traditional PC in providing a possible complete specification extension.

2. Production Process:

The manufacturing of wafer process is entrusted to the foundry for production. The wafers produced by the foundry are sent to the packaging and testing plant for completion of packaging and testing, and then stored as inventory for sale. The following is the flow chart of the manufacturing process:



(3) Supply of raw materials

Raw Material	Supplier	Status
Wafer	Company A	Good

(4) Major Customers with over 10% net sales and Suppliers with over 10% total purchases of the last two fiscal years

1. Major Suppliers of the last two fiscal years

Units: NT\$ thousand, %

No.	2020				2021			
	Name	Amount	% of Total Purchase	Relation	Name	Amount	% of Total Purchase	Relation
1	Supplier A (Note 1)	2,146,705	99.96	None	Supplier A (Note 1)	1,504,004	99.93	None
2	Supplier B (Note 1)	771	0.04	None	Supplier B (Note 1)	996	0.07	None
	Total	2,147,476	100.00		Total	1,505,000	100.00	

Note 1: The names of suppliers who have purchased more than 10% of the total amount of goods in the last two years and the amounts and percentages of their purchases are listed, except for those suppliers whose names are not disclosed due to contractual agreements. If the name of the supplier or the counterparty is an individual and not a related party, the name can be used as the code.

Note 2: Explanation of the reason for the increase or decrease: The increase or decrease is due to the adjustment of the purchase strategy. Company A and B are the only two suppliers of the Company.

2. Major Customers of the last two fiscal years

Units: NT\$ thousand, %

No.	2020				2021			
	Name	Sales	% of Total Revenue	Relation	Name	Sales	% of Total Revenue	Relation
1	Customer A (Note 1)	4,500,898	64.41	None	Customer A (Note 1)	2,319,565	38.60	None
2	Customer B (Note 1)	547,773	7.84	Related party	Customer B (Note 1)	928,142	15.45	Related party
3	Other	1,938,799	27.75	—	Other	2,761,305	45.95	—
	Net sales	6,987,470	100.00		Net sales	6,009,012	100.00	

Note 1: The names of customers who have sold more than 10% of the total sales in the last two years and the amount and percentage of their sales are listed. If the customer's name is not disclosed or the counter-party is an individual and not a related party, the name may be used as the code.

Note 2: Explanation of the reason for the increase or decrease: Mainly due to the increase in customer demand.

(4) Production volume and value over the past two years

Unit: Thousands, NT\$ thousand

Production Value Major Products	Year	2020			2021		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
High-Speed Interface Controllers		—	120,730	3,048,480	—	30,073	422,556
High-Speed Device Controllers and Others		—	48,293	604,745	—	23,406	303,513
Total		—	169,023	3,653,225	—	53,479	726,069

(6) Sales quantities and values of the last two fiscal years

Unit: Thousands, NT\$ thousand

Sales Value Major Products	Year	2020				2021			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		QTY	Value	QTY	Value	QTY	Value	QTY	Value
High-speed interface controllers		23,983	433,770	80,529	5,571,811	21,044	534,895	88,718	4,026,061
High-speed device controllers and others		8,934	162,213	36,690	819,676	8,934	233,207	46,140	1,214,849
Total		32,917	595,983	117,219	6,391,487	29,978	768,102	134,858	5,240,910

3. Status of employees over the past two years and up to the date of publication

Units: Individuals, Age, Year, %

Year		2020	2021	2022 (As of March 31)
Number of Employees	Direct	0	0	0
	Indirect	249	246	258
	Total	249	246	258
Average Age		38.57	40	39.82
Average Years of Service		6.93	8.08	7.80
Education	Ph. D.	0.80	0.82	0.78
	Master	52.61	53.47	53.10
	University & College	46.59	45.71	46.12
	High School	0	0	0
	Below High School	0	0	0

4. Environmental Protection Expenditure

The total amount of losses (including compensation) and penalties incurred by environmental pollution in the most recent year and up to the date of printing of the annual report, together with future countermeasures (including improvement measures)

and possible expenses (including the estimated amount of losses, penalties, and compensation that may occur if countermeasures are not taken): None.

5. Labor Relations

(1) List employee welfare measures, continuing education, training, retirement system, and their implementation status, as well as the agreements between labor and measures to protect employees' rights and interests

1. Employee welfare measures

(1) In addition to the leave system that exceeds the requirements of the Labor Standards Act, the company also provides labor and health insurance, labor pensions, group accident insurance, regular health checkups for employees, travel subsidies, employee travel subsidies, year-end banquets, and year-end bonuses in accordance with the law.

(2) Other welfare measures: birthday gift vouchers, Labor Day vouchers, mid-autumn festival vouchers, implementation of employee stock option, and issuance of restricted stocks. A welfare committee is also set up to provide subsidies for weddings, funerals, hospitalization, and child birth, as well as diversified subsidies for social activities to relieve employee's work pressure and care for their lives.

(3) Health and safety aspects:

a. The company is a fabless IC design company with office premises located in a commercial building leased in urban area of the city. In order to provide a safe working environment for employees, it has established access control at all major entrances and exits, including elevators on each floor, which are registered by building security personnel to prevent non-company personnel from entering and leaving at will. At the same time, there is a security system and 24-hour connection with the security company to protect the safety of the company's personnel and property.

b. The office building where the company is located is equipped with a comprehensive fire safety system and regularly conducts various disaster prevention drills to enhance the disaster response capability of personnel and reduce disaster losses.

c. The company regularly conducts environmental disinfection, water quality testing from water dispensers, and air-conditioning system inspections, and places air purifiers in offices to provide employees with good working environment quality.

d. The company is completely smoke-free in the office area, and is committed to promoting workplace tobacco prevention and actively implementing smoke-free measures in the workplace, and have obtained the Health Workplace Self-Certification – Tobacco Prevention Certificate from Department of Health, Taipei City Government. Committing to establish a workplace free of second-hand smoke.

2. Employee education and training

The Company has established "Procedures for Educational Training and Management" to develop the knowledge and skills of the employees so that they can perform their functions, increase work efficiency, ensure work quality, and achieve the goal of creating competitive advantage. In order to strengthen the complete training and further education channels for employees, in addition to the training for new employees, which enables newcomers to quickly adapt and integrate into the organizational team, department heads and employees can also

plan to participate in domestic and international training courses and seminars according to their job requirements and project needs, in response to the current operating situation and the internal and external environmental trends of the company. In order to enhance the professional ability and core competitiveness of employees.

3. Employee retirement system and implementation

In accordance with the provisions of the "Labor Pension Act", the company makes monthly contributions of 2% of the total salaries paid to the retirement reserve, which is deposited under the account of Central Trust Bureau each month and stored in Bank of Taiwan for safekeeping. Since July 1, 2005, the implementation of Labor Pension Regulations (new system), employees who originally belonged to old pension system have chosen to apply the new system for their years of service, or, for employees who take up their posts after the implementation of the new system, their service years have been changed to a fixed allocation system. In accordance with the provisions of the Labor Pension Act, the company adopts at a rate of not less than 6% of the employee's monthly wages to the individual retirement account of the Labor Insurance Bureau.

4. Agreements between labor and measures to protect employee's rights and interests

The company's regulations are based on the Labor Standards Act, and employees have clear channels of communication to make suggestions and communicate with the Company on various issues such as systems and working conditions. Up to now, the labor relations are harmonious and there is no need for coordination due to labor disputes.

5. Establishment of employee conduct or code of ethics

The company has established "Work Guidelines", "Guidelines for the Adoption of Codes of Ethical Conduct", and "Ethical Corporate Management Best Practice Principles" allowing employees with a clear understanding of their rights and interests and the rules of conduct which they should follow.

6. Procedures for handling material information

The company has established the "Procedures for Ethical Management and Guidelines for Conduct" and the "Management Guideline for Prevention of Insider Trading", and has promoted them to all employees and asked them to comply with them in order to avoid violations or insider trading.

(2) Losses suffered by the company as a result of labor disputes and disclosure of current and future estimated amounts and possible measures in the past two years and up to the date of publication of the annual report:

Since the establishment, the company has had harmonious labor relations and has not experienced any losses due to labor disputes, and the possibility of future losses due to labor disputes is estimated to be extremely low.

6. Information Security Management

(1) Describe the risk management framework for information and communications security, information and communications security policies, specific management plans and resources devoted to information and communications security management

1. Risk management framework for information security

In order to enhance the management of information security, the Company will plan to establish an information security committee to effectively manage the information security governance policy and information security management

operation of each unit of the Company. We expect to establish a comprehensive information security protection mechanism and enhance the good information security awareness of employees, regularly evaluate information security risks and report to the president through the management, planning, supervision and promotion of the implementation of professional information security units.

2. Information Security Policy

Our company uses ISO 27001 and BS7799 as reference standards and formulates information security policies based on actual management needs within the company. The main information security management needs are the basis for establishment, and the related information services provided by the Information Management Center and the related departments of the company are the main scope.

In order to maintain the company's competitive advantage, all employees are expected to manage themselves in accordance with the relevant information protection policies promulgated by the company, and to be aware of information security. In addition to information security control measures for information system services, we also focus on protecting the confidentiality, integrity and availability of important personal and transaction information. We also strengthen information security management to ensure the security of hardware and software information such as data, systems, equipment, and networks, create a healthy information environment, deploy innovative information security protection technologies, and implement and promote information security management practices to enhance the quality of secure services.

In order to achieve this policy, we will establish relevant information security regulations to enhance the effectiveness of information security management operations.

3. Specific Management Plan

In the future, we will plan to establish an information security committee to coordinate, manage, and supervise all information security operations of the company, and have dedicated information security engineers to handle information security work, and regularly conduct vulnerability scans, social engineering exercises, protection system effectiveness checks, and other related information security tests, and provide related information security promotion and education training courses. In the future, we will provide a safe and secure information security environment to protect the information security of our services through the operation of the Information Security Committee and the implementation of information security policies. The next goal is to complete the information security expert system to strengthen the information security protection network and the information security joint defense mechanism. Currently, we have joined TWCERT (Taiwan Computer Network Crisis Management and Coordination Center), and we will continue to promote the expansion of information security personnel, related training and certification planning, so that our information security can be more complete and reliable in terms of manpower and capability.

In addition, the Company also attaches equal importance to the huge impact and risk that natural disasters may have on enterprises, especially under the extreme weather conditions caused by climate change, such as water shortages and power outages, the Company is prepared to introduce Business Continuity Management (BCM) and develop a business continuity plan to strengthen enterprise risk

management In addition, the Company has developed a business continuity plan to enhance the effectiveness of enterprise risk management and strengthen its response capability to various disasters, in order to achieve the goal of business continuity by reducing operational shocks and recovery time.

In terms of business continuity management, in addition to the existing server room uninterruptible power supply system, the Company will also consider building independent server room generators or server room collocation in the future to enhance the reliability of the server room.

4. Investing Resources in Ares Safety Management

Since the pandemic began in 2009, major domestic and foreign companies have adopted a work-sharing model in order to sustain their operations, resulting in a significant increase in the number of work-at-home situations. According to the BCI Horizon Scan Report, information and communication disruptions and network attacks are among the top two most challenging threats to business operations in the future, and the direct and indirect financial losses they can cause are considerable.

In response to this risk challenge, the Company has developed management measures to prevent various attacks by network hackers, reduce the possibility of business interruption, and further increase the resilience of the organization. In the face of the information security problem of external remote connection, we mainly use Mobile One Time Passport (MOTP) as the primary requirement for home office workers to open the virtual private network (VPN), and make use of the constantly changing feature of MOTP to effectively solve the problem of account password theft and enhance the company's security protection in network usage. In addition, the company has set up security rules for VPNs and established firewalls to control internal and external traffic, effectively blocking malicious attacks from the Internet and implementing the company's regulated information security policy.

In addition, the Company has established security rules for VPNs to control internal and external traffic, effectively blocking malicious attacks from the Internet and implementing the Company's regulated information security policies. In view of the new normal that the pandemic will not disappear in the near future and must coexist with it, the Company has made rapid adjustments to respond to the situation and will continue to implement relevant remote connection information security management plans and measures to build a stronger information security moat to protect the information security of the Company and its employees, and to strengthen the operational resilience of CSC to continuously enhance its crisis response capability.

- (2) Set forth the losses suffered as a result of labor disputes in the most recent year and as of the date of printing of the annual report (including labor inspection results in violation of the Labor Standards Act, the date of the penalty, the document number of the penalty, the provisions of the law violated, the content of the law violated, and the content of the penalty should be listed), and disclose the estimated amount and response measures that may occur now and in the future, and if it cannot be reasonably estimated, state the fact that it cannot be reasonably estimated: None.

