

*Stock No. : 5269*



**ASMedia Technology Inc.**

# **2022 Annual Report**

Published on May 10, 2023

Visit <http://mops.twse.com.tw> for information related to this report.

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Acting Spokesperson: Alex Chen

Title: President

Title: Sales VP

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URL: <http://www.kgiworld.com.tw>

4. Names of CPAs who audited the annual financial report for the most recent fiscal year, and the name, address, website, telephone number of their accounting firm:

Names of CPAs: Shu-Fen Yu, Chun-Yao Lin

Name of the firm: PwC Taiwan

Address: 27F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City

Tel: (02) 2729-6666

URL: <http://www.pwc.tw>

5. The name of any exchanges where the company's securities are traded offshore, and the method of accessing information on the offshore securities: Not applicable

6. Company website: <http://www.asmedia.com.tw>

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# I. Letter to Our Shareholders

Dear shareholders,

2022 was a year full of challenges for the semiconductor industry: the Russia-Ukraine war, China's lockdown policy, inflation surge, and the Central Bank's decision to raise interest rates. The world was filled with uncertainty. On top of that, as demand far exceeded the manufacturing capacity since 2021, this had led to a severe shortage of semiconductor materials and rising costs. Later on in the pandemic, the overall consumer demand declined, resulting in rising chip inventories and disruptions in the supply chain. The technology industry was grappling with immense challenges which tested the ability of firms to manage their business.

Despite these challenges, ASMedia's 2022 operational performance remained robust, and continued to generate a substantial revenue through efficiently allocating resources to products. ASMedia revenue in 2022 was NT\$5.248 billion, down 13% from 2021. The gross profit was NT\$2.71 billion, down 15% from 2021, and the operating profit was NT\$1.3 billion, down 33% from 2021. The profit after tax was NT\$2.62 billion, down 18% from 2021; the net profit margin was 50%, and the basic earnings per share was NT\$37.86.

In terms of the product development, as the specifications for USB and PCIe interfaces constantly evolve and make progress, the world's top companies also launch processors that will enable support for USB 40Gbps, PCIe Gen 4, PCIe Gen 5 as well as other high-speed transmission interfaces. In view of this trend, ASMedia endeavors to develop new technologies and solutions while keeping up with change in USB and PCIe specifications. ASMedia has developed USB host and device interfaces that deliver up to 40Gbps, and its PCIe Gen 4 has entered mass production, based on which ASMedia will develop the next generation product. Meanwhile, ASMedia's SATA and USB hubs continue to provide solutions for a variety of applications. Being one of the country's leading companies specializing in high-speed interface design, ASMedia resolves to offer complete and technology-leading solutions for its customers.

As a fabless company, ASMedia's commitment to sustainable business practices include creating a green workplace and designing green products. Several measures have been imposed to reduce energy consumptions and carbon emissions, and a considerable effort has been made to obtain various green business certifications. ASMedia also devotes itself to green design by way of manufacturing, modifying specifications, and upgrading technologies. As a corporate citizen, ASMedia actively undertakes ESG initiatives to save energy, conserve natural resources, and bring positive impact on the society.

ASMedia has overcome the oversupply challenge in 2022 and seen changes in people's lives that the pandemic brought about. Although several factors of uncertainty for the global economy remain, including wars, inflations, overall demand, and so on, the end of the pandemic is finally in sight, and life will be returning to normal in 2023. ASMedia will keep developing high-speed transmission products and expanding customized product lines in the hope of providing multiple customized solutions and services in the market. ASMedia aims to create an advantageous situation for all parties involved, drive business growth, and strengthen the company's resilience while continually putting effort into sustainable development.

*Jerry Shen*  
Chairman

## II. Company Profile

(I). Year of establishment

24<sup>th</sup> May, 2004

(II). 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 <sup>st</sup> generation of digital TV integrated controller chip.
AUG 2006	Developed 2 <sup>nd</sup> 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 the Industrial Development Bureau of Taiwan’s Ministry of Economic Affairs.
AUG 2012	Granted the securities listing application by the 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.

<b>Date</b>	<b>Important Event</b>
JUN 2014	Approved restricted stock awards (RSA) for employees on regular shareholder's meeting and obtained the approval letter from the Financial Supervisory Commission (FSC) in Aug 2014.
JUL 2014	Developed in-house technology for Hardware RAID and SATA Express.
SEP 2014	Exhibited the world's first PCIe to USB 3.1 host controller chip in San Francisco, USA.
FEB 2015	Issued 732,000 shares of RSA for the first time and obtained the approval letter from the 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 the 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 Type-C USB 3.1 (10G) Gen 2 to SATA integrated controller, was the first in the world to obtain the 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 the approval letter from the 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 the packet switch in July the same year.
JUN 2019	Exhibited the world's first USB 3.2 Gen 2x2 SuperSpeed 20G host and device controller chips at Computex Taipei and mass produced the products in December the same year.
JUN 2019	Approved 350,000 restricted stocks for employees on regular shareholder's meeting and obtained the approval letter from FSC in September the same year.
SEP 2019	Launched PCIe Gen 2 to SATA port multiplier controller chip.
NOV 2019	Awarded the "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 the approval letter from FSC and became effective since April 21. The approval letter from the Ministry of Economic Affairs to modify securities registration was received on May 21. 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 the approval letter from the Ministry of Economic Affairs to modify securities registration on May 21. The paid-in capital was increased to NT\$692 million.
OCT 2020	Jerry Shen, Chairman of ASMedia was awarded the "Taiwan Top 100 CEO" by Harvard Business Review.
MAY 2021	Ranked No.10 in "Top 100 Annual Growth Companies" by Commonwealth Magazine.
JUN 2021	Ranked No.1 in "Top 100 High Value Companies" by Business Next Magazine.
JUN 2021	Capital reduction due to the cancellation of RSA; Obtained the approval letter from the Ministry of Economic Affairs to modify securities registration which reduced paid-in capital to NT\$692 million.

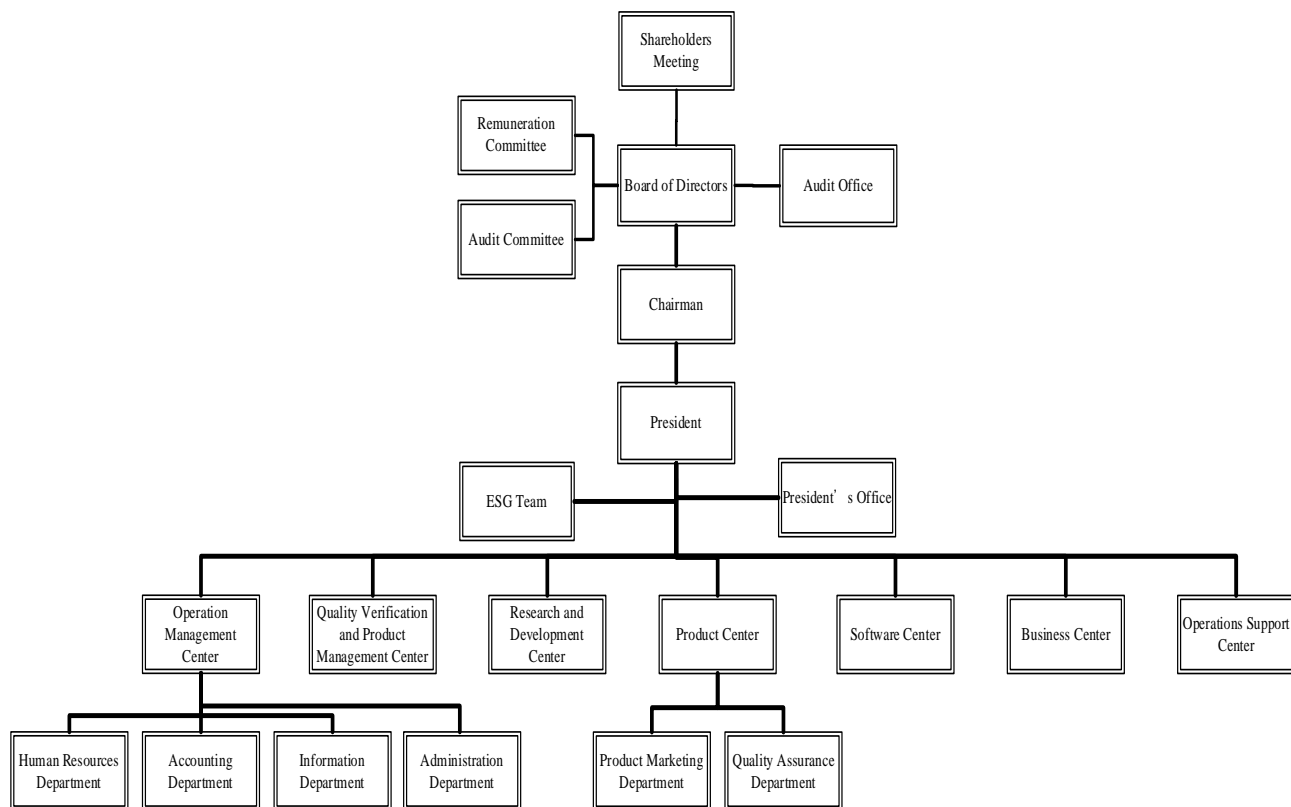
<b>Date</b>	<b>Important Event</b>
DEC 2021	Capital reduction due to the cancellation of RSA; Obtained the approval letter from the Ministry of Economic Affairs to modify securities registration which reduced paid-in capital to NT\$692 million.
JUN 2022	Capital reduction due to the cancellation of RSA; Obtained the approval letter from the Ministry of Economic Affairs to modify securities registration which reduced paid-in capital to NT\$692 million.
SEP 2022	Jerry Shen, Chairman of ASMedia was awarded the “Taiwan Top 100 CEO” by Harvard Business Review.
SEP 2022	Approved 150,000 restricted stocks for employees and obtained the approval letter from the Ministry of Economic Affairs on September 30 the same year. The paid-in capital was NT\$693 million.
DEC 2022	Capital reduction due to the cancellation of RSA; Obtained the approval letter from the Ministry of Economic Affairs to modify securities registration which reduced paid-in capital to NT\$693 million.



# III. Corporate Governance

## (I). Organizational system

### 1. Organizational structure



### 2. Main departments and their functions

Department	Functions
President's Office	<ol style="list-style-type: none"> <li>To formulate the company's business strategies, define operational goals, monitor and evaluate the implementation and performance of the operational objectives.</li> <li>Define the functions and responsibilities of each department, the establishment and promotion of project plans, and the appointment of department and project supervisors.</li> <li>Integrate, coordinate, and support the implementation of business promotion and projects of all departments.</li> </ol>
Research and Development Center	<ol style="list-style-type: none"> <li>Digital IC design process development.</li> <li>Analog IC development and verification.</li> <li>Hardware development.</li> <li>Establish a complete DRC &amp; LVS (Design Rule Check &amp; Layout Vs Schematic) verification process.</li> </ol>
Software Center	<ol style="list-style-type: none"> <li>System application software design and maintenance.</li> <li>Firmware and system driver design and maintenance.</li> </ol>
Business Center	<ol style="list-style-type: none"> <li>Propose performance and profit objectives in accordance with company policies and goals.</li> <li>Develop and execute promotion and sales plans according to the objectives.</li> <li>Understand the market demand and the trend of technological development.</li> </ol>

		4. Execute pricing scheme and channel strategies, respond to market and customer needs and assist in establishing strategic alliances with other companies.
Operations Support Center		<ol style="list-style-type: none"> <li>1. Production scheduling and shipment control, import and export declaration of finished products and equipment; raw materials and waste disposal.</li> <li>2. Outsourcing of raw material processing and testing of finished products.</li> <li>3. Outsourcing and procurement of test equipment.</li> </ol>
Product Center	Product Marketing Department	<ol style="list-style-type: none"> <li>1. Jointly develop and plan new products with R&amp;D department.</li> <li>2. Develop system application and IC design specifications.</li> <li>3. Measurement of IC electrical characteristics in compliance with standard specifications.</li> <li>4. Design and implementation of verification systems and demo systems.</li> <li>5. System function, performance testing, and compatibility testing of other systems.</li> <li>6. Assist in IC test engineering and establish test flows for mass production IC modules.</li> <li>7. Customer engineering service and technical support.</li> </ol>
	Quality Assurance Department	<ol style="list-style-type: none"> <li>1. ISO quality system operation, quality management system, document control center promotion.</li> <li>2. Product quality control.</li> <li>3. Customer complaints process and handling.</li> <li>4. Production abnormalities process and handling.</li> <li>5. Supplier management.</li> <li>6. Engineering analysis.</li> <li>7. Test fixture and production management.</li> <li>8. ISO audit, customer audit, supplier audit.</li> </ol>
Quality Verification and Product Management Center		<ol style="list-style-type: none"> <li>1. Formulate test plans.</li> <li>2. Product testing.</li> <li>3. Requirement testing for customers and operation testing for simulated users.</li> <li>4. Product management.</li> </ol>
Operation Management Center	Human Resource Department	<ol style="list-style-type: none"> <li>1. Human resource planning and establishment of personnel procedures and regulations.</li> <li>2. Staff hiring and work shifts, salary, labor/health insurance, resignation management procedures.</li> <li>3. Employee education and training, performance appraisal, and employee welfare tasks.</li> <li>4. Establishment and management of personnel information.</li> </ol>
	Accounting Department	<ol style="list-style-type: none"> <li>1. Capital management, fund raising, long-term and short-term capital deployment and utilization planning, etc.</li> <li>2. Stock affairs and shareholder relationship maintenance.</li> <li>3. Accounting and tax planning.</li> </ol>
	Information Department	<ol style="list-style-type: none"> <li>1. Planning and implementation of company's computerized management system.</li> <li>2. Maintenance and control of network construction.</li> <li>3. Development and implementation of information security mechanism.</li> <li>4. Planning and maintenance of computer software and hardware.</li> <li>5. Overall computerized operation planning and execution.</li> </ol>
	Administration Department	<ol style="list-style-type: none"> <li>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.</li> <li>2. Non-production procurement: requisition, inquiry, bargaining, procurement, receiving and inspection, and asset management operations.</li> </ol>

Audit Office	<ol style="list-style-type: none"> <li>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.</li> <li>2. Investigate and evaluate the progress and efficiency of each unit in implementing various plans or policies.</li> <li>3. Routine auditing operation execution and abnormal improvement tracking and review.</li> </ol>
ESG Team	<ol style="list-style-type: none"> <li>1. Collect all the resources and integrate ESG strategies into each department's operations.</li> <li>2. Respond to the ESG demands of our stakeholders.</li> <li>3. Publish the ESG reports.</li> </ol>

## (II). Information on directors, president, vice president, associate vice presidents, and department heads

## 1. Directors and supervisors

## (1) Directors

April 18, 2023; 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	35.26%	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	35.26%	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	1.13%	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 Director of WT Microelectronics Co., Ltd.	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	35.26%	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. Director of Medus Technology Inc. Director of Huasyn Biomedical Co., Ltd Director of Xiangyong Biotech Management Counseling Co., Ltd. Director of Hongwei Investment Co., Ltd. Director of Buddhist Tzu Chi Medical Foundation Director of Koo Foundation Sun Yat-Sen Cancer Center	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-Tze Jan	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	—

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	
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 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, IMBA of National Chengchi University Host of "Top University Strategic Alliance" (TUSA) Innovative and Research Project, Ministry of Education	Note 4	None	None	None	—

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

Serving as director of the following company: Portwell, Inc.

Note 2: Concurrently serving as chairman of the following companies: PC Home Online Inc., Eastern Online Co., Ltd., iThome Publications Inc., Site Inc., Linktel Inc., PC Home Online International Co., PC Home Online (Cayman) Inc., PC Home Online (HK) Ltd., PChome eBay Co., Ltd., EOLebrain Online Marketing Research Co., Ltd., PCStore Inc., PChome InterPay Inc., PChome (Thailand) Co., Ltd., Yun Tung Bao International Co., Ltd., eCommerce Group Co., Ltd., EC Global Limited, PChome US Inc., PChome Financial Technology Inc., PayEasy Digital Integration Co., Ltd., PChome Travel Inc., Puma Consultants, Ltd., PChome Express Co., Ltd., Keystone Innovation Venture Capital Co., Ltd., Chunghwa PChome Fund 1 Co., Ltd., PChome CB Co., Ltd, Miho International Cosmetic Co., Ltd., Mitch Co., Ltd., ECOSMOS Pte. Ltd., 21st Financial Technology Co., Ltd., PChome Data Technology Co., Ltd., Pi Mobile Technology Inc., YunTan Technology Inc.

Concurrently serving as director of the following companies: PChome (Japan) Co., Ltd., Meet Digital Innovation Co., Ltd., Rakuya International Info. Co., Ltd., PChome Marketplace Inc.(Cayman), PChome Holding Inc. (BVI), PChome CB Pte. Ltd., PChome CBS Co., Ltd, Apujan Ltd., Business Next Publishing Corp., ECOSMOS PTE. LTD Newbloom Venture Co.,Ltd., 17Life Inc., 21st Financial Technology Co., Ltd. (21st Fintech, Cayman).

Concurrently serving as 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 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, Paperwindmill Cultural Foundation, Foundation for Scholarly Exchange, U-Theatre Culture & Arts Foundation, Shih Ho-cheng Folk Culture Foundation, Taiwan Arts & Business Interdisciplinary Foundation.

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

(3) Major shareholders of institutional shareholders

April 11, 2023; Units: Shares; %

Institutional Shareholder	Major Shareholders of the Institutional Shareholder	Shares (%)
ASUSTeK Computer Inc.	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF Account	4.94
	Jonney Shih	4.05
	HSBC managed Silchester International Investors International Value Equity Trust Investment Account	3.41
	Cathay United Bank in Custody for Expert Union Limited Investment Account	2.78
	ASUS Certificate of Depository with CitiBank (Taiwan)	2.64
	Yuanta/P-shares Taiwan Dividend Plus ETF	2.44
	New Labor Pension Fund	2.08
	HSBC managed Silchester International Investors International Value Equity Group Trust Investment Account	1.43
	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	1.32

(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)	Number of positions serving as Independent Director for the other Public Companies
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-Tze Jan	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/EMBA 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.

Note 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 Board 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-Tze Jan	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	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. President, vice President, associate vice presidents, and department heads:

April 18, 2023; 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		
President	Taiwan R.O.C.	Che-Wei Lin	Male	2007/11/01	785,761	1.13%	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, Applied Optoelectronics, Inc. Director, iCatch Technology Director, WT Microelectronics Co., Ltd.	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	30,657	0.04%	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, Zimmite Taiwan Ltd. Director, Teletx Co.	None	None	None	—	—
Vice President	Taiwan R.O.C.	Weber Chuang	Male	2007/10/03	6,000	0.01%	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%	2,160	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	—	—

(III). Remuneration of directors, president, and vice president  
1. Remuneration of directors (incl. independent directors):

December 31, 2022; 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			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	5,696	5,696	0	0	6,396 0.24%	6,396 0.24%	52,994	52,994	0	0	42,731	0	42,731	0	102,121 3.90%	102,121 3.90%	None		
	ASUSTeK Computer Inc. Representative: Che-Wei Lin																							
	ASUSTeK Computer Inc. Representative: Ted Hsu																							
	Chin-Chuan Hsu																							
Independent Director	Hung-Tze Jan	2,100	2,100	0	0	3,600	3,600	0	0	5,700 0.22%	5,700 0.22%	0	0	0	0	0	0	0	5,700 0.22%	5,700 0.22%	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-Tze Jan, 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-Tze Jan, Chien-Ping Hsieh, Ching-Chi Wu	ASUSTeK Computer Inc. Representative Jerry Shen ASUSTeK Computer Inc. Representative Ted Hsu Chin-Chuan Hsu, Hung-Tze Jan, Chien-Ping Hsieh, Ching-Chi Wu	ASUSTeK Computer Inc. Representative Jerry Shen ASUSTeK Computer Inc. Representative Ted Hsu Chin-Chuan Hsu, Hung-Tze Jan, 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	

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, 2022; Units: NT\$ thousand, %

December 31, 2022, 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	19,560	19,560	0	0	81,904	81,904	78,091	0	78,091	0	179,555 6.86%	179,555 6.86%	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	85,528	85,528	3.27
	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)	2021	2022
Total remuneration paid to directors, president and vice presidents as a percentage of net income after tax	5.82%	6.86%

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.
- The director's remuneration includes both compensation and remuneration to directors. The remuneration of directors is handled in accordance with Article 24 of the Company's Articles of Incorporation. If there is any profit in a fiscal year, the Company shall appropriate no less than 1% of the profit for employees' compensation and shall appropriate no higher than 1% of the profit as remuneration to directors. The total amount shall be examined by the Remuneration Committee first, and then submitted to the board of directors for approval. After the Board's approval, the proposal shall be reported in the shareholders' meeting.
  - The remuneration of the directors, president and vice presidents is based on the "Remuneration Committee Charter," the "Self-Evaluation or Peer Evaluation of the Board of Directors" and the "Remuneration Management Guidelines." The directors' remuneration is determined by both the performance evaluation and the results of the Remuneration Committee's evaluation. The performance evaluation includes directors' understanding of the Company's goals and missions, duties and responsibilities, participation in the Company's operations, internal relationship

management and communication, directors' professionalism and continuous education and training, as well as internal controls. The Remuneration Committee determines directors' remuneration structure according to Article 21 of the Articles of Incorporation: The committee evaluates each director's participation in the Company's operations and value of contributions, associating the rationality and fairness of the performance risks with the remuneration, considering the Company's operating performance and comparing pay structures in a compensation peer group. Finally, the committee submits the remuneration proposal to the Board for approval. Both the performance evaluation and the remuneration of the president, vice presidents or other managers are based on the Company's Remuneration Management Guidelines. The evaluation items include integrity violations or incidents that negatively affect the Company's image and reputation, inappropriate internal management or malpractices of the staff, pay structures in a compensation peer group, individual performance evaluation results, time devoted to the work, duties and responsibilities, achievement of individual goals, achievement of the Company's short-term and long-term sales goals, the Company's financial situations, the rationality of connection between the individual performance and the Company's operating performance. The content and rationality of the remuneration is examined by the Remuneration Committee first and then submitted to the Board for approval. The Company also assesses the remuneration policy based on the operating conditions and relevant remuneration laws in order to seek a balance between sustainability management and risk controls.

- c. The Company's remuneration policy takes into account the financial situations, operating outcomes, an overall planning of the future capital use, and future risk management for the fiscal year under discussion. This is to eliminate or reduce risks to the minimum. As of the publication of the Annual Report, there is no possibility of duties, responsibilities or debts for the Company to bear in the future.