7. Important Contracts

Contract Property	Affiliated Person	Start/Expiration Date of Contract	Content	Restrictions
Lease Contracts	Zhengnan Construction Co., Ltd.	2019/9/20-2022/9/19	Office lease.	—
Credit Contracts	The Shanghai Commercial and Savings Bank	2022/1/20-2023/1/20	Short-term credit loans.	—
Credit Contracts	Mega International Commercial Bank	2022/1/12-2023/6/7	Short-term credit loans.	—
Credit Contracts	Cathay United Bank	2021/9/10-2022/9/10	Short-term credit loans.	—
Technology License Agreement	Company M	2010/8/16-Termination of the agreement between the two parties	Authorized for accessing driver a software.	NDA
Technology License Agreement	Company M	2013/8/22-Termination of the agreement between the two parties	Authorized for accessing driver b software.	NDA
Technology License Agreement	Company TT	2020/1/12-Termination of the agreement between the two parties	Authorized for accessing transmission and reception of IP source code.	NDA
Product Agent Distribution Contract	Company Q	2020/9/1-2023/8/31	Agrees to authorize the company to sell the Company's products only in the agreed authorized market and to whom the company agrees to be responsible for distribution.	NDA
Product Agent Distribution Contract	Company W	2018/1/1-2022/12/31	Agrees to authorize the company to sell the Company's products only in the agreed authorized market and to whom the company agrees to be responsible for distribution.	NDA
Product Agent Distribution Contract	Company U	2021/11/1-2024/10/30	Agrees to authorize the company to sell the Company's products only in the agreed authorized market and to whom the company agrees to be responsible for distribution.	NDA
Product Agent Distribution Contract	Company BW	2019/7/1-2022/6/30	Agrees to authorize the company to sell Company's products only in the agreed authorized market to customers and to whom the company agrees to be responsible for distribution.	NDA
Product Agent Distribution Contract	Company Z	2019/6/1-2023/5/31	The company agrees to authorize the company to sell the Company's products only in the agreed authorized market to customers and to whom the company agrees to be responsible for distribution.	NDA
Basic Purchase and Sales Agreement	Company A	2014/10/29-Termination of the agreement between the two parties	If product 1 contains seller's intellectual property, the seller shall hereby authorize the purchaser, according to the terms of this contract, on the premise of the	NDA

Contract Property	Affiliated Person	Start/Expiration Date of Contract	Content	Restrictions
			intellectual property in the seller's product 1. Authorization shall be granted to exclusively, permanently, irrevocably, royalty-free, globalized, and paid licenses to use, import, and reproduce for the sale and distribution of product 1.	
Basic Purchase and Sales Agreement	Company A	2015/8/1-Termination of the agreement between the two parties	If product 2 contains the seller's intellectual property, the seller shall hereby authorizes the purchaser, according to the terms of this contract, on the premise of the intellectual property in the seller's product 2. Authorization shall be granted to exclusively, permanently, irrevocably, royalty-free, globalized, and paid licenses to use, import, and reproduce for the sale and distribution of product 2.	NDA
Basic Purchase and Sales Agreement	Company A	2020/9/30-2025/9/30	If product 3 contains the seller's intellectual property, the seller shall hereby authorizes the purchaser, according to the terms of this contract, on the premise of the intellectual property in the seller's product 2. Authorization shall be granted to exclusively, permanently, irrevocably, royalty-free, globalized, and paid licenses to use, import, and reproduce for the sale and distribution of product 3.	NDA

VI. Financial Overview

1. Condensed balance sheet, income statement, accountant's name, and auditor's opinions for the most recent five years
 - (I) Condensed balance sheet and comprehensive income statement for the most recent five years
 1. Condensed balance sheet - IFRS

Unit: NT\$ thousand

Item \ Year		Financial information for the most recent 5 years (Note 1)				
		2017	2018	2019	2020 (Note 2)	2021 (Note 2)
Current assets		2,038,509	N/A	N/A	N/A	N/A
Property, plant and equipment		194,597				
Intangible assets		27,891				
Other assets		42,905				
Total assets		2,303,902				
Current liabilities	Before allocation	560,488				
	After allocation	920,715				
Non-current liabilities		533				
Total liabilities	Before allocation	561,021				
	After allocation	921,248				
Equity attributable to owners of the parent company		1,742,881				
Share capital		600,379				
Capital surplus		450,995				
Retained earnings	Before allocation	693,164				
	After allocation	332,937				
Other equity interests		(1,657)				
Treasury shares		—				
Non-controlling interests		—				
Total equity	Before allocation	1,742,881				
	After allocation	1,382,654				

Note 1: The 2016~2017 financial information has been audited by CPA.

Note 2: Since 2018, no consolidated statement has been issued, and only financial statements (separate) have been issued.

2. Condensed consolidated income statement - IFRS

Unit: Except for earnings per share in NT\$,
the remaining amounts are in NT\$ thousand

Item \ Year	Financial information for the most recent 5 years (Note 1)				
	2017	2018	2019	2020 (Note 2)	2021 (Note 2)
Operating revenue	2,975,231	N/A	N/A	N/A	N/A
Gross profit	1,327,684				
Operating income	752,057				
Non-operating income and expenses	(247,311)				
Profit before income tax	504,746				
Income(Losses) from continuing operations for the year	432,098				
Losses from discontinued operations	—				
Profit for the year (Losses)	432,098				
Other comprehensive income for the year (net of income tax)	(406)				
Total comprehensive income for the year	431,692				
Profit attributable to shareholders of the parent company	432,098				
Profit attributable to non-controlling interests	—				
Total comprehensive income attributable to shareholders of the parent company	431,692				
Total comprehensive income attributable to non-controlling interests	—				
Earnings per share (NT\$)	7.23				

Note 1: The 2016~2017 financial information has been audited by CPA.

Note 2: Since 2018, no consolidated statement has been issued, and only individual financial statements have been issued.

3. Condensed balance sheet - International Financial Reporting Standards

Unit: NT\$ thousand

Year Item		Financial information for the most recent 5 years					Financial information for the current year through March 31, 2022
		2017	2018	2019	2020	2021	
Current assets		2,038,509	2,786,335	2,820,403	4,665,637	5,037,195	5,227,089
Property, plant and equipment		194,597	155,991	227,746	251,156	297,664	330,477
Intangible assets		27,891	124,828	97,852	90,270	211,431	197,067
Other assets		42,905	151,092	305,088	10,683,466	12,388,519	13,283,425
Total assets		2,303,902	3,218,246	3,451,089	15,690,529	17,934,809	19,038,058
Current liabilities	Before allocation	560,488	889,928	844,312	1,563,695	1,637,798	3,257,692
	After allocation	920,715	1,610,382	1,672,834	3,225,044	3,437,467	3,257,692
Non-current liabilities		533	—	25,289	25,257	14,393	20,013
Total liabilities	Before allocation	561,021	889,928	869,601	1,588,952	1,652,191	3,277,705
	After allocation	921,248	1,610,382	1,698,123	3,250,301	3,451,860	3,277,705
Equity attributable to owners of the parent company		1,742,881	2,328,318	2,581,488	14,101,577	16,282,618	15,760,353
Equity		600,379	600,379	600,379	692,229	692,181	692,181
Capital reserve		450,995	450,995	450,995	8,401,988	8,468,973	8,590,092
Retained earnings	Before allocation	693,164	1,288,784	1,533,537	3,632,927	4,641,888	4,334,314
	After allocation	332,937	568,330	705,015	1,971,578	2,842,219	4,334,314
Other rights and interests		(1,657)	(11,840)	(3,423)	1,374,433	1,836,102	2,143,766
Treasury shares		—	—	—	—	—	—
Non-controlling interests		—	—	—	—	—	—
Total equity	Before allocation	1,742,881	2,328,318	2,581,488	14,101,577	16,282,618	15,760,353
	After allocation	1,382,654	1,607,864	1,752,966	12,440,228	14,482,949	15,760,353

Note : The above financial information for each year has been audited by CPA.

4. Condensed income statement - International Financial Reporting Standards

Unit: Except for earnings per share in NT\$,
the remaining amounts are in NT\$ thousand

Item \ Year	Financial information for the most recent 5 years					Financial information for the current year through March 31, 2022
	2017	2018	2019	2020	2021	
Operating revenue	2,975,231	3,722,351	3,746,124	6,987,470	6,009,012	1,463,334
Gross profit	1,327,684	1,755,378	1,864,969	3,628,141	3,210,404	799,328
Operating income	752,057	1,100,294	1,169,191	2,472,712	1,937,712	418,333
Non-operating income and expenses	(247,311)	44,138	(7,556)	872,207	1,628,704	513,303
Profit before tax	504,746	1,144,432	1,161,635	3,344,919	3,566,416	931,636
Income (Losses) from continuing operations for the year	432,098	955,847	965,207	2,927,912	3,193,148	848,621
Losses from discontinued operations	—	—	—	—	—	—
Profit for the year (Losses)	432,098	955,847	965,207	2,927,912	3,193,148	848,621
Other comprehensive income for the year (net of income tax)	(406)	(11,074)	8,417	1,771,862	768,656	34,703
Total comprehensive income for the year	431,692	944,773	973,624	4,362,195	3,734,262	1,152,436
Profit attributable to shareholders of the parent	432,098	955,847	965,207	2,927,912	3,193,148	848,621
Profit attributable to non-controlling interests	—	—	—	—	—	—
Total comprehensive income attributable to shareholders of the parent company	431,692	944,773	973,624	4,362,195	3,734,262	1,152,436
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—	—
Earnings per share (NT\$)	7.23	15.93	16.08	44.16	46.23	12.28

Note: The above financial information for each year has been audited by CPA.

(2) The names and audit opinions of the certified public accountants in the last five years

1. The names and audit opinions of the certified public accountants in the last five years

Year	Accounting firm	Name of CPA	Audit opinion
2017	PwC Taiwan	Shu-Chiung Chang, Chun-Yao Lin	Unqualified opinion
2018	PwC Taiwan	Shu-Chiung Chang, Chun-Yao Lin	Unqualified opinion
2019	PwC Taiwan	Shu-Chiung Chang, Chun-Yao Lin	Unqualified opinion
2020	PwC Taiwan	Shih-Jung Weng, Chun-Yao Lin	Unqualified opinion
2021	PwC Taiwan	Shih-Jung Weng, Chun-Yao Lin	Unqualified opinion

2. If there is a change of accountant in the last five years, the explanations of the Company and the predecessor and successor accountants regarding the reasons for the replacement should be listed

In order to cooperate with the internal rotation mechanism of the CPA firm, starting from the first quarter of 2020, the company's certified public accountants Shu-Chiung Chang and Chun-Yao Lin of PwC Taiwan were replaced by accountants Shih-Jung Weng and Chun-Yao Lin.

2. Financial analysis for the most recent five years:

(1) Financial analysis

1. Consolidated financial analysis-International Financial Reporting Standards

Analysis Item (Note 3)		Year	Financial analysis for the most recent five years (Note 1)			
		2017	2018	2019	2020 (Note 2)	2021 (Note 2)
Financial structure (%)	Ratio of liabilities to assets	24.35	N/A	N/A	N/A	N/A
	Ratio of long-term capital to property, plant and equipment	895.91				
Solvency	Current ratio (%)	363.70				
	Quick ratio (%)	275.54				
	Times interest earned	—				
Operating ability	Account receivable turnover (times)	7.82				
	Days sales in accounts receivable	47				
	Inventory turnover (times)	3.30				
	Account payable turnover (times)	8.17				
	Average days in sales	111				
	Property, plant and equipment turnover (times)	17.02				
	Total asset turnover (times)	1.38				
Profitability	Ratio of return on total assets (%)	20.07				
	Ratio of return on equity	26.19				
	Ratio of profit before tax to paid-in capital (%)	84.07				
	Profit ratio (%)	14.52				
	Earnings per share (NT\$)	7.23				
Cash flow (%)	Cash flow ratio	138.96				
	Cash flow adequacy ratio	113.22				
	Cash reinvestment ratio	24.44				
Leverage	Degree of operating leverage	1.85				
	Degree of financial leverage	1.00				
Explanation of the reasons for changes in various financial ratios in the last two years (analysis is exempt if the increase or decrease does not reach 20%): The changes in various financial ratios in the last two years have not reached 20%, so it is not applicable.						

Note 1: The 2017~2018 financial information has been audited by CPA.

Note 2: Since 2018, no consolidated statement has been issued, and only individual financial statements have been issued.

Note 3: The calculation formula of the analysis item is as follows:

1. Financial structure

(1) Liabilities to assets = total liabilities/total assets.

- (2) The ratio of long-term capital to property, plant and equipment = $(\text{Total equity} + \text{non-current liabilities}) / \text{net property, plant and equipment}$.
2. Solvency
 - (1) Current ratio = $\text{current assets} / \text{current liabilities}$.
 - (2) Quick ratio = $(\text{Current assets} - \text{inventory} - \text{prepaid expenses}) / \text{Current liabilities}$.
 - (3) Times interest earned = $\text{Earnings before interest and taxes} / \text{Interest expenses}$.
3. Operating ability
 - (1) Accounts receivable (including accounts receivable and notes receivable due to business) turnover = $\text{net sales} / \text{average accounts receivables in each period (including accounts receivable and notes receivable due to business) balance}$.
 - (2) Days sales in accounts receivable = $365 / \text{Account receivable turnover rate}$.
 - (3) Inventory turnover = $\text{cost of goods sold} / \text{average inventory value}$.
 - (4) Accounts payable (including accounts payable and bills payable due to business) turnover = $\text{cost of goods sold} / \text{average accounts payables in each period (including accounts payable and bills payable due to business) balance}$.
 - (5) Average days in sales = $365 / \text{inventory turnover rate}$.
 - (6) Property, plant and equipment turnover = $\text{net sales} / \text{average net property, plant and equipment}$.
 - (7) Total asset turnover = $\text{net sales} / \text{average total assets}$.
4. Profitability
 - (1) Return on total assets = $[\text{Net income (loss)} + \text{interest expense} \times (1 - \text{tax rate})] / \text{Average total assets}$.
 - (2) Return on equity = $\text{Net income (loss)} / \text{average total equity}$.
 - (3) Ratio of profit before tax to paid-in capital = $\text{Net income before tax} / \text{paid-in capital}$.
 - (4) Profit ratio = $\text{Net income (loss)} / \text{net sales}$.
 - (5) Earnings per share = $(\text{Profit and loss attributable to owners of the parent company} - \text{preferred stock dividends}) / \text{Weighted average number of issued shares}$.
5. Cash flow
 - (1) Cash flow ratio = $\text{net cash flow from operating activities} / \text{current liabilities}$.
 - (2) Cash flow adequacy ratio = $\text{net cash flow from operating activities in the last five years} / \text{the last five years (Capital expenditure} + \text{inventory increase} + \text{cash dividend})$.
 - (3) Cash reinvestment ratio = $(\text{Net cash flow from operating activities} - \text{cash dividends}) / (\text{Gross property, plant and equipment} + \text{long-term investment} + \text{other non-current assets} + \text{working capital})$.
6. Leverage
 - (1) Operating leverage = $(\text{Net operating revenue} - \text{variable operating costs}) / \text{operating income}$.
 - (2) Financial leverage = $\text{operating income} / (\text{operating income} - \text{interest expense})$.