#### (IV).Implementations of corporate governance

##### 1. Board of directors

The board of directors convened 5 meetings in 2022 [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	5	0	100.00	
Director	Representative of ASUSTeK Computer Inc: Ted Hsu	4	1	80.00	
Director	Representative of ASUSTeK Computer Inc: Che-Wei Lin	5	0	100.00	
Director	Chin-Chuan Hsu	5	0	100.00	
Independent Director	Hung-Tze Jan	4	1	80.00	
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 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 of Proposal			
2022.03.14		1. The Company’s amendment of the “Procedures of the Acquisition or Disposal of Assets.” 2. The Company’s 2021 Bonus Distribution to Employees and Directors. 3. The Company joined the LeRain Technology’s Follow-on Offerings to Raise Capital.			
2022.08.08		1. The appointment of the Company’s internal audit manager. 2. The Company issued the 2021 restricted stocks to employees and approved the register of receivers as well as the number of stocks.			
2022.11.09		The Company joined the Teletrx Co.’s Follow-on Offerings to Raise Capital.			
2023.03.08		1. The Company’s 2022 Bonus Distribution to Employees and Directors. 2. The Company plans to issue restricted stocks to employees.			
Result of the above proposals: After the chairperson consulted all the directors present, they approved all the proposals.					
Independent directors’ opinions: No objections or reserved opinions.					
The Company’s handling of independent directors’ opinions: Not applicable.					

(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 cases where any director avoids motions due to conflict of interest, the directors' names, content of the 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	2022.01.01 to 2022.12.31	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>

The Company completed the performance evaluation of 2022 Board of Directors, directors, Audit Committee and Remuneration Committee in January, 2023, and reported the performance evaluation results in the Board's meeting in March, 2023. The evaluation result is "outstanding," which suggests that the operation of the Board was generally good and reached the Company's governance goals.

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

(1) The Company has formulated the "Rules and Procedures of 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 the audit manager also attend the board meeting and issue relevant reports for directors' reference.

(2) To ensure good corporate governance, strengthen the Board of Directors, set performance goals and improve Board effectiveness, the Company conducts an internal performance evaluation of the Board, functional committees and individual directors each year, and entrusts an independent professional agency or external experts and scholars to conduct the performance evaluation every three years.

The Company entrusted an independent professional agency, Taiwan Corporate Governance Association (the "Association"), to make an evaluation of the Board performance. Both the Association, including their professionals who carried out the evaluation process, and the Company do not conduct business with each other and the Association remains independent regarding any evaluation issues. They used questionnaires and video interviews to evaluate the Board's performance in eight aspects.

i. Summary of the General Evaluation Report

- The Company respects the opinions of independent directors. The internal audit manager reports the audit results and improvement outcomes to the Board and the Audit Committee. The supervisor also arranges the private discussion with the independent directors before the official Audit Committee meeting once each quarter, and keeps records of the meeting, which allows the independent directors to perform the supervision function.
- The independent directors exercise the powers according to the law and monitor operational and risk issues relating to information security auditing, post-investment management, remuneration structure and so on. Moreover, they contribute their professional experience and skills to the Company, offer opinions, and fulfill their functions to lead and supervise the management team.
- The Company values sustainability management, and actively devotes itself to developing eco-friendly products with an ESG mindset. In addition to seeking help from external professional consultants to promote relevant affairs, the Company sets up a team dedicated to executing the ESG projects that is led by the President. The team regularly reports the implementation outcomes to the Board, and discloses the results in sustainability reports. All these measures demonstrate the Company's commitment to promoting ESG across its businesses.

ii. Evaluation Feedback/Improvement Outcomes

- Feedback: The Company should establish written regulations as to HOW to report the material information that occurs occasionally to the independent directors and outside directors on time. They should specify the reporting procedure and timing to ensure that all the Board members can fully understand the Company's operations in important circumstances and fulfill their duties properly.  
Improvement outcomes: The Company currently uses a variety of communication channels, including telephone, group communication, email and meeting, to report to independent and outside directors, and will consider other reporting mechanisms to ensure that all Board members can fully understand the Company's situations well and fulfill their duties properly.
- Recommendation: The Company currently does not have a corporate governance officer; it is mainly the Accounting Department that is responsible for assisting the governance and managing Board affairs. In response to the Financial Supervisory Commission's requirement to appoint a corporate governance officer under Corporate Governance 3.0 – Sustainable Development Roadmap, the Company should appoint a corporate governance officer to ensure corporate governance processes are implemented and adhered to and help the Board to fulfill their functions and responsibilities.  
Improvement outcomes: The Company plans to appoint a corporate governance officer by the end of the first half of 2023.

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:

- (a) Establish or amend internal control procedures in accordance with Article 14-1 of the Securities and Exchange Act.
- (b) Assess the effectiveness of internal control procedures.
- (c) 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.
- (d) Matters involving directors stakes.
- (e) Substantial amount of asset or derivative commodity transactions.
- (f) Excess granted on loan of funds, endorsements, or guarantees.
- (g) Fundraising, issuing, or private placement of equity securities.
- (h) Delegate, discharge, or remuneration of CPAs.
- (i) Appointment (or dismissal) of financial, accounting, or internal audit managers.
- (j) 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.
- (k) Other serious matters as specified by the Company or by the competent authority.

(1) Operation of the Audit Committee:

The Audit Committee convened 3 meetings in 2022 [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-Tze Jan	3	1	75.00	
Independent Director	Chien-Ping Hsieh	4	0	100.00	
Independent Director	Ching-Chi Wu	4	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:

Terms/Date	Subject of Proposal
The 7 <sup>th</sup> time of the 2 <sup>nd</sup> term 2021.11.08	The Company's 2022 Audit Plan.
The 8 <sup>th</sup> time of the 2 <sup>nd</sup> term 2022.03.14	1. The Company's 2021 "Internal Controls Statement." 2. The Company's "Procedures of the Acquisition or Disposal of Assets." 3. The Company's 2021 Business Report and Financial Statements. 4. The Company's 2021 Earnings Distribution. 5. Change of CPA(s) due to internal changes in the administration division of the accounting firm. 6. Company joined the LeRain Technology's Follow-on Offerings to Raise Capital.
The 10 <sup>th</sup> time of the 2 <sup>nd</sup> term 2022.08.08	1. The appointment of the Company's internal audit manager. 2. The Company's 2022 second quarter CPA-attested financial statements.
The 11 <sup>th</sup> time of the 2 <sup>nd</sup> term 2022.11.09	1. The Company's 2023 Audit Plan. 2. The Company joined the Teletx Co.'s Follow-on Offerings to Raise Capital.
The 12 <sup>th</sup> time of the 2 <sup>nd</sup> term 2023.03.08	1. The Company's 2022 "Internal Controls Statement." 2. The Company's 2022 Business Report and Financial Statements. 3. The Company's 2022 Earnings Distribution. 4. The Company's 2023 appointment of CPA(s) and independence evaluation. 5. The Company plans to issue restricted stocks to employees.
Independent directors' objections, reserved opinions or items with significant recommendations: None. Results of Audit Committee's resolutions: After the chairperson consulted all the committee members present, they all approved the proposals. The Company's handling of the Audit Committee's opinions: Not applicable.	

- (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 the 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”.	No significant difference.
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.	No significant difference.
(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.	No significant difference.
(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.	No significant difference.
(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. In addition, to comply with the competent authority’s amendment of Article 10 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies,” the Company amended Article 10 of the “Corporate Governance Best Practice Principles” on January 11, 2023, adding the rule that prohibits the directors from trading the Company’s stocks during the closed period, namely, thirty days before the announcement of the annual financial statements and fifteen days before the announcement of each quarter’s financial statements.	No significant difference.
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.	No significant difference.
(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,	No significant difference.

Assessment item	Implementation Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
(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		and will evaluate the establishment of other functional committees in the future depending on operational needs. (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 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.	No significant difference.
(4) Does the Company regularly evaluate the independence of CPAs?	V		(4) The Company's Audit Committee regularly evaluates the independence of the certified public accountants on an annual basis. The relevant evaluation is based on the "Statement of Independence" and "Audit Quality Indicators (AQIs)" issued by the certified public accountants' accounting firm. After the evaluation, if no issue mentioned in the independence evaluation checklist occurs, the certified public accountants will qualify as independent. Meanwhile, the Company will ensure that the accountants and the accounting firm meet the quality standards based on the information of AQIs. After the Audit Committee's discussion, the independence and eligibility results will be reported to the Board of Directors. (Note 1)	No significant difference.
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 Board approved the motion that the accounting manager Martin Pan be the Company's corporate governance officer on May 10, 2023. The main duties and responsibilities of this role include: 1. Organize Board meetings and shareholder's meetings; 2. Create Board meeting minutes and shareholder's meeting minutes; 3. Help directors take up the position and receive continuous training and education; 4. Assist directors with materials they need when conducting business; 5. Help directors comply with the law and rules; 6. Assist with matters specified in the Articles of Incorporation or contracts.	No significant difference.
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.	No significant difference.
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.	No significant difference.
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 for shareholders and the general public to check disclosure of the Company's business and corporate governance, including the publication of ESG reports and its sustainable implementation. ( <a href="http://www.asmedia.com.tw">http://www.asmedia.com.tw</a> )	No significant difference.
(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.	No significant difference.
(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.	No significant difference.

Assessment item	Implementation Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
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, 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)?	V		<p>(1) Employee welfare and care:</p> <p>(a) The Company has established various operating rules and regulations to protect labor rights and benefits, and has set up an 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 (including personal data protection of the suppliers).</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>	No significant difference.
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 CPAs and their associated firm

Assessment	Yes	No	Remarks
1. The certified public accountant(s) and the staff of the audit group do not hold stocks of the Company or of its affiliates.	V		None
2. The certified public accountant(s) and the staff of the audit group do not serve as director, supervisor, or manager of the Company or of its affiliates.	V		None
3. The certified public accountant(s) does not work for nor receive regular paychecks from the Company or its affiliates.	V		None
4. The certified public accountant(s) has not provided the audit service for the Company or its affiliates for seven consecutive years.	V		None
5. The accounting firm is not a business partner of the Company or of its affiliates.	V		None
6. The accounting firm is not involved in any lawsuit with the Company or its affiliates.	V		None
7. No former certified public accountant of the accounting firm serves as director, supervisor, manager or a position having significant influence on the audit case of the Company or its affiliates within one year after leaving his/her job.	V		None
8. The certified public accountant needs to meet Number 10 of the Public Announcement of the Norm of Professional Ethics for Certified Public Accountant with regard to status of independence and shall acquire the "Statement of Independence."	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:
- To regularly review and propose amendments to these regulations.
  - To establish and regularly review the policies, systems, standards and structures for performance evaluation and remuneration of directors and managers of the Company.
  - To regularly evaluate and set the remuneration of directors and managers.

(2) Members of the Remuneration Committee

<div>Identity</div> <div>Status</div> <div>Name</div>	Professional Qualifications and Work Experiences (Note 1)	Independence Status (Note 2)	Number of Other Taiwanese Public Companies Concurrently Serving as a Remuneration Committee Member
Independent Director	Hung-Tze Jan	<p>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.</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>	2

<div> <div>Identity</div> <div>Status</div> <div>Name</div> </div>		Professional Qualifications and Work Experiences (Note 1)	Independence Status (Note 2)	Number of Other Taiwanese Public Companies Concurrently Serving as a Remuneration Committee Member
Independent Director	Chien-Ping Hsieh	<p>More than 10 years of experience in business, finance, accounting or corporate business.</p> <p>Served as Chairman/President of Chunghwa Investment, CFO and Vice President of Chunghwa Telecom, Vice President and Spokesperson of Mega Financial Holdings.</p> <p>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.</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>	1
Independent Director	Ching-Chi Wu	<p>More than ten years of experience in corporate business.</p> <p>Served as Chairman of National Chung Cheng Cultural Center, Professor of Department of Psychology, National Chengchi University.</p> <p>Currently served as Chairman of Creative Education and Management Foundation, Honorary Professor and Host of Creativity and Innovation Studies and Adjunct Professor of MBA/EMBA at National Chengchi University.</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>	None

Note 1. Professional qualifications and work experiences: Describe the professional qualifications and experience of individual remuneration committees.