2. Individual financial analysis - International Financial Reporting Standards

Analysis Item (Note 3)		Year	Financial analysis for the most recent five years (Note 1)					Current year through March 31, 2022 (Note 2)
			2017	2018	2019	2020	2021	
Financial structure (%)	Ratio of liabilities to assets		24.35	27.65	25.20	10.13	9.21	17.22
	Ratio of long-term capital to property, plant and equipment		895.91	1,492.60	1,144.60	5,624.72	5,474.97	4,775.03
Solvency	Current ratio (%)		363.70	313.10	334.05	298.37	307.56	160.45
	Quick ratio (%)		275.54	264.97	298.18	210.33	177.80	98.52
	Times interest earned		—	25,432.82	2,234.91	2,535.03	2,587.23	1,879.30
Operating ability	Account receivable turnover (times)		7.82	6.00	5.46	14.37	12.64	8.80
	Days sales in accounts receivable		47	61	67	25	29	41
	Inventory turnover (times)		3.30	3.94	4.54	4.55	2.09	1.75
	Account payable turnover (times)		8.17	8.75	8.30	11.07	8.09	10.18
	Average days in sales		111	93	80	80	175	209
	Property, plant and equipment turnover (times)		17.02	21.23	19.52	29.18	21.90	18.64
	Total asset turnover (times)		1.38	1.35	1.12	0.73	0.36	0.32
Profitability	Ratio of return on total assets (%)		20.07	34.62	28.96	30.60	19.00	18.37
	Ratio of return on equity		26.19	46.96	39.32	35.10	21.02	21.19
	Ratio of profit before tax to paid-in capital (%)		84.07	190.62	193.48	483.21	515.24	538.38
	Profit ratio (%)		14.52	25.68	25.77	41.90	53.14	57.99
	Earnings per share (NT\$)		7.23	15.93	16.08	44.16	46.23	12.28
Cash flow (%)	Cash flow ratio		138.96	2019.49	172.43	150.28	92.38	—
	Cash flow adequacy ratio		113.25	148.41	144.91	137.29	116.10	N/A
	Cash reinvestment ratio		24.44	23.01	25.42	41.80	-3.58	—
Leverage	Degree of operating leverage		1.85	1.77	1.83	1.23	1.55	2.24
	Degree of financial leverage		1.00	1.00	1.00	1.00	1.00	1.00

Explanation of the reasons for changes in various financial ratios in the last two years (analysis is exempt if the increase or decrease does not reach 20%)

1. Ratio of liabilities to assets: The ratio increased due to the increase in estimated income tax liabilities as a result of the growth in revenue and profit for the year.
2. Ratio of long-term capital to property, plant and equipment: The ratio increased due to the increase in total equity.
3. Quick ratio: The ratio decreased due to the increase in both current assets and current liabilities.
4. Account receivable turnover: The increase in turnover rate and the decrease in collection days were mainly due to the increase in sales volume and the increase in revenue, but the decrease in accounts receivable due to the increase in collection of accounts.
5. Account payable turnover: The increase in revenue and related costs resulted in an increase in the rate.
6. Property, plant and equipment turnover: The ratio increased due to the increase in revenue for the year.
7. Total asset turnover: The ratio decreased due to the simultaneous increase in revenue and average total assets
8. Ratio of profit before tax to paid-in capital: The ratios increased due to the simultaneous increase in revenue and earnings
9. Cash reinvestment ratio: The ratio increased due to the increase in cash inflow from operating activities
10. Degree of operating leverage: The operating leverage decreased due to the increase in revenue, variable costs and expenses, as well as the increase in operating income.

Note 1: Financial information has been verified by an accountant.

Note 2: Financial data for the first quarter of 2020 has been reviewed by an accountant.

Note 3: At the end of the annual report, the following calculation formulas should be listed:

1. Financial structure
 - (1) Ratio of liabilities to assets = total liabilities/total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (Total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets/current liabilities.
 - (2) Quick ratio = (Current assets-inventory – prepaid expenses)/Current liabilities.
 - (3) Times interest earned = Earnings before interest and taxes / Interest expenses.
3. Operating ability
 - (1) Accounts receivable (including accounts receivable and notes receivable due to business) turnover = net sales/average accounts receivables in each period (including accounts receivable and notes receivable due to business) balance.
 - (2) Days sales in accounts receivable = 365/ Account receivable turnover rate.
 - (3) Inventory turnover = cost of goods sold / average inventory value.
 - (4) Accounts payable (including accounts payable and bills payable due to business) turnover = cost of goods sold / average accounts payables in each period (including accounts payable and bills payable due to business) balance.
 - (5) Average days in sales = 365 / inventory turnover rate.
 - (6) Property, plant and equipment turnover = net sales/average net property, plant and equipment.
 - (7) Total asset turnover = net sales/average total assets.
4. Profitability
 - (1) Return on total assets = [Net income (loss) + interest expense × (1 – tax rate)]/Average total assets.
 - (2) Return on equity = Net income (loss)/average total equity.
 - (3) Ratio of profit before tax to paid-in capital = Net income before tax/paid-in capital.
 - (4) Profit ratio = Net income (loss)/net sales.
 - (5) Earnings per share = (Profit and loss attributable to owners of the parent company – preferred stock dividends) / Weighted average number of issued shares.
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / the last five years (Capital expenditure + inventory increase + cash dividend)
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities-cash dividends)/(Gross property, plant and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:
- (1) Operating leverage = (Net operating revenue – variable operating costs) / operating income .
 - (2) Financial leverage = operating income / (operating income – interest expense).
3. Audit committee review report for financial reports of the most recent year:
Please refer to page 98.

ASMedia Technology Inc.
Audit Committee Review Report

The Board of Directors has prepared the ASMedia Technology Inc. (“the Company”) 2021 Business Report, financial statements, and proposal for earnings distribution. The CPA firm of PwC was retained to audit the Company’s financial statements and has issued an unqualified audit report relating to financial statements. The above Business Report, financial statements, and earnings distribution proposals have been examined and determined to be correct and accurate by the Audit Committee of ASMedia Technology Inc. According to the Securities and Exchange Act and Company Act, we hereby submit this report for inspection.

To
ASMedia Technology Inc.
2022 Annual General Shareholders Meeting

Chairman of the Audit Committee: Mr. Chien-Ping Hsieh

March 14, 2022

4. The financial Statements and Report of Independent Accountants in the most recent years : Please refer to pages 110-181.
5. Impact on the Company's financial status from any financial difficulties on the part of the Company or its affiliates: None.

VII. Review & Analysis of Financial Status and Performance

1. Financial status:

The main reasons for the significant changes in company's assets, liabilities, and equity in the last two years and the effects thereof.

Unit: NT\$ thousand

Item \ Year	2021 (Note)	2020 (Note)	Difference	
			Amount	%
Current assets	5,037,195	4,665,637	371,558	7.96
Property, plant and equipment	297,664	251,156	46,508	18.52
Intangible assets	211,431	90,270	121,161	134.22
Other assets	12,388,519	10,683,466	1,705,053	15.96
Total assets	17,934,809	15,690,529	2,244,280	14.30
Current liabilities	1,637,798	1,563,695	74,103	4.74
Non-current liabilities	14,393	25,257	(10,864)	(43.01)
Total liabilities	1,652,191	1,588,952	63,239	3.98
Share capital	692,181	692,229	(48)	(0.01)
Capital surplus	8,468,973	8,401,988	66,985	0.80
Retained earnings	5,285,362	3,632,927	1,652,435	45.48
Other equity	1,836,102	1,374,433	461,669	33.59
Non-controlling equity	—	—	—	—
Total shareholders' equity	16,282,618	14,101,577	2,181,041	15.47
1. Description of major variations of accounting items (where the change from the beginning and ending periods is more than 20% and the absolute amount of variation attains NT\$10 million) (1) Intangible asset: The increase in software purchases was mainly due to the Company's research and development needs. (2) Non-current liabilities: Mainly due to the annual amortization of leased office and business vehicles. (3) Retained earnings: Mainly due to increase in undistributed surplus due to profit in the current period. (4) Other equity: Mainly due to increase in recognition of unrealized gains in financial assets at fair value through other comprehensive income in the current period. 2. Changes in financial status in the last two years that have a significant impact on the company's financial status: The above changes are normal operating changes and have no significant impact on the company's financial status.				

Note: Since 2018, no consolidated statement has been issued except for individual financial statements.

2. Financial performance

- (1) Main reasons for change in operating revenues, operating income, or income before tax during the past 2 fiscal years.

Unit: NT\$ thousand

Item \ Year	2021 (Note)	2020 (Note)	Difference	
			Amount	%
Net operating revenue	6,009,012	6,987,470	(978,458)	(14.00)
Operating costs	2,798,608	3,359,329	(560,721)	(16.69)
Gross profit	3,210,404	3,628,141	(417,737)	(11.51)
Operating expenses	1,272,692	1,155,429	117,263	10.15
Operating profit	1,937,712	2,472,712	(535,000)	(21.64)
Non-operating income and expenses	1,628,704	872,207	756,497	86.73
Profit before income tax	3,566,416	3,344,919	221,497	6.62
Income tax expenses	373,268	417,007	(43,739)	(10.49)
Profit after tax	3,193,148	2,927,912	265,236	9.06
Other comprehensive income	768,656	1,771,862	(1,003,206)	(56.62)
Total comprehensive income for the current period	3,734,262	4,362,195	(627,933)	(14.39)
Description of major variations of accounting items (where the change from the beginning and ending periods is more than 20% and the absolute amount of variation attains NT\$10 million):				
1. Operating profit: Mainly due to the growth of profit in the current period.				
2. Non-operating income and expenses: Mainly due to the increase in low purchased equity and investment income recognized by the equity method in the current period.				
3. Other comprehensive income: Mainly due to the increase of fluctuations in the fair value of financial assets measured at fair value through other comprehensive income.				

Note: Since 2018, no consolidated statement has been issued except for individual financial statements.

- (2) Expected sales volume and its basis, the possible impact on the company's future financial business, and corresponding plans
- Expected sales volume in the coming year and its basis
Based on factors such as global economic fluctuations, domestic and international market conditions, and corporate development strategies, the company predicts that the overall business target for 2022 will be slightly higher than the sales for 2021. The Company will continue to develop new products and penetrate new markets, and establish long-term partnerships with customers to expand market share in the expectation of increasing Company's profitability.
 - Possible impact on the company's future financial business and the corresponding plan: None.

3. Cash flow:

- (1) Analyze cash flow changes during the most recent fiscal year.

Units: NT\$ thousand, %

Year \ Item	2021	2020	Amount Increase (Decrease)	Financial ratio change
Operating activities	1,512,986	2,349,913	(836,927)	(35.62)
Investment activities	(710,867)	(710,333)	(534)	0.08
Financing activities	(1,683,628)	(847,248)	(836,380)	98.72
Analysis of changes:				
(1) Cash inflow from operating activities decreased by NT\$836,927 thousand, mainly due to the investment in financial assets at fair value through other comprehensive income in 2021.				
(2) Cash outflow from investing activities increased by NT\$836,380 thousand, mainly due to the growth in revenue and profit in 2020, which resulted in a higher cash dividend issuance in 2021.				

- (2) Improvement plan for insufficient liquidity: The Company is not yet in danger of insufficient liquidity.

- (3) Analysis of cash liquidity in the coming year (2022)

Unit: NT\$ thousand

Cash balance at beginning (1)	Expected annual net cash flow from operating activities (2)	Cash flow from investment and financing activities throughout the year (3)	Estimated cash balance at ending period (1)+(2)-(3)	Remedial measures of expected cash shortage	
				Investment plan	Financing plan
1,734,025	2,077,061	(375,221)	3,435,865	NA	NA
(1) Analysis of expected cash flow changes					
A. Operating activities: It is expected that revenue will continue to grow, which will generate net cash inflows from operating activities.					
B. Investment activities: It is expected that in response to performance growth and the investment and development needs of advanced manufacturing processes, the continued increase in capital expenditure for photomasks will generate net cash outflows for investment activities.					
C. Fund-raising activities: It is expected that the distribution of cash dividends will generate net cash outflow from fund-raising activities.					
(2) Remedial measures and flow analysis of expected cash shortage: None.					

4. The effect upon financial operations of major capital expenditures during the most recent fiscal year:

The company estimates that the main capital expenditures in 2021 will be related to equipment and technology required for research and development. However, the amount is sufficient to support it with its own funds.

5. Reinvestment policy for the most recent fiscal year, the main reasons for profit and loss, improvement plans and investment plans for the coming year

- (1) Reinvestment policy for the most recent fiscal year:

The Company's management and control of its reinvestment business is governed by the "Procedure for Acquisition or Disposal of Assets" to keep track of the financial and business status of its reinvestment business. In addition, the Company has established the "Procedure for Supervision and Management of Subsidiaries" in its internal control system to supervise each subsidiary to establish relevant operating procedures for major financial and business matters and to monitor their implementation or handling in accordance with the law, and establish a subsidiary operating risk management mechanism to maximize operating performance.

- (2) Main reasons for the profit or loss of reinvestments in the most recent year, improvement plan, and investment plan for the coming year:

Unit: NT\$ thousand

Reinvestment Business	Item Investment Equity for Year 2021	Main Reasons for Profit or Loss	Improvement Plan	Investment Plan for Next Year
WT Microelectronics Co., Ltd.	1,652,458	Mainly due to good business performance	None	-

- (3) Investment plan for the coming year: None.

6. Risks and assessment for the most recent year and as of the date of the annual report

- (1) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and future response measures

1. The effect of interest rate changes on the company's profit and loss and future response measures

The interest income of the company in 2021 after deducting financial expenses is NT \$3,914 thousand, accounting for 0.07% of net operating revenue and 0.11% of gross profit. Therefore, the impact of interest rate changes on the company's operating revenue and gross profit is very limited.

The Company's own capital is still sufficient and there is currently no demand for loaning of capital. Therefore, changes in interest rates will not have a significant impact on the Company's profit and loss.

2. The impact of exchange rate fluctuation on the Company's profit and loss and future

response measures

The Company's sales are quoted in US dollars, and the payment for major raw materials is also transact in US dollars. Therefore, part of the purchases and sales in US dollars can be used as a natural hedge. In 2021, the net exchange loss was NT\$34,168 thousand, accounting for 0.57% of net operating revenue; and 0.96% of gross profit. Considering the large exchange rate fluctuations in recent years, in order to effectively reduce the impact of exchange rate changes on revenue and profits, the company continues to observe the impact of the overall economic situation on the exchange rate and then decide whether to conduct hedging actions in the form of forward foreign exchange contract. This comes in addition to moderately retaining the US dollar portion of sales revenue to support US dollar purchase expenditures and thus achieve a natural hedging function.

3. The impact of inflation rate on the Company's profit and loss and future response measures

The Company keeps abreast of changes in the price of upstream raw materials at all times and maintains a good interactive relationship with suppliers and customers in order to reduce the impact on the Company's profit and loss due to changes in raw material costs. In addition, continue to refer to research reports and relevant economic data of major domestic and foreign economic research institutions and professional investment institutions, making appropriate policy adjustments according to the future inflation situation to prevent inflation from having a significant impact on the Company's financial business.

- (2) Policy regarding high-risk and high-leverage investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for profits/losses generated thereby; and future response measures

1. Regarding high-risk and high-leverage investments

The Company focuses on the operation of the industry, attaches importance to the research and development of the industry's technology and the expansion of business marketing. Furthermore, the company is based on the principle of sound operations and the premise of sound financial development. Therefore, it has not stepped into investment in high-risk industries nor engaged in highly leveraged investments.