Note 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

a. The members of the remuneration committee of the Company: 3 persons.

b. Period of the term: June 22, 2020 to June 11, 2023.

The Remuneration Committee convened 3 meetings in 2022 (A). Member qualifications and attendance are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Hung-Tze Jan	2	1	66.67	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.					

c. Discussion of the cause and resolution result of Company's Remuneration Committee in the most recent year:

Date	Agenda	Resolution
2022.01.19	Adjustment of salary structure for employees.	All approved
	Allocation of performance bonuses for 2021.	
2022.03.14	Allocation of 2021 remuneration for employees and directors.	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		In 2023, the Company officially set up the ESG sustainable development team to coordinate ESG matters. The ESG team is responsible for establishing sustainability goals, designing ESG development strategies and approaches, cooperating with each department to execute the ESG plans, and creating ESG reports. The ESG team needs to report the implementation outcomes to the Board of Directors at least once a year. After hearing the management team’s report (including the ESG report), the Board will understand and supervise the Company’s implementation of sustainability development, and provide timely advice to the management team in order to achieve each sustainability goal.	No significance difference.
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 pages 39 and 40.	No significance difference.
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.	No significance difference.

Assessment Item	Implementation Status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			<p>In accordance with the Conflict-Free 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 required our suppliers to submit a “Conflict-free Metals Guarantee” to ensure that they do not use minerals from conflict areas. We take action to support the corporate social responsibility of not using conflict minerals. In addition, all our customers/suppliers have signed the declaration of no-use of hazardous substances, and agreed to use safe materials and components that meet environmental standards, including the RoHS, the PFOS criteria, the Halogen Free requirements, as well as the REACH Regulations on Substances of Very High Concern (SVHC).</p> <p>The Company has disclosed the relevant information and policy on environmental responsibility on both the corporate website and the ESG reports.</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 corporate social responsibility 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> <p>The Company seeks to create a sustainable environment where humans and all living creatures can live in harmony and health with each other. We are committed to eco-friendliness and design our products in accordance with the principles of social, economic, and ecological sustainability. To this end, we upgrade the manufacturing process, specifications, and technology while using energy management software to control data related to energy consumption. In the circuit design phase, we use low voltage in order to reduce energy consumption, and customize the circuits to help our customers achieve the industry standards, such as California’s energy regulations. We comply with the design standards for energy</p>	No significance difference.

Assessment Item	Implementation Status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			efficiency in the industry, such as Microsoft’s Modern Standby feature. On top of the above efforts, we plan to implement ISO 14001 in 2023 through maximizing the production process. By following the models of standards such as ISO 14001 in designing our management systems, we hope to achieve the goal of green design.	
(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 ESG report for specific measures and details)	No significance difference.
(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 ESG report for specific measures and details. The Company followed the “Sustainable Development Guidemap for TWSE/TPEX Listed Companies” plan to draw up the schedule to compile the greenhouse gas inventory and complete the verification process, which was approved by the Board of Directors already. According to the schedule, both the GHG inventory compilation and the verification process will be completed by the end of 2024.	No significance difference.
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	No significance difference.

Assessment Item	Implementation Status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			<p>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 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 RBA 7.0, RBA VAP audit and ISO 45001 (please refer to the ESG 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) The Company establishes the wage and benefits system for employees in accordance with the Labor Standards Act and applicable law. In addition to the leave system that provides better benefits than those required in the Labor Standards Act, it provides labor and health insurances, 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>Moreover, the Company provides bonus to employees based on a combination of factors, including market rates, public sector pay and adjustment, economic trends, the overall corporate performance, departmental and individual performances. It also adjusts the compensation each year according to the market mechanism and the overall corporate</p>	No significance difference.

Assessment Item	Implementation Status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			<p>performance.</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> <p>(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.</p>	
(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"> <li>1. Safety and health management: access control/visitor control.</li> <li>2. Safety and health education and training: digital learning platform - disaster prevention and first aid education videos.</li> <li>3. Standard operating procedures and work safety analysis: for dangerous work, set up hazard work</li> </ol>	No significance difference.

Assessment Item	Implementation Status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			<p>practice guidelines.</p> <p>4. Safety and health inspection: regular maintenance, inspection and disinfection of office equipment/ environment.</p> <p>5. Emergency response: Regularly conduct disaster prevention drills.</p> <p>6. Health management and promotion: health examination and consultation.</p> <p>7. Safety and health activities: health education and health promotion activities.</p> <p>Please refer to the ESG report for details of the above implementation measures.</p>	
(4) Does the Company provide its employees with career development and training sessions?	V		Based on the organization and function of each department, the Company proposes annual education and training requirements and prepares budgets every year, and intermittently hires external lecturers for internal education and training. Starting from 2021, we launched an e-learning platform, and it will be supplemented by external professional training courses tailored to our employees’ various job duties. By doing so, we ensure that our employees can achieve the organizational performance and professional development.	No significance difference.
(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 (including the customer satisfaction survey and the customer complaint handling procedure), 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.	No significance difference.
(6) Does the Company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health,	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	No significance difference.

Assessment Item	Implementation Status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
and labor rights, and what is its implementation status?			<p>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.</p> <p>The Company has disclosed its supply chain management policy in the ESG report:</p> <ul style="list-style-type: none"> <li>(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 evaluation criteria of delivery quality, engineering capability, and ESG sustainability, etc. All of the suppliers have complied with our supplier management policy in 2022.</li> <li>(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.</li> <li>(c) All major suppliers have passed various international certification standards and regulations.</li> </ul>	
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 ESG report with reference to international standards such as the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the latest version of the GRI Standards (i.e., 2016 and 2021). The Company is committed to advancing the United Nations Sustainable Development Goals (UN SDGs), as the SDGs are essential to our company’s strategy to promote sustainable business management. The ESG report has been 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</p>	No significance difference.

Assessment Item	Implementation Status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			and timeliness. This report has not yet obtained assurance or guarantee from a third party.	
<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> <ol style="list-style-type: none"> <li>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 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 criteria, Halogen Free standards, and REACH SVHC standards.</li> <li>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. For example, we encourage each employee to save energy and water, and improve resource efficiency in the workplace.</li> <li>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.</li> <li>Respond to environmental protection activities: Do One Thing for the Tamsui River, Earth Hour, and Beach Cleanup in Hualian’s Qixingtan Beach.</li> </ol> <p>(2) Social welfare and services:</p> <ol style="list-style-type: none"> <li>Medical support: To improve the quality and environment of medical care in the country through the sustainable operation of donated medical institutions and foundations.</li> <li>Social welfare: <ol style="list-style-type: none"> <li>Emergency relief.</li> <li>Education in rural areas: We support children in rural areas to participate in relevant camp activities. We participate in the Farm to School Program, which provides opportunities for children to know the land and love the value of land by working in the farms and taking farm field trips.</li> <li>Resource recycling: recycling of used computer resources to reduce digital gap and disparity.</li> <li>Donation and support from public welfare organizations.</li> </ol> </li> <li>Foster and cultivate: Our Company is dedicated to public welfare: We provide research funds for several universities, sponsoring charity sporting events, and donate to 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.</li> </ol> <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</p>				



Assessment Item	Implementation Status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
smooth and good interaction through the email address announced on the official website.				
(4) Human rights:				
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.				
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.				
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.				
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.				
(5) Safety and health:				
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.				
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.				
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 year to enhance personnel disaster response capabilities and reduce disaster losses.				
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.				
5. The Company’s office area is completely smoke-free. We are committed to promoting health and well-being at work. We actively develop strategies for implementing a smoke-free workplace. We have obtained the Badge of Accredited Healthy Workplace issued by the Health Promotion Administration of the Ministry of Health and Welfare, indicating that we have successfully created a workplace free from second-hand smoke.				
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.				
(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.				

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"> <li>We will continue to invest in nurturing our R&amp;D professionals to innovate and advance in high-speed technology products, and maintain close cooperation with major international manufacturers and related supply chains. °</li> <li>As a leader in high-speed interfaces, we not only focus on innovative research and development to keep abreast of each generation's</li> </ul>

Risk Assessment Items / Issues	Risk Management Strategies or Policies
	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"> <li>• Maintain close cooperation with international manufacturers and related supply chains to enable the Company to outperform in its operations and product development and applications.</li> <li>• Improve operational performance and pursue sustainable development goals.</li> </ul>
Corporate Governance	<ul style="list-style-type: none"> <li>• Enhance the functions of the Board of Directors to enhance the company's reputation, strengthen the risk culture, and provide strategic management decisions.</li> <li>• Rationalize and allocate the rights and responsibilities of all shareholders, management team, and stakeholders.</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>• The Company maintains conservative and prudent management principles and does not engage in high-risk and speculative activities.</li> <li>• Identify common risks and develop strategies to manage them to avoid losses to the Company.</li> </ul>
Nurturing Talents	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>
Supply Chain Management	<ul style="list-style-type: none"> <li>• 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.</li> <li>• If there is any violation of the contract or the law, we shall be liable for compensation depending on the severity of the situation.</li> </ul>
Customer Satisfaction	<ul style="list-style-type: none"> <li>• We provide high quality products to our customers and maintain good customer relations in accordance with our management philosophy.</li> </ul>
Environmental Sustainability	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• The Company’s President convenes relevant units to jointly formulate sustainability goals, ESG development strategies and guidelines, and reports the results of implementation at the Board of Directors’ meeting.</li> </ul>

7. Ethical corporate management and deviations from the “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	
1. Establishment of ethical corporate management policies and programs				
(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?	V		(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.	No significant difference.
(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?	V		(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.	No significant difference.
(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?	V		(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.	No significant difference.

2. Fulfill the operational integrity policy				
(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?	V		(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.	No significant difference.
(2) Did the Company establish a dedicated unit under the board of 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?	V		(2) The Company's human resources unit is responsible for the 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.	No significant difference.
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(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.	No significant difference.
(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?	V		(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.	No significant difference.
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?	V		(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.	No significant difference.

<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 confidentiality mechanism?</p> <p>(3) Does the Company take measures to protect whistleblowers from improper treatment as a result of whistleblowing?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(1) The Company has established a specific whistleblowing and rewarding system in the “Work Guidelines,” “Guidelines for the Adoption of Codes of Ethical Conduct” and the “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 procedures and related confidentiality mechanisms.</p> <p>(3) The Company prudently handle the identity of the whistleblower and the content of the report with confidentiality.</p>	<p>No significant difference.</p> <p>No significant difference.</p> <p>No significant difference.</p>
<p>4. Enforcement of information disclosure</p> <p>(1) Does the Company disclose its ethical corporate management guidelines and the results of its implementation on the Company's website and MOPS?</p>	<p>V</p>		<p>(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.</p>	<p>No significant difference.</p>
<p>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.</p>				
<p>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.</p>				

8. 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.

9. 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 publication of the Annual Report.

Title	Name	Training date	Organizer	Course title	Training hours
Chairman	Jerry Shen	2022.09.23	Taiwan Corporate Governance Association	Virtual World: The Metaverse and the Future of Cryptocurrency with Blockchains	3.0
		2022.09.30	Taiwan Corporate Governance Association	Corporate Governance in Coping with the Changes of the International Order	3.0
Director	Ted Hsu	2022.07.20	Taiwan Corporate Governance Association	Consider Corporate Governance from the Perspective of Risk Management: from Corporate Governance to ESG	3.0
		2022.09.22	Taiwan Corporate Governance Association	How to Avoid Breach of Trust and Irregular Transactions in Directors' Decision-making?	3.0
		2022.11.10	Taiwan Corporate Governance Association	Protection of Trade Secrets and Prevention of Insider Trading	3.0
				Trademark Case Studies and How Companies Can Effectively Protect Brand Value	3.0
Director	Che-Wei Lin	2022.09.22	Securities and Futures Institute	Global Economy and Trends of Technology Development in the Industry	3.0
		2022.11.16	Securities and Futures Institute	Technology Development and Business Opportunities of Battery Electric and Intelligent Vehicles	3.0
Director	Chin-Chuan Hsu	2022.11.23	Securities and Futures Institute	The Latest Development of Carbon Tax and Approaches to Handling Carbon Tax	3.0
		2022.12.05	Accounting Research and Development Foundation	The Latest Corporate Governance Policy and Case Studies of Corporate Governance Assessment	3.0
Independent Director	Hung-Tze Jan	2022.10.12	Securities and Futures Institute	The Legality of Cyber Security Management Act Under the Threat of Ransomware	3.0
				From a Company's Perspective: The Growing Abuse of Fintech in Financial Crime Activities and Prevention of Money Laundering	3.0
Independent Director	Chien-Ping Hsieh	2022.01.14	Taiwan Corporate Governance Association	Competitiveness vs. Viability: ESG Trends and Strategies	3.0
		2022.02.18	Taiwan Corporate Governance Association	Unlocking the Key Password in the Financial Statements	3.0
Independent Director	Ching-Chi Wu	2022.11.22	Taiwan Corporate Governance Association	Corporate Social Responsibility: Human Rights Policy in Corporate Governance	3.0
		2022.11.29	Taiwan Corporate Governance Association	Impact Investing: From ESG to SDGs	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
President	Che-Wei Lin	2022.09.22	Securities and Futures Institute	Global Economy and Trends of Technology Development in the Industry	3.0
		2022.11.16	Securities and Futures Institute	Technology Development and Business Opportunities of Battery Electric and Intelligent Vehicles	3.0

10. 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 08, 2023

Based on the results of self-assessment, the Company's internal control system for 2022 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, 2022 (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 8, 2023. 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
2022.06.09	1. Acknowledge the Company's 2021 financial statements. 2. Acknowledge the Company's 2021 earnings distribution proposal.	The ex-dividend base date is set on 2022.08.31 and the issuance date for cash dividend is on 2022.09.08.

(2) Important resolutions from the Board of Directors::

Time	Important issues
2022.05.10	1. Approved the Company's financial statements for 2022 Q1. 2. Approved the Company's internal controls policy "Personal Data Protection Policy." 3. Approved the cancellation of the Company's RSA shares in 2022 Q1.
2022.08.08	1. Approved the Company's financial statements for 2022 Q2. 2. Renewal of the liability insurance coverage for Company directors and key personnel. 3. Approved the appointment of the internal audit manager. 4. Approved the Company's cash dividend distribution date for 2021. 5. Approved the renewal of the Company's credit line with Cathay United Bank.
2022.11.09	1. Approved the Company's 2023 audit plan. 2. Approved the Company's financial statements for 2022 Q3. 3. Approved the cancellation of the Company's RSA shares in 2022 Q3. 4. Approved the establishment of the "Procedure for Handling Material Nonpublic Information." 5. Approved the Company's "Rules and Procedures of Board of Directors Meetings," "Audit Committee Charter" and "Policy on Independent Directors." 6. Joined the Teletx Co.'s Follow-on Offerings to Raise Capital.
2023.03.08	1. Approved the Company's 2022 "Statement of Declaration of Internal Control Systems." 2. Approved the Company's 2022 Business Report and Financial Statements. 3. Approved the Company's 2022 Bonus Distribution to Employees and Directors. 4. Approved the Company's 2022 Earnings Distribution. 5. Approved the Company's reelection of all directors. 6. Approved the candidate list for the Company's directors (including independent directors). 7. Approved the proposal to lift the non-competition restrictions on new Board of Directors. 8. Approved the appointment and independence assessment of 2023 CPAs. 9. Approved the issuance of restricted stocks to employees. 10. Approved items related to the 2023 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.

(V). Disclosure of auditing fees

Accounting Firm	Name of CPA	Auditing Period	Audit Fee	Non-Audit Fee	Subtotal	Remarks
PwC Taiwan	Shu-Fen Yu	2022.01.01~ 2022.12.31	2,120	80	2,200	Non-audit fees are mainly for the auditing of dual-status business entities.
	Chun-Yao Lin					
KPMG Taiwan	Zhi Zhang	2022.01.01~ 2022.12.31		297	297	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.

(VI). Change in independent auditors: None.

(VII). 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.

(VIII). 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	2022		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-Tze Jan	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	0	0	0	0
Vice President	Alex Chen	0	0	0	0
Vice President	Chi Chang	(5,000)	0	0	0
Vice President	Weber Chuang	0	0	0	0
Associate Vice President	PS Tseng	1,520	0	0	0
Associate Vice President	Dixon Lin	0	0	0	0
Associate Vice President	Chiahsin Chen	900	0	0	0
Associate Vice President	YD Tseng	1,000	0	0	0
Accounting Manager	Martin Pan	0	0	0	0

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

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

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	35.26%	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	12.97%	0	0	0	0	None	None	-
Huacheng Venture Capital Co., Ltd.	4,918,014	7.09%	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	3.46%	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.	2,128,000	3.07%	0	0	0	0	None	None	-
Cathay Life Insurance Co., Ltd.	2,030,760	2.93%	0	0	0	0	None	None	-
Norges Bank Investment Corp. Equity managed by Citibank	1,042,000	1.50%					None	None	-
Che-Wei Lin	785,761	1.13%	0	0	0	0	None	None	-
The Government of Singapore Investment Corp. Equity managed by Citibank	767,000	1.11%	0	0	0	0	None	None	-
Point72 Asset Management Equity managed by HSBC	746,000	1.08%	0	0	0	0	None	None	-

(X). 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.

## IV. Capital and Shares

### (I). Capital and shares

#### 1. Type of shares

Unit: Shares

Type of Shares	Authorized Shares			Remarks
	Outstanding Shares	Unissued Shares	Total	
Order common stock	69,364,774	50,635,226	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
2022.06	10	120,000,000	1,200,000,000	69,215,524	692,155,240	Cancellation of restricted stocks of NT\$25,270 元	—	Note 19
2022.09	10	120,000,000	1,200,000,000	69,365,524	693,655,240	Issuance of restricted stocks for total capital of NT\$1,500,000 元	—	Note 20
2022.12.	10	120,000,000	1,200,000,000	69,364,774	693,647,740	Cancellation of restricted stocks of NT\$7,500 元	—	Note 21

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  
Note 19: 2022.06.07 Department of Commerce, Ministry of Economic Affairs No. 11101089940  
Note 20: 2022.09.30 Department of Commerce, Ministry of Economic Affairs No. 11101184180  
Note 21: 2022.12.01 Department of Commerce, Ministry of Economic Affairs No. 11101226720

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

### 3. Shareholder structure

April 18, 2023

Status of shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Quantity						
Number of shareholders	—	20	159	6,022	243	6,444
Shareholding (shares)	—	4,900,349	47,085,952	5,870,036	11,508,437	69,364,774
Percentage (%)	—	7.06	67.89	8.46	16.59	100.00

### 4. Distribution profile of share ownership

Per share of NT\$10; April 18, 2023

Category of Shareholdings (Unit: Share)	Number of Shareholders	Ownership (shares)	Ownership (%)
1 - 999	4,423	319,546	0.46%
1,000 - 5,000	1,647	2,605,285	3.76%
5,001 - 10,000	126	931,684	1.34%
10,001 - 15,000	47	589,399	0.85%
15,001 - 20,000	32	568,078	0.82%
20,001 - 30,000	33	826,694	1.19%
30,001 - 40,000	23	810,043	1.17%
40,001 - 50,000	15	667,743	0.96%
50,001 - 100,000	40	2,659,884	3.83%
100,001 - 200,000	31	4,566,438	6.58%
200,001 - 400,000	9	2,459,683	3.55%
400,001 - 600,000	7	3,480,461	5.02%
600,001 - 800,000	4	2,903,761	4.19%
800,001 - 1,000,000	0	0	0%
Over 1,000,001	7	45,976,075	66.28%
Total	6,444	69,364,774	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 18, 2023

Name of major shareholders	Shareholding	Percentage (%)
ASUSTeK Computer Inc.	24,457,660	35.26%
WT Microelectronics Co., Ltd.	9,000,000	12.97%
Hua Cheng Venture Capital Ltd.	4,918,014	7.09%
Hua Min Investment Co., Ltd.	2,399,641	3.46%
Nan Shan Life Insurance Co., Ltd.	2,128,000	3.07%
Cathay Life Insurance Co., Ltd.	2,030,760	2.93%
Norges Bank Investment Corp. Equity managed by Citibank	1,042,000	1.50%

Che-Wei Lin	785,761	1.13%
The Government of Singapore Investment Corp. Equity managed by Citibank.	767,000	1.11%
Point72 Asset Management Equity managed by HSBC	746,000	1.08%

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

Units: NT\$ thousand, Thousand shares

Year			2021	2022	Current year through March 31, 2023 (Note 8)
Item					
Market price per share (Note 1)	Highest Market Price		2,455.00	2,065.00	1,305.00
	Lowest Market Price		955.00	546.00	669.00
	Average Market Price		1,671.12	1,161.17	987.37
Net worth per share (Note 2)	Before distribution		235.72	221.45	219.19
	After distribution		209.67	201.39	—
Earnings per share	Weighted average shares		69,076	69,141	69,146
	Earnings per share (Note 3)	Before adjustment	46.23	37.86	5.63
		After adjustment	46.23	37.86	—
Dividends per share	Cash dividends		26.00	20.00	—
	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)		36.15	30.67	175.38
	Price/Dividend ratio (Note 6)		64.27	58.06	—
	Cash dividend yield rate (Note 7)		1.56%	1.72%	—

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 the end of the year or the resolution for stock distribution in the 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: To ensure the accuracy of the data, the table only included data collected until March 31, 2023 as of the publication of the Annual Report.

## 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:

- a. The Company's net profit after tax for 2022 is NT\$2,617,361,028. After adding the beginning unappropriated retained earnings of NT\$2,510,839,333 and the adjusted retained earnings of NT\$11,062,370 and allocating the legal reserve of NT\$262,842,340, the total distributable earnings for 2022 was NT\$4,876,420,391. The proposed distribution of cash dividends to shareholders is NT\$20 per share, totaling NT\$1,387,295,480.
- b. 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.
- c. Distribution of Retained Earnings:

Unit: NT\$

Item	Amount	Note
Beginning unappropriated retained earnings	2,510,839,333	
Add: 2022 Retained Earnings Adjustments	11,062,370	
Adjusted beginning unappropriated retained earnings (accumulated deficit)	2,521,901,703	
Add: 2022 net profit after tax	2,617,361,028	
Less: Legal reserve (10%)	(262,842,340)	
Add (Less): Reversal of special reserve	0	
Distributable earnings at the end	4,876,420,391	
Distributed items:		
Shareholder bonus	1,387,295,480	NT\$20 per share
Unappropriated earnings at the end	3,489,124,911	

### (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 2022:

a. Remuneration to employees and directors to be allocated in cash.