2. Loans of fund to others, endorsement guarantees, and derivative transactions

The Company's capital loans to others, endorsements, guarantees, and derivative product transactions are all based on its "Procedures for Acquisition or Disposal of Assets" and "Procedures of Loaning Funds to Others", "Endorsement and Guarantee Operational Procedures" and related internal control operations to establish policies and respond to achieve effective management and control of related transaction risks. In addition, various transaction information shall be announced in a correct and timely manner according to laws and regulations.

As of December 31, 2021, the Company has no capital loans, endorsements, and guarantees.

- (3) Future R&D plans and estimated R&D expenses

In terms of product development, the Company will apply the existing IP for high-level integration and power consumption reduction, and invest in the development of new processes to meet the demands for high-speed IP development, such as I/O hub product lines, differentiated USB 3.2 products, USB4, Type C, and PCIe Gen4/Gen5 related products.

In terms of new technologies, the Company will continue to develop SuperSpeedPlus

(SSP) PHY and functional designs such as energy-saving and low-power consumptions will also be added. In addition, the development of advanced processes to facilitate the development of future high-speed products will also increase the possibility of convergence with international manufacturers.

The Company expects to invest in R&D expenses in accordance with the progress of new product and technology development, and will gradually increase the annual R&D expenses as the turnover grows in the future. It is expected that approximately NT\$760 million will be invested as R&D expenses in 2022, accounting for approximately 10% of the operating revenue, in order to support the future R&D plans and increase the competitiveness in the market.

- (4) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures taken

The Company does not have any policies and laws that have a material adverse effect on its financial business. The company's management team will pay close attention to important domestic and foreign policies and legal changes, facilitating timely appropriate measures in response, to reduce the impact of important domestic and foreign policies and legal changes on the company's financial business.

- (5) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures taken

The Company has accumulated considerable depth in R&D technology and has been recognized by many customers. The company's management and supervisors regularly pay attention to the changes in the market and the trend of technological changes from time to time and evaluates the risks and the impact on ASMedia's product layout in order to reduce all risk factors and create maximum benefit for shareholders. In addition, it actively participates in the activities and discussions of specification standards association, hoping to be involved and grasp the opportunities at the beginning of the specification. It also regularly invites domestic experts and scholars to share global economic dynamics and market trends. The Company will continue to invest in the research and development of basic IP projects, grasp the product development schedule and at the same time develop relevant response plans, and also maintain a stable financial structure to keep the flexibility of capital allocation in response to future market changes.

- (6) Effect on the company's crisis management of changes in the company's corporate image and measures taken

Abiding by laws and regulations, attaching importance to the rights and interests of employees and shareholders, and fulfilling the corporate social responsibilities (CSR) are the Company's essential duties. As of the publishing date of the annual report, the Company has not experienced any changes in its corporate image requiring corporate crisis management.

- (7) Expected benefits and possible risks associated with merger and acquisitions, and mitigation measures taken: None.
- (8) Expected benefits and possible risks associated with plant expansion, and mitigation measures taken: None.
- (9) Risks associated with consolidation of sales or purchasing operations, and mitigation measures
1. Concentration of purchase

The Company is a professional interface transmission IC design company, and all products are produced by outsourcing. As the process becomes more complex, it is increasingly important to establish long-term and stable cooperation relationships with

specific foundries in pursuit of stable quality and on-time delivery. In addition, the Company has long-term cooperation with Company A for the procurement of wafers which is also a leading global foundry manufacturer. Company A has proven their product quality, performance, and production capacity are among the leaders of the foundry sector. Therefore, the Company has chosen to establish long-term and stable cooperation with Company A based on the above factors.

2. Concentration of sales

The Company's product lines are numerous and its main sales customers are all international brand manufacturers. Although there are occasions of concentrated sales, the company will continue to strengthen customized cooperation with customers on specific products and applications and continue to expand the customer level and improve the product portfolio in order to achieve the goal of diversifying risk.

- (10) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures taken: None.
- (11) Effect upon and risk to company associated with change in governance personnel or top management, and mitigation measures taken: None.
- (12) Litigation or non-litigation matters
 - 1. Major litigious, non-litigious or administrative disputes that has been concluded by means of a final and unappealable judgment or are still under litigation in the last two years. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute and as of the date of publication of the annual report: None.
 - 2. Major litigious, non-litigious or administrative disputes that involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company have been concluded by means of a final and unappealable judgment, or are still under litigation in the last two years. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute and as of the date of publication of the annual report:
 - (1) ASUSTeK Computer is subject to patent lawsuits or investigations in California and Texas for MP3 functions, monitors and projectors, notebooks, and tablets for ASUS computer user desktops and laptops, respectively. Although it is not yet possible to determine the possible outcome, the Company has included the amount of potential damages in its accounts. .
 - (2) The following are subject to patent litigation or investigation in Texas, California, Alabama, Japan, Brazil, Italy, Malaysia and China: ASUS cell phones, tablet products, AP and Router products that support MU-MIMO, laptop computers, LEDs for cell phones,

wireless networking products supporting IEEE 802.11ac communication standard, after-sales services, OLEDs for cell phone products, cell phone and tablet products with MPEG2-TS transmission streams, various products using LVDS technology processor, displays, 3G/4G compliant cell phones, laptops and wireless routers, displays with local dimming, routers with MU-MIMO support, wireless base stations, laptops and cell phones, circuit board designs, routers with Wi-Fi 6 support, laptops, desktops, motherboards, Mini PC and cell phone products, AMOLED panels, products with card reader, and other products. AMOLED panels, and card reader-enabled sockets are subject to patent litigation or investigation respectively. It is not yet possible to determine the probable outcome and impact of these cases.

The above-mentioned cases are all patent litigation cases of ASUSTeK and do not involve the Company's products. Therefore, they have nothing to do with the Company's finances or business, and they will not have a significant impact on the Company's shareholders' equity or securities prices.

(13) Other important risks, and mitigation measures taken: None.

7. Other important matters: None.

VIII. Special Disclosures

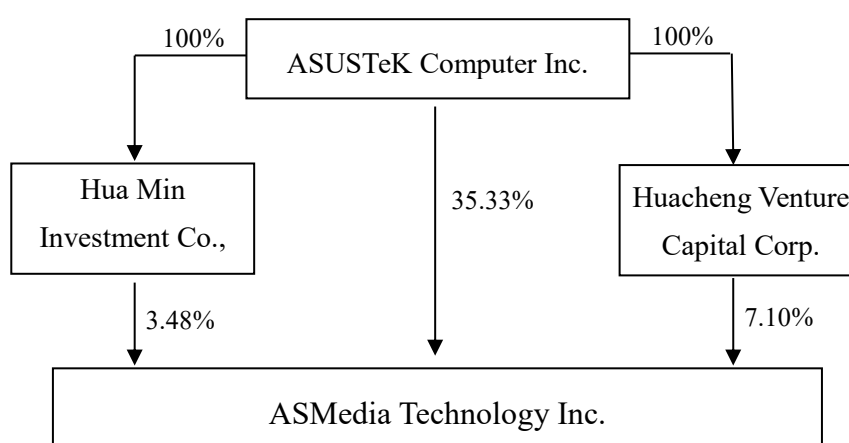
1. Summary of affiliated enterprises

(1) Consolidated financial statements of affiliated enterprises for the most recent year

1. Overview of affiliated enterprises

(1) Organization Chart of Affiliated Enterprises

March 31, 2022



(2) Relationship with affiliated enterprises, mutual shareholding ratio, shares, and actual investment amount

As of March 31, 2022 Units: NT\$ thousand, Shares, %

Names of affiliated enterprises	Relationship with the company	Shares held in the Company		
		Number of shares	Actual investment amount	Shareholding ratio
ASUSTeK Computer Inc.	Ultimate parent company	24,457,660	244,576,600	35.33%
Hua Cheng Venture Capital Corp.	Other related parties	4,918,014	49,180,140	7.10%
Hua Min Investment Co., Ltd.	Other related parties	2,399,641	23,996,410	3.48%

(3) For companies presumed to have a relationship of control and subordination under Article 369-3 of Company Act: None.

(4) The industries covered by the business operated by the affiliates overall: IC design and holding (investment) industry.

(5) The names of the directors, supervisors, and general manager of each affiliate and the details of their shareholding or capital contribution in such affiliate: None.

(6) Financial condition and operational results of each affiliate: None.

(2) Financial statements of affiliated enterprises: Not applicable.

- (3) Report of affiliated enterprises relations: Not applicable.
2. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
 3. The holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
 4. Other matters that require additional description: None.
 5. Any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

ASMEDIA TECHNOLOGY INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021 AND 2020

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ASMEDIA TECHNOLOGY INC.

Opinion

We have audited the accompanying balance sheets of ASMedia Technology Inc. (the “Company”) as at December 31, 2021 and 2020, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2021 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2021 financial statements are stated as follows:

Existence of revenues from top 10 customers

Description

Refer to Note 4(24) for accounting policy on revenue recognition.

The Company is primarily engaged in the design, development, production, manufacture and sales of high-speed analogue circuit products. Given the transaction amounts from the top 10 customers are material to the financial statements which required further audits on the relevant internal control procedures and reasonableness of the transactions, we considered the existence of revenues from top 10 customers a key audit matter.

How our audit addressed the matter

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

1. Assessed the revenue cycle and performed tests to determine whether the Company's revenue process during the reporting period was conducted in accordance with the internal control procedures.
2. Verified the related industry background information with respect of the top 1 customer and the new top 10 customers.
3. Obtained and selected samples to verify related vouchers of sales revenue from the top 1 customer and the new top 10 customers.

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

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards in 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 financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Weng, Shih-Jung

Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2022

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

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

ASMEDIA TECHNOLOGY INC.
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,734,025	10	\$ 2,615,534	17
1110	Financial assets at fair value through profit or loss - current	6(2)	610,344	3	209,186	1
1170	Accounts receivable, net	6(3)	415,997	2	367,993	3
1180	Accounts receivable - related parties	6(3) and 7	118,935	1	48,213	-
1200	Other receivables		32,747	-	48,062	-
130X	Inventory	6(4)	1,413,571	8	1,048,304	7
1410	Prepayments		711,576	4	328,345	2
11XX	Total current assets		5,037,195	28	4,665,637	30
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	895,366	5	638,512	4
1550	Investments accounted for using equity method	6(5)	11,391,413	64	9,946,611	63
1600	Property, plant and equipment	6(7)	297,664	2	251,156	2
1755	Right-of-use assets	6(8)	32,090	-	45,107	-
1780	Intangible assets	6(9)	211,431	1	90,270	1
1840	Deferred income tax assets	6(23)	55,151	-	42,615	-
1900	Other non-current assets	8	14,499	-	10,621	-
15XX	Total non-current assets		12,897,614	72	11,024,892	70
1XXX	Total assets		\$ 17,934,809	100	\$ 15,690,529	100

(Continued)

ASMEDIA TECHNOLOGY INC.
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Current contract liabilities	6(16)	\$ 48,671	-	\$ 20,092	-
2170	Accounts payable		324,392	2	364,759	3
2200	Other payables	6(10)	997,539	5	794,391	5
2220	Other payables - related parties	7	735	-	372	
2230	Current income tax liabilities		146,111	1	328,315	2
2280	Lease liabilities - current		18,095	-	20,649	-
2300	Other current liabilities	7	102,255	1	35,117	-
21XX	Total current liabilities		1,637,798	9	1,563,695	10
Non-current liabilities						
2570	Deferred income tax liabilities	6(23)	238	-	1	-
2580	Lease liabilities - non-current		13,977	-	24,345	-
2600	Other non-current liabilities	6(11)	178	-	911	-
25XX	Total non-current liabilities		14,393	-	25,257	-
2XXX	Total liabilities		1,652,191	9	1,588,952	10
Equity attributable to owners of parent						
	Share capital	6(13)				
3110	Share capital		692,181	4	692,229	4
	Capital surplus	6(14)				
3200	Capital surplus		8,468,973	47	8,401,988	54
	Retained earnings	6(15)				
3310	Legal reserve		643,474	4	350,683	2
3320	Special reserve		-	-	11,841	-
3350	Unappropriated retained earnings		4,641,888	26	3,270,403	21
	Other equity interest					
3400	Other equity interest		1,836,102	10	1,374,433	9
3XXX	Total equity		16,282,618	91	14,101,577	90
	Significant contingent liabilities and unrecorded contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 17,934,809	100	\$ 15,690,529	100

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

ASMEDIA TECHNOLOGY INC.
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share data)

			Year ended December 31			
			2021		2020	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16) and 7	\$ 6,009,012	100	\$ 6,987,470	100
5000	Operating costs	6(4)(21)(22)	(2,788,154)	(46)	(3,343,785)	(48)
5900	Gross profit		3,220,858	54	3,643,685	52
5910	Unrealised profit from sales		(25,998)	(1)	(15,544)	-
5920	Realised profit from sales		15,544	-	-	-
5950	Net operating margin		3,210,404	53	3,628,141	52
	Operating expenses	6(21)(22) and 7				
6100	Selling expenses		(101,150)	(2)	(98,174)	(2)
6200	General and administrative expenses		(182,486)	(3)	(159,862)	(2)
6300	Research and development expenses		(989,056)	(16)	(897,393)	(13)
6000	Total operating expenses		(1,272,692)	(21)	(1,155,429)	(17)
6900	Operating profit		1,937,712	32	2,472,712	35
	Non-operating income and expenses					
7100	Interest income	6(17)	5,293	-	8,545	-
7010	Other income	6(18)	6,533	-	384,115	6
7020	Other gains and losses	6(19)	(34,201)	(1)	(112,140)	(2)
7050	Finance costs	6(20)	(1,379)	-	(1,320)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(5)				
			1,652,458	28	593,007	9
7000	Total non-operating income and expenses		1,628,704	27	872,207	13
7900	Profit before income tax		3,566,416	59	3,344,919	48
7950	Income tax expense	6(23)	(373,268)	(6)	(417,007)	(6)
8200	Profit for the year		\$ 3,193,148	53	\$ 2,927,912	42
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gain (loss) on defined benefit plan	6(11)	\$ 737	-	(\$ 755)	-
8316	Unrealised gain on investments in equity instruments at fair value through other comprehensive income	6(6)	256,854	4	22,552	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method		511,065	9	1,750,065	25
8310	Components of other comprehensive income that will not be reclassified to profit or loss		768,656	13	1,771,862	25
	Other comprehensive income that will be reclassified to profit or loss					
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method		(227,542)	(4)	(337,579)	(5)
8500	Total comprehensive income for the year		\$ 3,734,262	62	\$ 4,362,195	62
	Earning per share (in dollars)	6(24)				
9750	Basic earnings per share		\$ 46.23		\$ 44.16	
9850	Diluted earnings per share		\$ 46.00		\$ 43.98	