Item	Amount (NT\$)
Remuneration to employees	185,929,938
Remuneration to directors	9,296,497

Any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized: After the approval of the 2023 general meeting of shareholders, it will be deemed as a change in accounting estimates and recognized as profit and loss for 2023.

- b. 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 2021 (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:

a. The distribution of remuneration for employees and directors during the year is as follows:

Remuneration to employees: NT\$249,545,838.

Remuneration to directors: NT\$11,428,457.

- b. 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.

## (II). 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.

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

(IV). Status of global depository receipts: None.

(V). Status of employee share subscription warrants: None.

(VI). Handling of new restricted employee stocks

1. Any restricted stock awards that have not yet met the vesting conditions

Types of new restricted shares	Issuance year: 2021
Effective date of declaration	October 13, 2021
Issue date	September 15, 2022
Issued number of restricted stocks	150,000 shares
Issue price	Issue price NT\$0
Ratio of issued restricted stocks to total issued shares	0.22%
Vested conditions of restricted stocks	<ol style="list-style-type: none"> <li>1. Proportion of vested shares one year after the issuance date of restricted stocks for those who are still working in the Company: 30%.</li> <li>2. Proportion of vested shares two years after the issuance date of restricted stocks for those who are still working in the Company: 40%.</li> <li>3. Proportion of vested shares three years after the issuance date of restricted stocks for those who are still working in the Company: 30%.</li> </ol>
Restrictions on the custody of RSA	<ol style="list-style-type: none"> <li>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.</li> <li>2. In addition to the aforementioned restrictions on safekeeping, when 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.</li> <li>3. 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.</li> <li>4. 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.</li> <li>5. 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.</li> </ol>
Safekeeping of restricted stocks	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 conditions are 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.

Types of new restricted shares	Issuance year: 2021
Measures to be taken when employees are granted with RSA but failed to meet the vesting conditions	<ol style="list-style-type: none"> <li>1. 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.</li> <li>2. 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"> <li>(1) 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.</li> <li>(2) 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</li> <li>(3) 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.</li> </ol> </li> <li>3. 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.</li> <li>4. 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 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.</li> <li>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.</li> </ol>
Number of RSA shares retrieved or purchased	800 shares
Number of RSA shares released	0 shares
Number of unreleased RSA shares	149,200 shares
Unreleased RSA to total shares outstanding (%)	0.22%
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

	Position	Name	RSA shares acquired	RSA shares acquired to total shares outstanding	Restricted rights released				Restricted rights unreleased			
					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	○○Tseng	7,200	0.01%	0	0	0	0%	7,200	0	0	0.01%
	Associate Vice President	○○Chen										
	Associate Vice President	○○Tseng										
Employee	Director	○○Wu	18,000	0.03%	0	0	0	0%	18,000	0	0	0.03%
	Director	○○Wang										
	Director	○○Huang										
	Director	○○Lin										
	Vice Director	○○Lin										
	Vice Director	○○Lin										
	Senior Manager	○○Wu										

(VII). Mergers and acquisitions or stock shares transferred with new stock shares issued

- 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.
- 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.

(VIII). 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

### (I). Business activities

#### 1. Business Scope

##### (1) Primary Business Contents

- a. F119010 Electronic materials wholesale industry.
- b. I501010 Product design industry.
- c. F118010 Information software wholesale industry.
- d. I301010 Information software services industry.
- e. I301030 Electronic information supply service industry.
- f. F401010 International trade industry.
- g. I301020 Data processing services industry.
- h. 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; %

Year	2021		2022	
	Sales	%	Sales	%
Primary Products				
High-Speed Interface Controllers	4,560,956	75.90	4,014,212	76.49
High-Speed Device Controllers and Others	1,448,056	24.10	1,234,117	23.51
Total	6,009,012	100.00	5,248,329	100.00

##### (3) Product Portfolio

The Company designs, develops and sells high-speed interface integrated circuits (ICs), including Switch ICs, PCIe bridge ICs and USB3.2/USB4 controller ICs, and provides technical support for these products. The main product lines are listed as follows:

- 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 a complete product line of signal/packet switches to meet the requirements for different types of market.
- Continue to make improvements and reduce costs in the existing USB product lines in order to remain in the leading position.
- Implement the latest IC processing technology.
- Implement the latest IC packaging technology.

## 2. Industry overview

### (1) Current Status of the Industry and Future Development

#### a. Semiconductors and IC Design Industry

According to the World Semiconductor Trade Statistics (WSTS), the Worldwide Semiconductor Market is expected to reach a total size of US\$580.1 billion, a growth of 4.4% compared to 2021. This is much lower than the expected 13% growth forecast in August. As inflation rises and end market see weaker demands, WSTS had to revise its original forecast.

There is an excess of chips. This is due to the weakening demand for smartphones and personal computers (PCs) as well as a surplus of inventory held by companies concerned, which have reduced purchases. The semiconductor companies will decrease the supply by taking measures to reduce production, but the instability of macroeconomics is growing. The decline in the semiconductor market in 2023 may be even worse than the negative growth caused by a considerable slowdown of semiconductor sales in 2019.

WSTS forecast that the Worldwide Semiconductor Market will decline to US\$556.5 billion in 2023, down 4.1% compared to 2022. Memory is expected to decline by 17%, the weakest product category suffering the greatest decline.

For 2023, the global semiconductor market is projected to decline sharply, driven by the memory and logic segments. WSTS forecast the first sales decline in the semiconductor market in nearly 4 years.

The Market Intelligence & Consulting Institute (MIC) indicated that a rapid decline in end-user demand had an impact on sales in the IC design, IC packaging and memory for the second half of 2022. The semiconductor industry is adjusting its inventories, while fabless and memory industries are faced with challenges of weak demand and oversupply, which in turn also drive lower demand for IC packaging. These conditions together suggest an unpromising sign for the business operations in 2023. Nonetheless, with the support from the semiconductor foundry leader, it is expected that Taiwan's semiconductor market will grow slightly by 1.7% in 2023.

#### b. Personal Computer Industry (hereinafter referred to as PCs)

According to Gartner's research report, global PC shipments in 2022 declined by 16.2% compared to 2021, the worst decline since Gartner started tracking PC shipments.

**Preliminary Worldwide PC Vendor Unit Shipment Estimates for 2022 (Thousands of Units)**

Company	2022 Shipments	2022 Market Share (%)	2021 Shipments	2021 Market Share (%)	2022-2021 Growth (%)
Lenovo	68,997	24.1	83,449	24.4	-17.3
HP Inc.	55,558	19.4	74,181	21.7	-25.1
Dell	50,007	17.5	59,560	17.4	-16.0
Apple	27,911	9.8	26,944	7.9	3.6
Acer Group	18,708	6.5	24,256	7.1	-22.9
ASUS	20,662	7.2	21,634	6.3	-4.5
Others	44,353	15.5	51,703	15.1	-14.2
Total	286,197	100.0	341,727	100.0	-16.2

Notes: Data includes desk-based PCs, notebook PCs, ultramobile premiums (such as Microsoft Surface) and Chromebooks, but not iPads. All data is estimated based on a preliminary study. Final estimates will be subject to change. The statistics are based on shipments selling into channels. Numbers may not add up to totals shown due to rounding. Source: Gartner (January 2023)

According to the IDC report, the PC sales have slowed down compared to the record-high PC shipments in 2021 in 10 years. Despite recent declines, annual shipments for 2022 were well above pre-pandemic levels at 292.3 million units for the full year. However, since most users already have relatively new PCs and the global economy is facing a gloomy and uncertain outlook, demand remains an issue.

**Top 5 Companies, Worldwide Traditional PC Shipments, Market Share, and Year-Over-Year Growth, 2022** (Preliminary results, shipments are in millions of units)

Company	2022 Shipments	2022 Market Share	2021 Shipments	2021 Market Share	2022/2021 Growth
1. Lenovo	68.0	23.3%	81.8	23.4%	-16.9%
2. HP Inc.	55.3	18.9%	74.0	21.1%	-25.3%
3. Dell Technologies	49.8	17.0%	59.3	16.9%	-16.1%
4. Apple	28.6	9.8%	27.9	8.0%	2.5%
5. ASUS	20.6	7.0%	21.8	6.2%	-5.7%
Others	70.1	24.0%	85.2	24.3%	-17.8%
Total	292.3	100.0%	350.1	100.0%	-16.5%

Source: IDC Quarterly Personal Computing Device Tracker, January 10, 2023

Source: IDC (2023/1/10)

As pointed out by MIC, the stay-at-home economy is slowing down as the COVID-19 pandemic is dwindling: The IT hardware shipments have returned to the pre-pandemic level

at 199 million units for 2022, down 2%; the tablet and desktop market declined by 6.4% and 4.7%, respectively. The global PC market is expected to reach 194 million units for 2023, down 2.5%, with a decline of 1.6% in tablets and a decline of 2.7% in desktops.

MIC indicated that, the global semiconductor market for 2022 did not grow to the level that was predicted due to weakening demand, inflation rises and wars. As the external conditions remain, 2023 is projected to see the following trends: weak consumer demand, difficulty to drive shipments, China's lockdown policy and power restrictions resulting in supply chain disruptions, worsening inflation affecting the US and European markets, difficulty to reduce inventories, high inventory levels ranging from the end part, system factory to semiconductor component industries of the supply chain. As excess inventory and oversupply of semiconductors will likely persist until the first half of 2023, and new PC graphics cards as well as new processors will not come out until the beginning of 2023, these factors will affect the PC market and semiconductor market.

#### c. Storage Industry

The hard disk drive (HDD) industry was hit hard in 2022. According to Trendfocus' latest market update, HDD shipments worldwide in 2022 all dropped outright, and shipments from Seagate and Western Digital Corporation nearly halved in 2022.

Based on Trendfocus, the major difficulty for HDD suppliers is that the cloud storage market size is shrinking. Due to mergers of cloud storage companies and inventory adjustments, shipments decreased to 10 million and 11 million units in 2022 Q4.

The report from another market research firm TrendForce also indicated that, 92% of the PC shipments in 2022 were equipped with SSD, and this rate will grow to 96% in 2023, pushing the hard drive market further to the brink.

A solid-state drive (SSD) is composed of a controller and the memory (NAND Flash memory chips). The NAND Flash memory allows block writing and erasing, so SSD is much faster than the traditional hard disk drives in terms of reading and writing. The advantages of SSD also includes low power consumption, small size, shock resistance, high stability, and low temperature resistance. Demand in the server and PC markets continues to rise.

According to TrendForce, the business benefits that resulted from the pandemic are disappearing. The global economy is entering a pronounced slowdown, which results in a steep decline in the consumer electronics market. TrendForce forecast that the annual growth in NAND Flash will remain below 30% during 2022 and 2025.

In terms of the applications of NAND Flash, consumer demand for SSD will slow down, while industrial SSD will be the major growth driver in the future. TrendForce predicted that consumer SSD will grow by 4.3% in 2022 and 11.6% in 2023, and the average growth will decrease from 18.2% in 2022 to 9.6% in 2023.