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

ASMEDIA TECHNOLOGY INC.
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Notes	Share capital - common stock	Additional paid-in capital	Retained Earnings			Other Equity interest				
			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	Losses on remeasurements of defined benefit plan	Other equity	Total equity
Year ended December 31, 2020										
Balance at January 1, 2020	\$ 600,379	\$ 450,995	\$ 254,162	\$ 11,841	\$ 1,267,534	\$ -	(\$ 3,040)	(\$ 383)	\$ -	\$ 2,581,488
Profit for the year	-	-	-	-	2,927,912	-	-	-	-	2,927,912
Other comprehensive income (loss)	-	-	-	-	-	(337,579)	1,772,617	(755)	-	1,434,283
Total comprehensive income (loss)	-	-	-	-	2,927,912	(337,579)	1,772,617	(755)	-	4,362,195
Appropriations of 2019 retained earnings	6(15)									
- Legal reserve	-	-	96,521	-	(96,521)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(828,522)	-	-	-	-	(828,522)
Share-based payments	6(12)									
Issuance of employee restricted stocks	1,850	(1,850)	-	-	-	-	-	-	-	-
Compensation cost of employee restricted stocks	-	107,978	-	-	-	-	-	-	(56,427)	51,551
Issuance of new shares for shares in another company	90,000	6,534,000	-	-	-	-	-	-	-	6,624,000
Changes in equity of associates and joint ventures accounted for using equity method	-	1,310,865	-	-	-	-	-	-	-	1,310,865
Balance at December 31, 2020	\$ 692,229	\$ 8,401,988	\$ 350,683	\$ 11,841	\$ 3,270,403	(\$ 337,579)	\$ 1,769,577	(\$ 1,138)	(\$ 56,427)	\$ 14,101,577
Year ended December 31, 2021										
Balance at January 1, 2021	\$ 692,229	\$ 8,401,988	\$ 350,683	\$ 11,841	\$ 3,270,403	(\$ 337,579)	\$ 1,769,577	(\$ 1,138)	(\$ 56,427)	\$ 14,101,577
Profit for the year	-	-	-	-	3,193,148	-	-	-	-	3,193,148
Other comprehensive income (loss)	-	-	-	-	-	(227,542)	767,919	737	-	541,114
Total comprehensive income (loss)	-	-	-	-	3,193,148	(227,542)	767,919	737	-	3,734,262
Appropriations of 2020 retained earnings	6(15)									
Legal reserve	-	-	292,791	-	(292,791)	-	-	-	-	-
Reversal of special reserve	-	-	-	(11,841)	11,841	-	-	-	-	-
Cash dividends	-	-	-	-	(1,661,349)	-	-	-	-	(1,661,349)
Share-based payments	6(12)									
Compensation cost of employee restricted stocks	-	-	-	-	-	-	-	-	41,191	41,191
Retirement and reduction of employee restricted stocks	(48)	48	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	66,937	-	-	-	-	-	-	-	66,937
Disposal of equity instrument measured at fair value through other comprehensive income by associates	-	-	-	-	120,636	-	(120,636)	-	-	-
Balance at December 31, 2021	\$ 692,181	\$ 8,468,973	\$ 643,474	\$ -	\$ 4,641,888	(\$ 565,121)	\$ 2,416,860	(\$ 401)	(\$ 15,236)	\$ 16,282,618

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

ASMEDIA TECHNOLOGY INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 3,566,416	\$ 3,344,919
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(21)	176,357	152,023
Amortisation	6(9)(21)	67,842	50,900
Net gain on financial assets at fair value through profit or loss	6(19)	(1,368)	(3,886)
Loss on disposal of property, plant and equipment	6(19)	1,401	-
Interest expense	6(20)	1,379	1,320
Interest income	6(17)	(5,293)	(8,545)
Dividend income	6(18)	(3,409)	-
Share-based payments	6(12)	41,191	51,551
Share of profit of associates and joint ventures accounted for using equity method	6(5)	(1,652,458)	(593,007)
Gain recognised in bargain purchase transaction	6(18)	-	(378,940)
Unrealised loss from sales	6(5)	10,454	15,544
Loss on disposal of investment	6(18)	-	2,624
Loss on lease modification	6(8)	-	40
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		(48,004)	188,594
Accounts receivable - related parties		(70,722)	(48,213)
Other receivables		15,308	(29,177)
Inventory		(365,267)	(759,066)
Prepayments		(383,231)	(314,752)
Changes in operating liabilities			
Contract liabilities - current		28,579	(5,915)
Accounts payable		(40,367)	125,616
Notes payable		-	(144)
Other payables		119,450	341,518
Other payables - related parties		363	6
Other current liabilities		67,138	29,876
Other non-current liabilities		4	1
Cash inflow generated from operations		1,525,763	2,162,887
Income tax paid		(567,770)	(178,316)
Interest received		5,300	9,519
Dividends received	6(5)(18)	551,072	357,143
Interest paid		(1,379)	(1,320)
Net cash flows from operating activities		1,512,986	2,349,913
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(400,000)	(90,000)
Financial assets at fair value through other comprehensive income - non-current		-	(400,000)
Acquisition of property, plant and equipment	6(25)	(219,515)	(147,717)
Acquisition of intangible assets	6(25)	(87,474)	(75,780)
(Increase) decrease in refundable deposits		(3,878)	3,164
Net cash flows used in investing activities		(710,867)	(710,333)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(22,279)	(18,726)
Cash dividends paid	6(15)	(1,661,349)	(828,522)
Net cash flows used in financing activities		(1,683,628)	(847,248)
Net (decrease) increase in cash and cash equivalents		(881,509)	792,332
Cash and cash equivalents at beginning of year		2,615,534	1,823,202
Cash and cash equivalents at end of year		\$ 1,734,025	\$ 2,615,534

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

ASMEDIA TECHNOLOGY INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

1. HISTORY AND ORGANISATION

ASMedia Technology Inc. (the “Company”) was incorporated as a company limited by shares in March 2004. The Company has been listed on the Taiwan Stock Exchange since December 2012. The Company is primarily engaged in the design, development, production and manufacture of high-speed analogue circuit products. Asustek Computer Incorporation is the Company’s ultimate parent company and directly/indirectly holds a 45.91% equity interest in the Company.

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

These financial statements were authorised for issuance by the Board of Directors on March 14, 2022.

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”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

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

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

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

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

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

(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
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments 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, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The financial statements of the Company 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 as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

- 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.
- D. All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(7) 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 Company 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 Company'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 Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. 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 Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. The perpetual inventory system is adopted for inventory recognition. 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 cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method - associates

- A. Associates are all entities over which the Company 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. If the share in net fair value of the identifiable assets and liabilities of associates is higher than the acquisition cost at the acquisition date, the excess shall be recognised as gain after reassessment.
- B. The Company'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 Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company 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 Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company'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 Company.
- E. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Cost includes all expenses incurred before assets are made available for use.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Instruments and equipment	2 ~ 5 years
Office equipment	5 years
Leasehold improvements	3 ~ 5 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

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.

(15) Intangible assets

- A. Intangible assets, mainly technical licencing fee and computer software, are recognised based on the acquisition cost and amortised on a straight-line basis over their estimated useful lives of 2 ~ 3 years.
- B. Golf club memberships are stated at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Golf club memberships are not amortised, but is tested annually for impairment.

(16) Impairment of non-financial assets

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

(17) 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.

(18) Derecognition of financial liabilities

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

(19) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

For the defined contribution plan, 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 plan

- 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 in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan 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 government bonds.
- ii. Remeasurements arising on the defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as other equity.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(20) 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) The grant date of the employee stock option plan is determined as the date the Company notifies the employees of such plan.
 - (b) 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.
 - (c) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
 - (d) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Company and the Company will redeem without consideration. The Company estimates such payments that will be made and recognises such amounts as compensation cost and liability at the grant date, in accordance with the terms of restricted stocks.

(21) Income taxes

- 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 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 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.

(22) Share capital

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.

(23) Dividends

The Company distributes dividends to shareholders, and the treatment is as follows: Cash dividends are classified as liabilities and are recognised in the financial statements once the distribution of cash dividends is resolved by the Board of Directors. In addition, stock dividends are classified as stock dividends to be distributed and are recognised in the financial statements upon approval by the shareholders, and stock dividends will be reclassified as common shares at the effective date of the issuance of new shares.

(24) Revenue recognition

Sales of goods:

- A. The Company manufactures and sells high-speed analogue circuit products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the buyer 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 either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated business tax, sales returns and volume discounts. Products are often sold with volume discounts based on accumulated experience. A refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting

date. No element of financing is deemed present as the control is transferred with a credit term of 30 to 60 days after delivery date, which is consistent with market practice.

- 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.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company'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 JUDGEMENT, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements does not require management to make critical judgements in applying the Company's accounting policies. The management makes 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. Information on critical accounting estimates and assumptions uncertainty is as follows:

Critical accounting estimates and assumptions

The Company makes accounting estimates in applying reasonable expectation concerning future events. However, assumptions and estimates may differ from the actual results. 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:

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. As the technology rapidly changes, the life cycles of electronic products are short, and the inventory is easily affected by market price, there is a higher risk of inventory losing value or becoming obsolete. The Company reduces inventory cost to the net realisable value due to normal spoilage, obsolescence and inventory having no marketing value at the balance sheet date. 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, 2021, the carrying amount of inventories was \$1,413,571.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand	\$ 90	\$ 90
Checking accounts and demand deposits	1,337,935	2,219,444
Time deposits	396,000	396,000
	<u>\$ 1,734,025</u>	<u>\$ 2,615,534</u>

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

B. The Company's restricted cash and cash equivalents were reclassified as other financial assets (shown as other non-current assets). Please refer to Note 8 for more information.

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

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Open-end fund	\$ 607,588	\$ 207,588
Valuation adjustments	2,756	1,598
	<u>\$ 610,344</u>	<u>\$ 209,186</u>

A. The Company recognised net profit amounting to \$1,368 and \$3,557 on financial assets at fair value through profit or loss for the years ended December 31, 2021 and 2020, respectively.

B. Information relating to credit risk is provided in Note 12(2).

(3) Accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	\$ 416,142	\$ 368,138
Accounts receivable - related parties	118,935	48,213
Less: Allowance for uncollectible accounts	(145)	(145)
	<u>\$ 534,932</u>	<u>\$ 416,206</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 515,978	\$ 400,810
Up to 90 days	19,099	15,541
	<u>\$ 535,077</u>	<u>\$ 416,351</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2021 and 2020, the balances of receivables from contracts with customers amounted to \$535,077 and \$416,351, respectively.
- C. No accounts receivable was pledged to others as collateral.
- D. As of December 31, 2021 and 2020, 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 Company's accounts receivable was \$534,932 and \$416,206, respectively.
- E. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 434,002	(\$ 77,037)	\$ 356,965
Work in progress	621,215	(2,500)	618,715
Finished goods	493,354	(55,463)	437,891
	<u>\$ 1,548,571</u>	<u>(\$ 135,000)</u>	<u>\$ 1,413,571</u>
	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 382,329	(\$ 21,958)	\$ 360,371
Work in progress	281,675	-	281,675
Finished goods	460,300	(54,042)	406,258
	<u>\$ 1,124,304</u>	<u>(\$ 76,000)</u>	<u>\$ 1,048,304</u>

The cost of inventories recognised as expense for the years ended December 31, 2021 and 2020 was \$2,788,154 and \$3,343,785, including the amount of \$59,000 and \$19,000, respectively, that the Company wrote down from cost to net realisable value accounted for as cost of goods sold.

(5) Investments accounted for using equity method

	2021	2020
At January 1	\$ 9,946,611	\$ -
Increase in investments accounted for using equity method	-	7,002,940
Share of profit or loss of investments accounted for using equity method	1,652,458	593,007
Unrealised sales profit	(10,454)	(15,544)
Earnings distribution of investments accounted for using equity method	(547,663)	(357,143)
Changes in capital surplus	66,937	1,310,865
Changes in other equity items	283,524	1,412,486
At December 31	<u>\$ 11,391,413</u>	<u>\$ 9,946,611</u>

Associate

A. The basic information of the associate that is material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2021	December 31, 2020		
WT MICROELECTRONICS CO., LTD.	Taiwan	21.44% (Note)	21.70%	Holding 20 percent or more of the voting power	Equity method

- (a) On April 21, 2020, the Company issued new shares in exchange for 22.39% equity interest in WT MICROELECTRONICS CO., LTD. and obtained significant influence over the associate. Refer to Note 6(14)E. for more details. Consequently, the Company recognised a gain arising from the bargain purchase transaction, which was determined based on a purchase price allocation report issued by an independent valuation company.

(Note) WT MICROELECTRONICS CO., LTD. issued convertible bonds in the subsequent period which resulted in a change in ownership. The Company did not hold any convertible bonds. Thus, the shareholding ratio was 21.44% as of December 31, 2021.

- (b) The Company conducted a strategic cooperation with WT MICROELECTRONICS CO., LTD. to combine the strengths of both companies with the objective of enhancing the competitiveness of both parties, planning for next-generation high speed serial communication interface and custom-made chips as well as increasing its share in the PC market in China.

B. The summarised financial information of the associate that is material to the Company is as follows:

Balance sheet

	WT MICROELECTRONICS CO., LTD.	
	December 31, 2021	December 31, 2020
Current assets	\$ 149,136,255	\$ 111,091,657
Non-current assets	24,213,032	19,917,941
Current liabilities	(110,582,313)	(82,612,742)
Non-current liabilities	(8,906,666)	(2,280,475)
Total net assets	<u>\$ 53,860,308</u>	<u>\$ 46,116,381</u>
Fair value adjustment of other intangible net assets and tangible net assets	63,341	358,717
Total net assets after adjustment	<u>\$ 53,923,649</u>	<u>\$ 46,475,098</u>
Share in associate's net assets	\$ 11,417,411	\$ 9,962,156
Realised (unrealised) sales profit	(25,998)	(15,545)
Carrying amount of the associate	<u>\$ 11,391,413</u>	<u>\$ 9,946,611</u>

Statement of comprehensive income

	WT MICROELECTRONICS CO., LTD.	
	Year ended December 31	
	2021	2020
Revenue	\$ 447,896,117	\$ 353,152,195
Profit for the year from continuing operations	7,855,168	3,592,917
Other comprehensive income, net of tax	2,139,842	6,569,424
Total comprehensive income	\$ 9,995,010	\$ 10,162,341
Dividends received from associates	\$ 547,663	\$ 357,143

C. The Company's material associate, WT MICROELECTRONICS CO., LTD., has quoted market prices. As of December 31, 2021, the fair value was \$12,568,500.