Since 2018, we have successfully developed USB 3.2/20G to PCIe NVMe controllers for SSDs and HDDs, providing up to 20Gbps bandwidth. This is suitable for M.2 NVM Express SSD, and it supports the USB Attached SCSI Protocol (UASP), providing faster transfer speeds for high-capacity storage devices, lowering CPU usages, and reduces data latency and wait times. The read/write speed can reach up to 2,000MB/s.

## (2) Linkage Between Upstream, Midstream and Downstream Industries

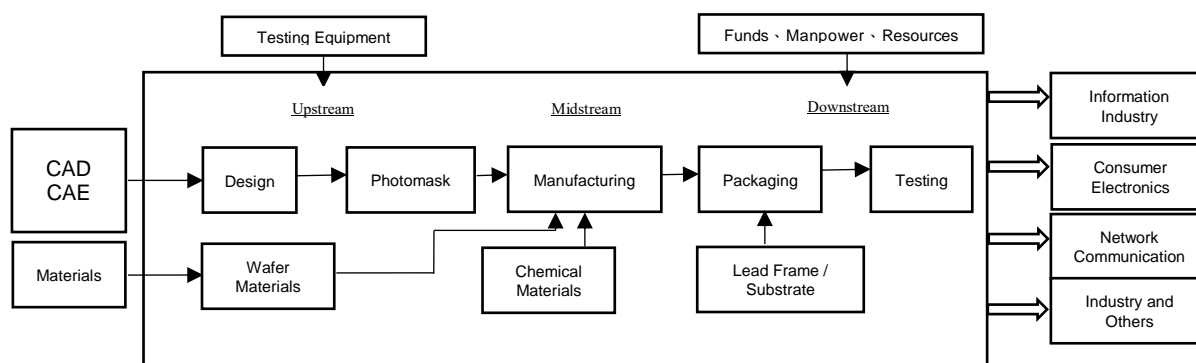


The Company is a leading IC design company with research and development capabilities to produce high speed interfaces, including PCIe, USB and SATA. In particular, the Company specializes in researching, developing, designing and selling high-speed host and device interfaces, such as USB controllers, PCIe bridge controllers, SATA controllers, Switch controllers, ASIC, Known Good Device (KGD) and Product Development Kit (PDK).

IC design is a discipline that forms the basis for the development of all IC products. A semiconductor intellectual property core (IP core) is an IC layout design that is the intellectual property of one party. The IP development process includes IP design and IP verification. In the IC design process, reuse of IP significantly cuts the time required for development and saves cost. Today's IC design has 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 increasing the development of various companies dedicated to IP design. Circuit designers use CAD methods and other supplementary tools to lay out the specifications and functions developed by themselves or customers, the process of which involves logic design and circuit design. ICs can be 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 an era of a three-way division: US, 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 in 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

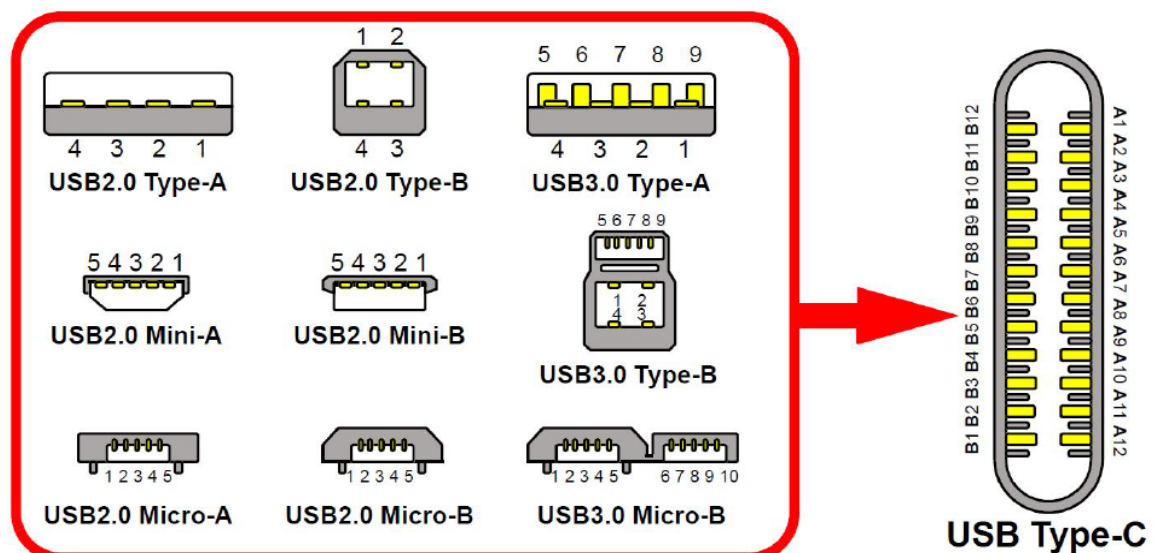
USB Version	Official Name	Theoretical Max. Transfer Rate	Marketing Name	Release Date
USB 2.0	USB 1.0	1.5Mbps	Low-Speed	Jan 1996
	USB 1.1	12Mbps	Full-Speed	Sep 1998
	USB 2.0	480Mbps	High-Speed	Apr 2000
USB 3.2	USB 3.1 Gen1	5Gbps	SuperSpeed USB	Nov 2008
	USB 3.1 Gen2	10Gbps	SuperSpeed USB 10Gbps	Jun 2013
	USB 3.2 Gen2x2	20Gbps	SuperSpeed USB 20Gbps	Sep 2017
USB 4	USB4 Gen3x2	40Gbps	USB4 40Gbps	Aug 2019
USB4 v2.0	USB4 Gen 4x2	80Gbps	USB4 v2.0	Oct 2022

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.



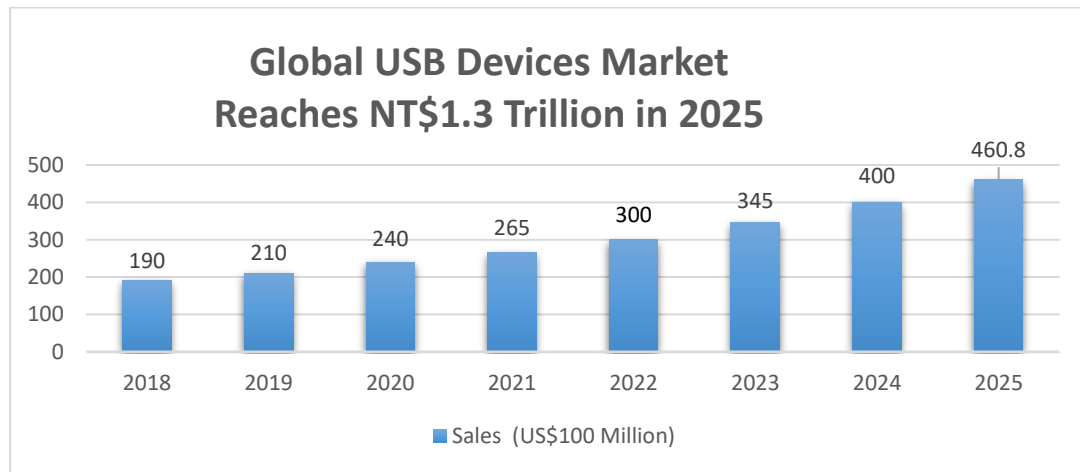
Source: USB Implementers Forum

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

### 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 Gen4 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 Gen5 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 most recent years until the date of publication.

Units: NT\$ thousand, %

Item	2022	As of March 31, 2023
R&D expenditures	1,139,860	349,216
Net operating income	5,248,329	1,398,818
Percentage of revenue (%)	21.72%	24.97%

#### (2) Technologies or Products: successfully developed in most recent years until the date of publication.

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.
	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.

Year	Model	Product Features	Main Function
	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.
	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.

Year	Model	Product Features	Main Function
	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.
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.
	ASM1552	Power Delivery	Power Delivery(PD) controller chip

#### 4. Long-term and short-term business development plans:

##### (1) Short-term Development Plans

##### a. 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.

##### b. 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.

c. 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.

d. 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.

e. 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

a. 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.

b. 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.

c. Improve company's core structure, strengthen organizational effectiveness, and effectively enhance operational efficiency.

(II). Market and production overview

1. Market analysis

(1) Major Product Sales Regions

Units: NT\$ thousand, %

Region \ Year		2021		2022	
		Sales	%	Sales	%
Domestic Sales		1,987,036	33.07	1,520,977	28.98
Export	North America	2,338,765	38.92	2,555,740	48.70
	Asia	1,571,105	26.14	1,093,380	20.83
	Others	112,106	1.87	78,232	1.49
	Subtotal	4,021,976	66.93	3,727,352	71.02
Grand Total		6,009,012	100.00	5,248,329	100.00

(2) Market Share

In 2022, the company shipped more than 72.09 million units of high-speed controller ICs. Among them, the cumulative shipment of high-speed device controller chips was about 32.86 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 Gen4/5, and the mass production is expected to start in the second half of 2023, which hopefully will become the major supplier of USB4 host controller chips for motherboards, personal computers, and well-known OEMs or motherboard manufacturers. USB4 will be the major growth drive in the operations.

Looking ahead to 2023, as the global demand for 5G technology and high-speed computing market continues to drive the growth of mobile devices, artificial intelligence, self-driving cars and electric vehicles, data centers, and personal computers, this is expected to open up opportunities for businesses to upgrade the peripheral high-speed, high-performance interfaces. As these factors will stimulate overall demand for chips, chip-related issues will continue to be the focus of the industry. Moreover, Taiwan's semiconductor industry is expected to sustain a steady growth as the leading semiconductor companies have a competitive edge in the global market in terms of advanced manufacturing process. Despite these promising signs, wars, inflation, and the overall demand still lead to the uncertainty of the situation, and will be the major risks faced by the industry, which require continuous attention. Finally, the end of the pandemic is in sight, and life is gradually returning to normal, so the condition will help facilitate our market growth.

### (4) Competitive Advantage

#### a. Experienced R&D team

Currently, more than 80% of the company's employees are in the 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.

#### b. 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.

#### c. 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.

d. R&D capabilities on high-speed PHY

The company has the ability to develop in-house high-speed physical layer (PCIe Gen2/Gen3/Gen4/Gen5, SATA 6Gbps, USB 2.0/3.0/3.1/3.2 Gen2x2/USB4), 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.

e. 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.

f. 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:

(i) 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.

(ii) 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.

(iii) 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.

(iv) The product line has sufficient depth and breadth to enhance product compatibility and provide customer with a variety of changes.

(v) Possess a complete and total understanding of PC industry.

(vi) 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:

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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

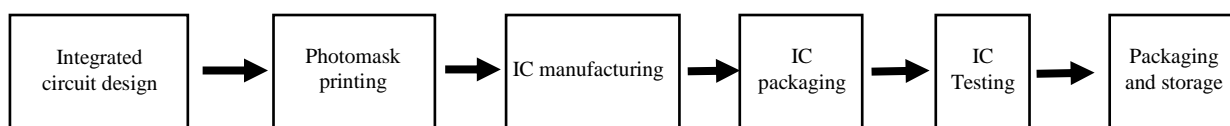
### (1) Important applications:

As a high-speed IC design company, our products feature high performance computing, versatile compatibility and comprehensive specifications, which provide our customers with more comprehensive solutions. They can easily upgrade the efficacy of products, reduce wait times, and improve work efficiency and life quality. The main product lines are listed as follows:

- a. USB Controller: Equip host and device controllers with USB3.2/USB4 transmission functions.
- b. PCIe Bridge Controller: Allow customers to expand their PCIe interfaces according to their needs.
- c. SATA Controller: Allow customers to expand their SATA interfaces according to their needs.
- d. High-speed Switch Controller: Provide signal amplification and switch functions for different interfaces.
- e. ASIC: Provide customized chips to meet customers' needs.