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

Items	December 31, 2021	December 31, 2020
Equity instruments		
Listed stocks	\$ 400,000	\$ 400,000
Emerging stocks	99,000	99,000
Unlisted stocks	120,000	120,000
Valuation adjustment	276,366	19,512
	<u>\$ 895,366</u>	<u>\$ 638,512</u>

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$895,366 and \$638,512 as at December 31, 2021 and 2020, respectively.

B. 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:

	Year ended December 31	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 256,854</u>	<u>\$ 22,552</u>

(7) Property, plant and equipment

	Instruments and equipment	Office equipment	Leasehold improvements	Total
<u>At January 1, 2021</u>				
Cost	\$ 508,620	\$ 10,075	\$ 8,792	\$ 527,487
Accumulated depreciation and impairment	(263,135)	(6,776)	(6,420)	(276,331)
	<u>\$ 245,485</u>	<u>\$ 3,299</u>	<u>\$ 2,372</u>	<u>\$ 251,156</u>
<u>2021</u>				
Opening net book amount as at January 1	\$ 245,485	\$ 3,299	\$ 2,372	\$ 251,156
Additions	198,741	3,153	-	201,894
Disposals	(1,401)	-	-	(1,401)
Depreciation charge	(151,552)	(1,344)	(1,089)	(153,985)
Closing net book amount as at December 31	<u>\$ 291,273</u>	<u>\$ 5,108</u>	<u>\$ 1,283</u>	<u>\$ 297,664</u>
<u>At December 31, 2021</u>				
Cost	\$ 705,259	\$ 13,228	\$ 8,792	\$ 727,279
Accumulated depreciation and impairment	(413,986)	(8,120)	(7,509)	(429,615)
	<u>\$ 291,273</u>	<u>\$ 5,108</u>	<u>\$ 1,283</u>	<u>\$ 297,664</u>
	Instruments and equipment	Office equipment	Leasehold improvements	Total
<u>At January 1, 2020</u>				
Cost	\$ 874,507	\$ 18,276	\$ 10,225	\$ 903,008
Accumulated depreciation and impairment	(654,100)	(13,359)	(7,803)	(675,262)
	<u>\$ 220,407</u>	<u>\$ 4,917</u>	<u>\$ 2,422</u>	<u>\$ 227,746</u>
<u>2020</u>				
Opening net book amount as at January 1	\$ 220,407	\$ 4,917	\$ 2,422	\$ 227,746
Additions	154,895	59	2,033	156,987
Depreciation charge	(129,817)	(1,677)	(2,083)	(133,577)
Closing net book amount as at December 31	<u>\$ 245,485</u>	<u>\$ 3,299</u>	<u>\$ 2,372</u>	<u>\$ 251,156</u>
<u>At December 31, 2020</u>				
Cost	\$ 508,620	\$ 10,075	\$ 8,792	\$ 527,487
Accumulated depreciation and impairment	(263,135)	(6,776)	(6,420)	(276,331)
	<u>\$ 245,485</u>	<u>\$ 3,299</u>	<u>\$ 2,372</u>	<u>\$ 251,156</u>

The significant components of instruments and equipment include reticle masks and analytical

instruments, which are depreciated over 2 and 2~3 years, respectively.

(8) Leasing arrangements - lessee

- A. The Company leases various assets including office spaces, vehicles and parking lots in buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise warehouses and parking lots. As of December 31, 2021 and 2020, payments of lease commitments for short-term leases amounted to \$872 and \$1,334, respectively.

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

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Buildings	\$ 25,313	\$ 34,310
Transportation equipment (Business vehicles)	6,777	10,797
	<u>\$ 32,090</u>	<u>\$ 45,107</u>

	Year ended December 31	
	2021	2020
	Depreciation charge	Depreciation charge
Buildings	\$ 18,352	\$ 15,636
Transportation equipment (Business vehicles)	4,020	2,810
	<u>\$ 22,372</u>	<u>\$ 18,446</u>

- D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$9,355 and \$24,323, respectively.

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

	Year ended December 31	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,119	\$ 1,119
Expense on short-term lease contracts	872	1,334
Loss on lease modification	-	40

- F. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were \$24,268 and \$21,179, respectively.

(9) Intangible assets

	Technical licencing fee	Software	Others	Total
<u>At January 1, 2021</u>				
Cost	\$ 99,249	\$ 69,294	\$ 25,000	\$ 193,543
Accumulated amortisation and impairment	(68,154)	(35,119)	-	(103,273)
	<u>\$ 31,095</u>	<u>\$ 34,175</u>	<u>\$ 25,000</u>	<u>\$ 90,270</u>
<u>2021</u>				
Opening net book amount as at January 1	\$ 31,095	\$ 34,175	\$ 25,000	\$ 90,270
Additions	-	180,923	8,080	189,003
Amortisation charge	(24,064)	(43,778)	-	(67,842)
Closing net book amount as at December 31	<u>\$ 7,031</u>	<u>\$ 171,320</u>	<u>\$ 33,080</u>	<u>\$ 211,431</u>
<u>At December 31, 2021</u>				
Cost	\$ 99,249	\$ 248,018	\$ 33,080	\$ 380,347
Accumulated amortisation and impairment	(92,218)	(76,698)	-	(168,916)
	<u>\$ 7,031</u>	<u>\$ 171,320</u>	<u>\$ 33,080</u>	<u>\$ 211,431</u>
	Technical licencing fee	Software	Others	Total
<u>At January 1, 2020</u>				
Cost	\$ 143,669	\$ 83,663	\$ 25,771	\$ 253,103
Accumulated amortisation and impairment	(98,576)	(55,904)	(771)	(155,251)
	<u>\$ 45,093</u>	<u>\$ 27,759</u>	<u>\$ 25,000</u>	<u>\$ 97,852</u>
<u>2020</u>				
Opening net book amount as at January 1	\$ 45,093	\$ 27,759	\$ 25,000	\$ 97,852
Additions	18,080	25,238	-	43,318
Amortisation charge	(32,078)	(18,822)	-	(50,900)
Closing net book amount as at December 31	<u>\$ 31,095</u>	<u>\$ 34,175</u>	<u>\$ 25,000</u>	<u>\$ 90,270</u>
<u>At December 31, 2020</u>				
Cost	\$ 99,249	\$ 69,294	\$ 25,000	\$ 193,543
Accumulated amortisation and impairment	(68,154)	(35,119)	-	(103,273)
	<u>\$ 31,095</u>	<u>\$ 34,175</u>	<u>\$ 25,000</u>	<u>\$ 90,270</u>

- A. Technical licencing fee pertains to expenses in relation to technology licencing process required for research and development.
- B. Software mainly refers to electronic design automation software for research and development.
- C. Others mainly refer to golf club memberships.
- D. Details of amortisation charges on intangible assets are as follows:

	Year ended December 31	
	2021	2020
Operating costs	\$ 8	\$ 24
Selling expenses	70	22
Administrative expenses	1,861	480
Research and development expenses	65,903	50,374
	<u>\$ 67,842</u>	<u>\$ 50,900</u>

(10) Other payables

	December 31, 2021	December 31, 2020
Accrued employees' compensation and directors' and supervisors' remuneration	\$ 492,050	\$ 343,584
Salary and bonus payable	336,421	377,104
Accrued payment for intangible assets payable	112,537	9,501
Payable on property, plant and equipment	11,998	29,619
Technical licencing fee payable	2,339	3,846
Insurance payable	14,063	6,044
Others	28,131	24,693
	<u>\$ 997,539</u>	<u>\$ 794,391</u>

(11) Pensions

A. Defined benefit plan

- (a) The Company has 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 Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 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 would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	\$ 4,521	\$ 5,178
Fair value of plan assets	(4,343)	(4,267)
Net defined benefit liabilities	<u>\$ 178</u>	<u>\$ 911</u>

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

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 5,178	(\$ 4,267)	\$ 911
Interest expense (income)	21	(17)	4
	<u>5,199</u>	<u>(4,284)</u>	<u>915</u>
Remeasurements:			
Return on plan assets	-	(59)	(59)
Change in demographic assumptions	49	-	49
Change in financial assumptions	(782)	-	(782)
Experience adjustments	<u>55</u>	<u>-</u>	<u>55</u>
	<u>(678)</u>	<u>(59)</u>	<u>(737)</u>
At December 31	<u>\$ 4,521</u>	<u>(\$ 4,343)</u>	<u>\$ 178</u>
	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 4,256	(\$ 4,101)	\$ 155
Interest expense (income)	32	(31)	1
	<u>4,288</u>	<u>(4,132)</u>	<u>156</u>
Remeasurements:			
Return on plan assets	-	(135)	(135)
Change in demographic assumptions	2	-	2
Change in financial assumptions	846	-	846
Experience adjustments	<u>42</u>	<u>-</u>	<u>42</u>
	<u>890</u>	<u>(135)</u>	<u>755</u>
Pension fund contribution	-	-	-
At December 31	<u>\$ 5,178</u>	<u>(\$ 4,267)</u>	<u>\$ 911</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's 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. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's 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.

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

	Year ended December 31	
	2021	2020
Discount rate	0.70%	0.40%
Future salary increases	4.00%	5.00%

Assumptions regarding future mortality experience are set based on the 5th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2021 and 2020.

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

	Discount rate		Future salary increase	
	Increase 25%	Decrease 25%	Increase 25%	Decrease 25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 141)	\$ 147	\$ 142	(\$ 137)
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 175)	\$ 182	\$ 173	(\$ 168)

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.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to \$0.

(g) As of December 31, 2021, the weighted average duration of the retirement plan is 12 years. The analysis of timing of the future pension payment was as follows:

	December 31, 2021
Within 1 year	\$ 22
1-2 year(s)	23
2-5 years	164
Over 5 years	4,736
	<u>\$ 4,945</u>

B. Defined contribution plan

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount of at least 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were \$15,349 and \$14,580, respectively.

(12) Share-based payments

A. The Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees (Note 1)	2020.3.19	185 (shares in thousands)	3 years	Upon satisfaction of service and performance conditions (Note 2)

Note 1: The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not required to return the dividends received if they resign during the vesting period.

Note 2: The maximum vesting percentage for the employee who has one, two and three years’ service with the Company since the grant of restricted stocks and has achieved the performance targets set by the Company with respect to the Company’s overall operating results and personal performance is 30%, 70% and 100%, respectively.

B. Details of the share-based payment arrangements are as follows:

	2021	2020
	Quantity (shares in thousands)	Quantity (shares in thousands)
Restricted stocks at January 1	185	-
Issued during the year	-	185
Restricted stocks forfeited	(5)	-
Restricted stocks at December 31	180	185

In 2021, some employees were required to return 5 thousand shares of restricted stocks which they received as they resigned during the vesting period and failed to meet the vesting conditions in accordance with the terms of restricted stocks. The Board of Directors has approved on May 10, 2021 and November 8, 2021 to redeem back and conduct a capital reduction to retire those stocks. The effective date for the capital reduction was set on May 13, 2021 and November 12, 2021. The registration of the change was completed on June 23, 2021 and December 2, 2021.

C. The fair value of stock options granted on grant date is measured based on the stock price on the grant date less the exercise price. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected option life	Fair value per unit (in dollars)
Restricted stocks to employees	2020.3.19	\$ 617.00	-	3 years	\$ 617.00

D. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31
	2021
	2020
Equity-settled	\$ 41,191
	\$ 51,551

(13) Share capital

A. As of December 31, 2021, the Company's authorised capital was \$1,200,000, consisting of 120,000,000 shares of ordinary stock (including 2,500,000 shares reserved for employee stock options), and the paid-in capital was \$692,181 with a par value of \$10 (in dollars) per share. Proceeds from shares issued have been collected.

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

	2021	2020
At January 1	69,223	60,038
Issuance of restricted stocks	-	185
Retirement of restricted stocks	(5)	-
Issuance of new shares for shares in another company	-	9,000
At December 31	<u>69,218</u>	<u>69,223</u>

- B. In order to reward employees who stay with the Company and have a good performance, the shareholders during their meeting on June 13, 2019 adopted a resolution to issue employee restricted ordinary shares without consideration of 350 thousand shares with a par value of \$10 (in dollars) per share. The issuance has been approved to be effective on September 18, 2019 by the Financial Supervisory Commission. On February 21, 2020, the Board of Directors has approved to issue the first-time employee restricted shares of 185 thousand shares with the effective date set on April 22, 2020. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.
- C. In order to reward employees who stay with the Company and have a good performance, the shareholders during their meeting on July 23, 2021 adopted a resolution to issue employee restricted ordinary shares without consideration of 150 thousand shares with a par value of \$10 (in dollars) per share. The issuance has been approved to be effective on October 13, 2021 by the Financial Supervisory Commission.
- D. In 2021, some employees were required to return restricted stocks as they resigned during the vesting period, as they failed to meet the vesting conditions in accordance with the terms of restricted stocks. Refer to Note 6(13) B. for details.
- E. On February 21, 2020, the Company entered into a stock exchange contract and increased capital by issuing 9 million ordinary shares in exchange for 171 million shares of WT MICROELECTRONICS CO., LTD.. The transaction was approved by the Financial Supervisory Committee on April 17, 2020, and the effective date was set on April 21, 2020. In addition, when both parties agree to the following changes in ownership interest, they shall notify the counterparty of the trading conditions in writing:
- (a) If any party intends to reissue shares of the counterparty, or set pledges, mortgages or other burdens on shares of the counterparty, or otherwise dispose shares of the counterparty.
 - (b) If any party intends to acquire shares of the counterparty through purchase from the market or other methods.

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to

issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. 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.

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital, and appropriate or reverse a special reserve as required by the operating needs of the Company or regulations when necessary. The remainder, if any, along with beginning unappropriated earnings comprise the accumulated distributable earnings which shall be proposed by the Board of Directors and resolved by the shareholders at the shareholders' meeting if earnings are distributed by issuing new shares.

If the Company distributes dividends and bonus or all or part of legal reserve and capital surplus in the form of cash, the resolution will be adopted if more than 2/3 of the directors attend the Board of Directors' meeting and more than 1/2 of the directors present agree which will then be reported to the shareholders.

B. The Company's dividend policy is to retain or distribute earnings in the form of shares or in cash taking into consideration the Company's financial structure, operating results as well as shareholders' benefits, balanced dividends. Expected share dividends shall be maintained between 10% and 1% of the current distributable earnings. However, cash dividends shall account for at least 10% of the total dividends.

Qualified employees, including the employees of subsidiaries of the Company meeting certain specific requirements, are entitled to receive shares or bonus. Qualification requirements are set by the Board of Directors.

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. On July 23, 2021 and June 12, 2020, the shareholders during their meeting approved the appropriations of 2020 and 2019 earnings, respectively. Details are as follows:

	Year ended December 31			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 292,791	\$ -	\$ 96,521	\$ -
Special reserve	(11,841)	-	-	-
Cash dividends	1,661,349	24.00	828,522	11.97

- E. On March 14, 2022, the Board of Directors during its meeting proposed the appropriation of 2021 earnings. Details are as follows:

	Year ended December 31, 2021	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 331,378	
Cash Dividends	1,799,669	26.00

As of March 14, 2022, the aforementioned appropriation of 2021 earnings as resolved by the Board of Directors is yet to be reported to and approved by the shareholders.

(16) Operating revenue

	Year ended December 31	
	2021	2020
Revenue from contracts with customers (IC products)	\$ 6,009,012	\$ 6,987,470

- A. The Company derives revenue from the transfer of goods at a point in time. The major products were the high speed analog circuit and related products.

Year ended December 31, 2021	High speed interface controller	High speed device controller	Total
Revenue from external customer contracts	\$ 4,560,956	\$ 1,448,056	\$ 6,009,012
Timing of revenue recognition			
At a point in time	\$ 4,560,956	\$ 1,448,056	\$ 6,009,012
Year ended December 31, 2020	High speed interface controller	High speed device controller	Total
Revenue from external customer contracts	\$ 6,005,582	\$ 981,888	\$ 6,987,470
Timing of revenue recognition			
At a point in time	\$ 6,005,582	\$ 981,888	\$ 6,987,470

B. Contract liabilities

- (a) As of December 31, 2021 and 2020, the Company recognised contract liabilities arising from sales revenue from contract with customers amounting to \$48,671 and \$20,092, respectively.
- (b) Revenue recognised that was included in the contract liability balance at the beginning of the year.

	Year ended December 31	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ 20,092	\$ 26,007

(17) Interest income

	Year ended December 31	
	2021	2020
Interest income from bank deposits	\$ 5,123	\$ 7,646
Other interest income	170	162
Interest income from financial assets at fair value through profit or loss	-	737
	\$ 5,293	\$ 8,545

(18) Other income

	Year ended December 31	
	2021	2020
Dividend income	\$ 3,409	\$ -
Gain recognised in bargain purchase transaction (Note)	-	378,940
Others	3,124	5,175
	\$ 6,533	\$ 384,115

Note: Refer to Note 6(5) A. for details.

(19) Other gains and losses

	Year ended December 31	
	2021	2020
Losses on disposals of property, plant and equipment	(\$ 1,401)	\$ -
Losses on disposals of investments	- (2,624)
Net currency exchange losses	(34,168)	(111,732)
Net gains on financial assets at fair value through profit or loss	1,368	3,557
Other losses	- (1,341)
	(\$ 34,201)	(\$ 112,140)

(20) Finance costs

	Year ended December 31	
	2021	2020
Interest expense	\$ 1,379	\$ 1,320

(21) Expenses classified based on nature

	Year ended December 31, 2021		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$ 70,058	\$ 875,920	\$ 945,978
Depreciation	\$ 34,868	\$ 141,489	\$ 176,357
Amortisation	\$ 8	\$ 67,834	\$ 67,842

	Year ended December 31, 2020		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$ 64,430	\$ 901,736	\$ 966,166
Depreciation	\$ 98,984	\$ 53,039	\$ 152,023
Amortisation	\$ 24	\$ 50,876	\$ 50,900

(22) Employee benefit expense

	Year ended December 31	
	2021	2020
Salary expenses	\$ 879,417	\$ 914,257
Labour and health insurance fees	39,362	26,393
Pension costs	15,353	14,580
Other personnel expenses	11,846	10,936
	\$ 945,978	\$ 966,166

- A. According to the Articles of Incorporation of the Company, a percentage of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The percentage shall not be lower than 1% for employees' compensation and shall not be higher than 1% for directors' remuneration. If a company has accumulated deficit, earnings should be reserved to cover losses. Aforementioned profit distributable as employees' compensation can be distributed in the form of shares or in cash. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements.
- B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$249,545 and \$231,077, respectively; directors' remuneration was accrued at \$11,428 and \$10,665, respectively. The aforementioned amounts were recognised in salary expenses. Employees' compensation and directors' remuneration for 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial statements. Abovementioned employees' compensation will be distributed in the form of cash.

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

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 348,915	\$ 439,299
Tax on undistributed surplus earnings	38,576	2,008
Prior year income tax overestimation	(1,924)	(16,593)
Total current tax	<u>385,567</u>	<u>424,714</u>
Deferred tax:		
Origination and reversal of temporary differences	(12,299)	(7,707)
Income tax expense	<u>\$ 373,268</u>	<u>\$ 417,007</u>

(b) Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 713,283	\$ 668,984
Tax exempt income by tax regulation	(331,085)	(194,576)
Effect from investment tax credits	(45,582)	(42,815)
Prior year income tax over estimation	(1,924)	(16,594)
Tax on undistributed surplus earnings	<u>38,576</u>	<u>2,008</u>
Income tax expense	<u>\$ 373,268</u>	<u>\$ 417,007</u>

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

2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Allowance for inventory				
obsolescence losses	\$ 15,200	\$ 11,800	\$ -	\$ 27,000
Expected credit losses	29	-	-	29
Estimated sales discounts				
and allowances	22,357	(1,735)	-	20,622
Unrealised sales profit	3,109	2,091	-	5,200
Others	1,920	380	-	2,300
	<u>42,615</u>	<u>12,536</u>	<u>-</u>	<u>55,151</u>
- Deferred tax liabilities				
Unrealised exchange gain	(1)	(237)	-	(238)
	<u>(1)</u>	<u>(237)</u>	<u>-</u>	<u>(238)</u>
	<u>\$ 42,614</u>	<u>\$ 12,299</u>	<u>\$ -</u>	<u>\$ 54,913</u>
2020				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Allowance for inventory				
obsolescence losses	\$ 11,400	\$ 3,800	\$ -	\$ 15,200
Expected credit losses	29	-	-	29
Unrealised exchange loss	1,385	(1,385)	-	-
Estimated sales discounts				
and allowances	20,406	1,951	-	22,357
Unrealised sales profit	-	3,109	-	3,109
Others	1,687	233	-	1,920
	<u>34,907</u>	<u>7,708</u>	<u>-</u>	<u>42,615</u>
- Deferred tax liabilities				
Unrealised exchange gain	-	(1)	-	(1)
	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>
	<u>\$ 34,907</u>	<u>\$ 7,707</u>	<u>\$ -</u>	<u>\$ 42,614</u>

C. The Company's income tax returns through 2019 have been approved by the Tax Authority.

(24) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 3,193,148	69,076	\$ 46.23
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 3,193,148	69,076	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	168	
Restricted stocks	-	173	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 3,193,148	69,417	\$ 46.00

Year ended December 31, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 2,927,912	66,308	\$ 44.16
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 2,927,912	66,308	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	164	
Restricted stocks	-	100	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 2,927,912	66,572	\$ 43.98

(25) Supplemental cash flow information

A. Investing activities with partial cash payments

Year ended December 31			
	2021	2020	
Purchase of property, plant and equipment	\$ 201,894	\$ 156,987	
Add: Opening balance of payable on equipment	29,619	20,349	
Less: Ending balance of payable on equipment	(11,998)	(29,619)	
Cash paid during the year	\$ 219,515	\$ 147,717	

Year ended December 31			
	2021	2020	
Purchase of intangible assets	\$ 189,003	\$ 43,318	
Add: Opening balance of other payables	13,347	45,809	
Less: Ending balance of other payables	(114,876)	(13,347)	
Cash paid during the year	\$ 87,474	\$ 75,780	

B. Financing activities with no cash flow effects

Year ended December 31			
	2021	2020	
Issuance of new shares for shares in another company	\$ -	\$ 6,624,000	

(26) Changes in liabilities from financing activities

	2021	2020
	Principal of lease liabilities	Principal of lease liabilities
At January 1	\$ 44,994	\$ 40,563
Changes in cash flow from financing activities	(22,277)	(18,726)
Changes in other non-cash items	9,355	23,157
At December 31	<u>\$ 32,072</u>	<u>\$ 44,994</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by ASUSTEK COMPUTER Inc. (incorporated in Taiwan) which directly and indirectly holds 45.91% equity interest in the Company and is the ultimate parent of the Company.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
ASUSTEK COMPUTER INCORPORATION (ASUS)	Ultimate parent company
ASUSTEK COMPUTER (SHANGHAI) CO., LTD. (ACSH)	Associate
ASUS TECHNOLOGY INCORPORATION (ASUTC)	"
HUA-CHENG VENTURE CAPITAL CORP. (HCVC)	"
HUA-MIN INVESTMENT CO., LTD.(HMI)	"
WT MICROELECTRONICS CO., LTD. (WT)	" (Note)

Note: WT MICROELECTRONICS CO., LTD. became an associate of the Company since April 21, 2020.

(3) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2021	2020
Sales of goods:		
ASUS	\$ 451,717	\$ 342,276
Associates		
-WT	928,142	408,036
	<u>\$ 1,379,859</u>	<u>\$ 750,312</u>

The prices of sales to related parties were approximately the same with third parties. The credit term was 30 days from the first day of the month following the month of purchase and was approximately the same with third parties.

B. Service fees (shown as ‘operating cost and operating expenses’)

	Year ended December 31	
	2021	2020
ASUS	\$ 2,641	\$ 2,487
Associates	4,372	3,624
	<u>\$ 7,013</u>	<u>\$ 6,111</u>

Other related parties provided management services to the research segment of the Company and charged a fee based on mutual agreement. The Company paid monthly expenses to other related parties based on the contract.

C. Receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable:		
Associates		
-WT	\$ 40,010	\$ 37,430
ASUS	78,925	10,783
	<u>\$ 118,935</u>	<u>\$ 48,213</u>

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties and other current liabilities

	December 31, 2021	December 31, 2020
Other payables (Note 1):		
ASUS	\$ 402	\$ 320
Associates		
- ACSH	311	-
- Others	22	52
	<u>\$ 735</u>	<u>\$ 372</u>
Other current liabilities (Note 2):		
ASUS	\$ 39,891	\$ -
Associates		
- WT	15,513	-
	<u>\$ 55,404</u>	<u>\$ -</u>

(Note 1) Payables to related parties mainly arose from purchase of miscellaneous equipment by related parties on behalf of the Company. The payables bear no interest.

(Note 2) Other current liabilities mainly pertain to liabilities from sales returns and discounts.

E. Property transactions

Acquisition of property, plant and equipment

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates		
- ASUTC	\$ <u>1,486</u>	\$ <u>-</u>

(4) Key management compensation

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 200,063	\$ 199,059
Post-employment benefits	432	432
	\$ <u>200,495</u>	\$ <u>199,491</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Pledged time deposits (shown as 'other non-current assets')	\$ <u>3,000</u>	\$ <u>3,000</u>	Customs duty guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2021 and 2020, the outstanding amounts due for the purchase of instruments and equipment payable within one year were \$53,453 and \$0, respectively.

B. The Company entered into a material and production capacity purchase agreement with the supplier, under which a certain amount of materials and production capacity must be purchased by the Company each month. The agreement is valid from July 16, 2021 to December 31, 2023. In addition, the outstanding amount of the guarantee for purchasing materials and production capacity under this agreement was \$846,880 as of December 31, 2021.

(3) SIGNIFICANT DISASTER LOSS

None.

(4) SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to Note 6(15)E. for more information.

12. OTHERS

(1) Capital management

The Company's objective is to safeguard the Company's ability to continue as a going concern and growth and to provide sufficient returns to shareholders through maintaining an optimal capital structure to reduce the cost of capital. The Company's capital structure management strategy is based on the Company's industrial scale, future growth ability of the industry, product development plans, projected production capacity and capital expenditure requirements. A comprehensive plan is then made based on the above to determine the adequate capital structure of the Company.

The management reviews the Company's capital structure periodically and considers the costs and risks involved for a particular capital structure. Generally, the Company adopts a prudent risk management strategy.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 610,344	\$ 209,186
Financial assets at fair value through other comprehensive income	895,366	638,512
Financial assets at amortised cost		
Cash and cash equivalents	1,734,025	2,615,534
Accounts receivable (including related parties)	534,932	416,206
Other receivables	32,747	48,062
Guarantee deposits paid (shown as 'other non-current assets')	11,499	7,621
Pledged time deposits (shown as 'other non-current assets')	3,000	3,000
	<u>\$ 3,821,913</u>	<u>\$ 3,938,121</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable	\$ 327,392	\$ 364,759
Other payables (including related parties)	998,274	794,763
Other current liabilities	102,255	35,117
	<u>\$ 1,427,921</u>	<u>\$ 1,194,639</u>
Lease liabilities	<u>\$ 32,072</u>	<u>\$ 44,994</u>

B. Financial risk management policies

- (a) The Company has adopted adequate risk management and control system to identify, evaluate and control all risks including market risk, credit risk, liquidity risks and cash flow risks in order for the management to control and evaluate these risks effectively.

- (b) The financial segment manager assesses the risk control periodically and reports to the Board of Directors any unusual or significant risks identified.
 - (c) Under the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company enters into derivative instruments to hedge market risk arising from exchange rate changes. No derivative instrument was held for trading.
- C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. Sensitivity analysis of foreign exchange risk was calculated for significant foreign currency items as of December 31, 2021 and 2020. If NTD had appreciated or depreciated by 1% to USD, net income would have decreased/increased by \$9,863 and \$9,749 for the years ended December 31, 2021 and 2020, respectively. If NTD had appreciated or depreciated by 1% to RMB, net income would have decreased/increased by \$1,511 and \$1,495 for the years ended December 31, 2021 and 2020, respectively.
- iv. The Company's businesses involve some non-functional currency operations. 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, 2021				
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 44,963		27.68	\$ 1,244,426
RMB:NTD	34,794		4.34	151,108
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 9,324		27.68	\$ 258,097
December 31, 2020				
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 40,521		28.48	\$ 1,154,038
RMB:NTD	34,163		4.38	149,545
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 6,289		28.48	\$ 179,111

- v. 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, 2021 and 2020 amounted to \$34,168 and \$111,732, respectively.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased

by \$6,103 and \$2,092, 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 \$8,954 and \$6,385, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customer's accounts receivable, which are all with good credit rating, into the same group. The Company uses the forecastability adjusting historical and timely information to develop a loss rate of 0.03%, which is used to assess the default possibility of accounts receivable.
- vi. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2021
	Accounts receivable
At January 1	(\$ 145)
Provision for impairment	-
At December 31	(\$ 145)

	2020
	Accounts receivable
At January 1	(\$ 145)
Provision for impairment	-
At December 31	(\$ 145)

(c) Liquidity risk

- i. Cash flow forecasting is performed and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- ii. Surplus cash held by the operating entities over and above the balance required for working capital management are invested in interest bearing current accounts, time deposits, and marketable securities. The Company chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As of December 31, 2021 and 2020, the Company held the above investment position (excluding cash and cash equivalents) of \$1,505,710 and \$847,698, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
December 31, 2021				
Accounts payable	\$ 324,392	\$ -	\$ -	\$ 324,392
Other payables (including related parties)	998,274	-	-	998,274
Lease liabilities	18,965	14,755	-	33,720

Non-derivative financial liabilities:

December 31, 2020	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Accounts payable	\$ 364,759	\$ -	\$ -	\$ 364,759
Other payables (including related parties)	794,763	-	-	794,763
Lease liabilities	21,872	25,025	-	46,897

Note: The maturity analysis of the contractual cash flow amounts for lease payments that are significant and are exempt from recognition of lease liabilities due to the low-value assets or the short-term leases shall still be disclosed.

(3) Fair value information

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

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

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

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

B. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 are as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Open-end fund	\$ 610,344	\$ -	\$ -	\$ 610,344
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 868,230	\$ -	\$ 27,136	\$ 895,366

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Open-end fund	<u>\$ 209,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,186</u>
Financial assets at fair value through other comprehensive income				
Emerging stocks	<u>\$ 513,360</u>	<u>\$ -</u>	<u>\$ 125,152</u>	<u>\$ 638,512</u>

C. The methods and assumptions the Company used to measure fair value are as follows:

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

	<u>Open-end fund</u>	<u>Listed shares and emerging stocks</u>
Market quoted price	Net asset value	Transaction price

- D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- E. For the year ended December 31, 2019, the transaction volume of ICATCH TECHNOLOGY, INC. in the market has steadily increased from December 2019, and there is sufficient observable market information available. Accordingly, the Company has transferred the fair value from Level 3 into Level 1 at the end of the month when the event occurred.
- F. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.
- G. Treasury department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. 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, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 27,136	Discounted cash flow	Note 1	Not applicable	Note 2

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 125,152	Discounted cash flow	Note 1	Not applicable	Note 2

(Note 1) Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control.

(Note 2) The higher the discount for lack of marketability, the lower the fair value; the higher the weighted average cost of capital and discount for lack of control, the lower the fair value; the higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 2.
- 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: Please refer to table 3.
- 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 periods: None.

(2) Information on investees

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

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Please refer to table 5.

14. OPERATING SEGMENT INFORMATION

(1) The Company operates business only in a single industry. The Chief Operating Decision-Maker who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of the operating segments based on a measure of post-tax profit.

(3) Information on products and services

The Company operates business only in a single industry, and is primarily engaged in the design, development, production and manufacture of high-speed analogue circuit products. Details of revenue are as follows:

	Year ended December 31			
	2021		2020	
	Revenue	%	Revenue	%
High speed interface controller	\$ 4,560,956	76	\$ 6,005,582	86
High speed device controller	1,448,056	24	981,888	14
	<u>\$ 6,009,012</u>	<u>100</u>	<u>\$ 6,987,470</u>	<u>100</u>

(4) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31			
	2021		2020	
	Net sales	Non-current assets	Net sales	Non-current assets
US	\$ 2,338,765	\$ -	\$ 4,503,420	\$ -
Taiwan	1,987,036	555,684	1,383,755	397,154
China	846,052	-	383,439	-
Southeast Asia	461,503	-	510,715	-
North-east Asia	263,550	-	105,879	-
Others	112,106	-	100,262	-
	<u>\$ 6,009,012</u>	<u>\$ 555,684</u>	<u>\$ 6,987,470</u>	<u>\$ 397,154</u>

(5) Major customer information

Major customer information for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31	
	2021	2020
	Net sales	Net sales
Customer A	\$ 2,319,565	\$ 4,500,898
Customer B	416,094	315,640
WT	928,142	547,773
ASUS	451,717	342,276
	<u>\$ 4,115,518</u>	<u>\$ 5,706,587</u>

ASMedia Technology Inc.

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

December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
ASMedia Technology Inc.	Fuh Hwa RMB Money Market Fund	No	Current financial assets at fair value through profit or loss	531,862	\$ 28,643	-	\$ 28,643	
ASMedia Technology Inc.	Mega Diamond Money Market Fund	No	Current financial assets at fair value through profit or loss	23,739,799	300,964	-	300,964	
ASMedia Technology Inc.	Capital Money Market Fund	No	Current financial assets at fair value through profit or loss	17,226,216	280,737	-	280,737	
ASMedia Technology Inc.	Augentix Inc.	No	Non-current financial assets at fair value through other comprehensive income	1,600,000	27,136	11.59%	27,136	
ASMedia Technology Inc.	ICATCH TECHNOLOGY, INC.	No	Non-current financial assets at fair value through other comprehensive income	5,500,000	476,630	7.38%	476,636	
ASMedia Technology Inc.	WT MICROELECTRONICS CO., LTD.	Associate	Non-current financial assets at fair value through other comprehensive income	8,000,000	391,600	-	391,600	

ASMedia Technology Inc.

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

Year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2021		Addition			Disposal			Gain (loss) on disposal		Balance as at December 31, 2021	
					Number of shares	Amount	Number of shares	Amount	Note	Number of shares	Selling price	Book value			Number of shares	Amount
ASMedia Technology Inc.	Mega Diamond Money Market Fund	Current financial assets at fair value through profit or loss	-	No	7,940,513	\$ 100,447	15,799,286	\$ 200,000 517	Note 1 Note 2	-	\$ -	\$ -	-	\$ -	23,739,799	\$ 300,964
ASMedia Technology Inc.	Capital Money Market Fund	Current financial assets at fair value through profit or loss	-	No	4,937,240	80,306	12,288,976	200,000 431	Note 1 Note 2	-	-	-	-	-	17,226,216	280,737

Note 1: Purchase cost.

Note 2: Valuation adjustments of financial assets as at December 31, 2021.

ASMedia Technology Inc.

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

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
ASMedia Technology Inc.	ASUSTEK COMPUTER INCORPORATION	Parent company of the Company	Sales	\$ 451,717	8%	Note	Note	Note	\$ 78,925	15%	
ASMedia Technology Inc.	WT MICROELECTRONICS CO., LTD.	Associate	Sales	928,142	15%	Note	Note	Note	40,010	7%	

Note: The prices of sales to related parties were approximately the same with third parties. The credit term was 30 days from the first day of the month following the month of sale and was approximately the same with third parties.

ASMedia Technology Inc.
Information on investees
Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
ASMedia Technology Inc.	WT MICROELECTRONICS CO., LTD.	Taiwan	Agent of semiconductor and electronic materials	\$ 6,624,000	\$ 6,624,000	171,000,000	21.44%	\$ 11,391,413	\$ 7,923,257	\$ 1,652,458	

ASMedia Technology Inc.
Major shareholders information
December 31, 2021

Table 5

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ASUSTEK COMPUTER INCORPORATION	24,457,660	35.33%
WT MICROELECTRONICS CO., LTD.	9,000,000	13.00%
HUA-CHENG VENTURE CAPITAL CORP.	4,918,014	7.11%

ASMEDIA TECHNOLOGY INC.
STATEMENT OF CASH AND BANK DEPOSITS
DECEMBER 31, 2021

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

Statement 1

Item	Description	Amount
Cash on hand		\$ 90
Bank deposits		
- Demand deposits		477,858
- Time deposits	Maturity dates are from January 2022 to February 2022; interest rate is 0.35% ~ 0.38% per annum	396,000
- Foreign demand deposits	USD 25,613 thousand; exchange rate 27.68	708,969
	RMB 34,794 thousand; exchange rate 4.34	151,108
		<u>\$ 1,734,025</u>

ASMEDIA TECHNOLOGY INC.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 2

<u>Client Name</u>	<u>Amount</u>
Client A	\$ 115,357
Client B	57,134
Client C	31,472
Client D	26,973
Client E	24,913
Client F	24,829
Client G	23,245
Client H	21,081
Others	91,138
Less: Allowance for bad debts	(145)
	<u>\$ 415,997</u>

ASMEDIA TECHNOLOGY INC.
STATEMENT OF INVENTORIES
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Amount		Note
	Cost	Net Realizable Value	
Raw materials	\$ 434,002	\$ 448,863	Net realizable value is used as market value for raw materials, work in progress and finished goods
Work in progress	621,215	621,215	
Finished goods	493,354	1,800,996	
	1,548,571	\$ 2,871,074	
Less: Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	(135,000)		
	\$ 1,413,571		

ASMEDIA TECHNOLOGY INC.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 4

<u>Supplier</u>	<u>Amount</u>	<u>Note</u>
Supplier A	\$ 130,631	
Supplier B	115,346	
Supplier C	42,155	
Supplier D	26,687	
Others	9,573	None of the balances of each supplier is greater than 5% of this account balance
	<u>\$ 324,392</u>	

ASMEDIA TECHNOLOGY INC.
STATEMENT OF OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 5

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
High speed interface controller	10,990 million units	\$ 4,570,075	
High speed device controller	5,507 million units	1,444,048	
Sales returns and discounts		(5,111)	
		<u>\$ 6,009,012</u>	

ASMEDIA TECHNOLOGY INC.
STATEMENT OF OPERATING COSTS
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 6

Item	Amount	Footnote
Beginning raw materials	\$ 382,329	
Add: Raw materials purchased for the year	1,516,067	
Others	1,708	
Less: Ending raw materials	(434,002)	
Purchase returns and discounts	(11,067)	
Transfers to operating expenses	(39,297)	
	(3,410)	
	(9,952)	
Raw materials used for the year	1,402,376	
Manufacturing expense	1,691,586	
Manufacturing cost	3,093,962	
Add: Beginning work in Progress	281,675	
Less: Ending work in Progress	(621,215)	
Cost of finished goods	2,754,422	
Add: Beginning finished goods	460,300	
Less: Ending finished goods	(493,354)	
Others	(19)	
	(28,747)	
Transfers to operating expenses	(2,147)	
Cost of goods sold	2,690,455	
	38,699	
Add: Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	59,000	
Operating costs	<u>\$ 2,788,154</u>	

ASMEDIA TECHNOLOGY INC.
STATEMENT OF MANUFACTURING EXPENSES
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 7

<u>Item</u>	<u>Amount</u>	<u>Note</u>
Processing expenses	\$ 1,493,884	
Others	197,702	None of the balances of each item is greater than 5% of this account balance
	<u>\$ 1,691,586</u>	

ASMEDIA TECHNOLOGY INC.
STATEMENT OF SELLING EXPENSES
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 8

Item	Amount	Note
Wages and salaries	\$ 67,199	
Commissions expense	6,265	
Freight	6,415	
Other expenses	21,271	None of the balances of each item is greater than 5% of this account balance
	\$ 101,150	

ASMEDIA TECHNOLOGY INC.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 9

Item	Amount	Note
Wages and salaries	\$ 99,631	
Services expenses	16,313	
Depreciation	21,102	
Other expenses	45,440	None of the balances of each item is greater than 5% of this account balance
	<u>\$ 182,486</u>	

ASMEDIA TECHNOLOGY INC.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 10

<u>Item</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries	\$ 661,598	
Amortisation charge	118,463	
Consumable expenses	65,903	
Other expenses	143,092	None of the balances of each item is greater than 5% of this account balance
	<u>\$ 989,056</u>	

ASMEDIA TECHNOLOGY INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION EXPENSES BY FUNCTION YEAR
ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 11

Function Nature	Year ended December 31, 2021			Year ended December 31, 2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	\$ 65,206	\$ 799,983	\$ 865,189	\$ 60,510	\$ 840,282	\$ 900,792
Labour and health insurance fees	3,216	36,146	39,362	2,003	24,390	26,393
Pension costs	1,132	14,221	15,353	1,070	13,510	14,580
Directors' remuneration	-	14,228	14,228	-	13,465	13,465
Other personnel expenses	504	11,342	11,846	847	10,089	10,936
Total	\$ 70,058	\$ 875,920	\$ 945,978	\$ 64,430	\$ 901,736	\$ 966,166
Depreciation	\$ 34,868	\$ 141,489	\$ 176,357	\$ 98,984	\$ 53,039	\$ 152,023
Amortisation	\$ 8	\$ 67,834	\$ 67,842	\$ 24	\$ 50,876	\$ 50,900

Note:

- As at December 31, 2021 and 2020, the Company had 246 and 249 employees, both including 6 non-employee directors, respectively.
- A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:
 - Average employee benefit expense in current year was \$3,882 ((Total employee benefit expense of current year - Total directors' remuneration of current year)/ (Number of employees of current year - Number of non-employee directors of current year)).
Average employee benefit expense in previous year was \$3,921 ((Total employee benefit expense of prior year -Total directors' remuneration of prior year)/ (Number of employees of prior year-Number of non-employee directors of prior year)).
 - Average employee salaries in current year was \$3,605 (Total wages and salaries of current year/ (Number of employees of current year - Number of non-employee directors of current year)).
Average employee salaries in previous year was \$3,707 (Total wages and salaries of prior year/ (Number of employees of prior year - Number of non-employee directors of prior year)).
 - Adjustments of average employee salaries was (3%) ((Average wages and salaries of current year - Average wages and salaries of prior year)/Average wages and salaries of prior year).
 - As the Company has elected to set up the audit committee, it has no supervisors' remuneration.
 - The Company's compensation policy
 - The overall employee compensation levels are determined by the Company's operational situation, annual budget and salary policy to effectively attract and retain talents.
 - Link employees' compensation with their performance by using the performance management system to motivate employees and drive positive growth in the Company.
 - Link employees' compensation with their achievement of the Company's operational targets, job and overall performance to motivate employees.
 - Set up the Compensation Committee to effectively review the Company's overall compensation and benefit policies and the directors' and management's remuneration.

ASMedia Technology Inc.

Chairman: Jerry Shen