### (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.	2021				2022			
	Name	Amount	% of Total Purchase	Relation	Name	Amount	% of Total Purchase	Relation
1	Supplier A (Note 1)	1,504,004	99.93	None	Supplier A (Note 1)	1,212,109	99.92	None
2	Others	996	0.07	None	Others	925	0.08	None
	Total	1,505,000	100.00		Total	1,213,034	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.	2021				2022			
	Name	Sales	% of Total Revenue	Relation	Name	Sales	% of Total Revenue	Relation
1	Customer A (Note 1)	2,319,565	38.60	None	Customer A (Note 1)	2,544,277	48.48	None
2	Customer B (Note 1)	928,142	15.45	Related party	Customer B (Note 1)	563,714	10.74	Related party
3	Other	2,761,305	45.95	—	Other	2,140,338	40.78	—
	Net sales	6,009,012	100.00		Net sales	5,248,329	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.

5. Production Volume and Value Over the Past Two Years

Unit: Thousands, NT\$ thousand

Production Value Major Products	Year	2021			2022		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
High-Speed Interface Controllers		—	30,073	422,556	—	60,520	1,872,539
High-Speed Device Controllers and Others		—	23,406	303,513	—	50,359	829,016
Total		—	53,479	726,069	—	110,879	2,701,555

## 6. Sales Quantities and Values of the Last Two Fiscal Years

Unit: Thousands, NT\$ thousand

Sales Value Major Products	Year	2021				2022			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		QTY	Value	QTY	Value	QTY	Value	QTY	Value
High-speed interface controllers		21,044	534,895	88,718	4,026,061	10,473	372,257	61,618	3,641,955
High-speed device controllers and others		8,934	233,207	46,140	1,214,849	2,891	92,134	29,966	1,141,983
Total		29,978	768,102	134,858	5,240,910	13,364	464,391	91,584	4,783,938

## (III). Status of employees over the past two years and up to the date of publication

Units: Individuals, Age, Year, %

Year		2021	2022	2023 (As of March 31)
Number of Employees	Direct	0	0	0
	Indirect	246	271	278
	Total	246	271	278
Average Age		40	39.8	39.62
Average Years of Service		8.08	8.04	8.01
Education	Ph. D.	0.82	1.1	1.08
	Master	53.47	52.8	52.52
	University & College	45.71	46.1	46.4
	High School	0	0	0
	Below High School	0	0	0

## (IV). 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.

## (V). Labor relations

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 implements a smoke-free policy in the workplace, and is committed to promoting health and well-being. We impose smoke-free measures in the workplace, and have earned the “Badge of Accredited Healthy Workplace” from the Health Promotion Administration (HPA) at the Ministry of Health and Welfare. Our employees are protected from secondhand 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 Bureau of Labor Insurance.

(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 the “Work Guidelines,” the “Guidelines for the Adoption of Codes of Ethical Conduct,” and the “Ethical Corporate Management Best Practice Principles,” which allow the employees to have a clear understanding of their rights and interests as well as 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 “Prevention Management of Insider Trading,” and has promoted these rules to all the employees and asked them to comply with the rules 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.

## (VI).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

To improve the information security management and meet the requirements imposed by Taiwan's Financial Supervisory Commission, the Company plans to set up an information security officer and an information security employee by the end of 2023. They will be responsible for managing the information security measures and implementation in each department. Through the information security unit's management, planning, supervision and promotion, we hope to establish a comprehensive information security protection system and improve information security awareness among our employees.

The Company has begun to implement an ISO 27001-compliant information security management system (ISMS) and relevant measures since 2022, and continued to improve the procedure. In the fourth quarter of 2022, we have achieved ISO/IEC 27001:2013-compliant ISMS certification. The certification is effective from 2022 through 2025.

#### (2) Information security policy

The purpose of the Company's information security is to ensure confidentiality, integrity and availability of the important and core system within the company. Information security metrics, or, key performance indicators (KPIs), shall be obtained at different levels within the company based on the function of each department. The information security KPIs are used to ensure that the information security management system is implemented properly to achieve security goals.

To attain the goals of the company and meet the expectations and requirements of the top management in regards to information security, we have established the Information Security Policy:

- a. Ensure confidentiality of all forms of business information and protect confidential information and personal information from leaking or getting lost in the company.
- b. Ensure integrity and availability of business data in order to carry out operations and conduct business properly.
- c. Ensure business data compliance, and protect the Company from violating law, rules or contracts.

#### (3) Specific management plan

In an effort to coordinate, manage and supervise an effective information security program, we will set up an information security unit, where . information security engineers will undertake information security tasks and activities. They will conduct vulnerability assessments and social engineering trainings, evaluate the effectiveness of protection system, run information security tests, promote information security awareness and provide education and training courses. Although we have not purchased the information security insurance, we are resolved to create a safe information security environment and protect all our business systems and data through the operation of the information security unit and implementation of the information security policy. Our next goal is to complete the information security expert system to strengthen the information security protection network and the information security joint defense mechanism. We have joined the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC), and will continue to increase information security talent pool through providing more advanced training programs and certifications. This will allow us to have a proper talent pool of information security professionals and make our company more trustworthy.

In terms of information security risk management, we integrate the business continuity planning (BCP) to ensure more effective risk management and strengthen resilience. This will allow us to shorten recovery time and mitigate impact of risks. For example, when hacking and data breaches in the supply chain or in the company result in disruptions to business operations, we will be able to shorten recovery time and achieve our operational goals. In particular, we have developed and implemented the business continuity plan that integrates supply chain risk management. This

enables us to deal with the situation when supply chain attacks disrupt operation and cause delays on shipping from the Company to its customers.

For the future business continuity plan, we plan to set up standby generators for the server room or a colocation data center to enhance the reliability of the server room. We also consider establishing the uninterruptible power supply system for network cabinets on each floor. In addition, we are in the process of replacing desktops with laptops for all our employees. Our goal is to enhance both the personal and organizational resilience during emergencies

(4) Resources invested in information security management

Since 2020, the COVID-19 pandemic started making a severe impact on both international and domestic enterprises. Most companies have set up staggered shifts and employees are working from home. Companies face risks that are different than before due to this new mode of working. For instance, remote connections made by the employees working from home force the companies to be exposed to greater vulnerabilities in information security. According to the BCI Horizon Scan Report, both the 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 that they cause to the businesses are tremendous.

Facing this challenge, the Company has formulated management measures to prevent various attacks by network hackers, which reduces the possibility of business interruptions and further increases the organizational resilience. In particular, we adopt the Mobile One Time Passport (MOTP) as our primary requirement for employees working from home to access the Virtual Private Network (VPN). As the MOTP constantly changes the password, it helps prevent password leaks effectively and enhance security protection in the network usage. Furthermore, we have set up security rules for VPNs and established firewalls to control internal and external traffic, and have effectively blocked malicious attacks from the Internet. We have fully implemented the information security policy.

The Company has established a robust information security approach to hybrid work mode in order to address the impact of the pandemic over the last two years. During the post-pandemic age, we will continue to develop information security management plans and measures for remote work and establish a stronger information security protection system. We will protect both the Company's and the employees' data, and improve the resilience of the Company's operations.

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.

(VII). Important contracts

Contract Property	Affiliated Person	Start/Expiration Date of Contract	Content	Restrictions
Lease Contracts	Zhengan Construction Co., Ltd.	2022/9/20-2025/9/30	Office lease.	—
Credit Contracts	The Shanghai Commercial and Savings Bank	2023/1/20-2024/1/20	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	2022/9/10-2023/8/15	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



Contract Property	Affiliated Person	Start/Expiration Date of Contract	Content	Restrictions
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	2023/1/1-2026/12/31	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	2022/7/1-2025/6/30	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
Product Agent Distribution Contract	Company N	2022/6/1-2026/5/31	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
Product Agent Distribution Contract	Company C	2022/7/1-2025/6/30	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 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.	NDA
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 authorize 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	NDA

Contract Property	Affiliated Person	Start/Expiration Date of Contract	Content	Restrictions
			reproduce for the sale and distribution of product 2.	
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 authorize 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

(I). Condensed balance sheet, income statement, accountant's name, & auditor's opinions for the most recent five years

1. Condensed balance sheet and condensed income statement

(1) Condensed balance sheet – IFRS

Unit: NT\$ thousand

Year Item		Financial information for the most recent 5 years (Note 1)					Financial data collected until March 31, 2023.
		2018	2019	2020	2021	2022	
Current assets		2,786,335	2,820,403	4,665,637	5,037,195	5,770,153	5,091,265
Property, plant and equipment		155,991	227,746	251,156	297,664	497,937	514,112
Intangible assets		124,828	97,852	90,270	211,431	135,402	115,583
Other assets		151,092	305,088	10,683,466	12,388,519	11,391,173	12,363,166
Total assets		3,218,246	3,451,089	15,690,529	17,934,809	17,794,665	18,084,126
Current liabilities	Before allocation	889,928	844,312	1,563,695	1,637,798	2,443,378	2,891,745
	After allocation	1,610,382	1,672,834	3,225,044	3,437,467	3,830,673	2,891,745
Non-current liabilities		0	25,289	25,257	14,393	39,885	36,201
Total liabilities	Before allocation	889,928	869,601	1,588,952	1,652,191	2,483,263	2,927,946
	After allocation	1,610,382	1,698,123	3,250,301	3,451,860	3,870,558	2,927,946
Equity attributable to owners of the parent company		2,328,318	2,581,488	14,101,577	16,282,618	15,311,402	15,156,180
Share capital		600,379	600,379	692,229	692,181	693,648	693,648
Capital surplus		450,995	450,995	8,401,988	8,468,973	8,488,784	8,485,128
Retained earnings	Before allocation	1,288,784	1,533,537	3,632,927	4,641,888	5,139,264	5,116,151
	After allocation	568,330	705,015	1,971,578	2,842,219	3,751,969	5,116,151
Other equity interests		(11,840)	(3,423)	1,374,433	1,836,102	14,854	861,253
Treasury shares		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total equity	Before allocation	2,328,318	2,581,488	14,101,577	16,282,618	15,311,402	15,156,180
	After allocation	1,607,864	1,752,966	12,440,228	14,482,949	13,924,107	15,156,180

Note: The financial information has been audited by CPAs.

(2) Condensed 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					Financial data collected until March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	3,722,351	3,746,124	6,987,470	6,009,012	5,248,329	1,398,818
Gross profit	1,755,378	1,864,969	3,628,141	3,210,404	2,714,786	741,857
Operating income	1,100,294	1,169,191	2,472,712	1,937,712	1,300,633	322,088
Non-operating income and expenses	44,138	(7,556)	872,207	1,628,704	1,609,375	117,529
Profit before income tax	1,144,432	1,161,635	3,344,919	3,566,416	2,910,008	439,617
Income(Losses) from continuing operations for the year	955,847	965,207	2,927,912	3,193,148	2,617,361	389,330
Losses from discontinued operations	0	0	0	0	0	0
Profit for the year (Losses)	955,847	965,207	2,927,912	3,193,148	2,617,361	389,330
Other comprehensive income for the year (net of income tax)	(11,074)	8,417	1,771,862	768,656	(2,574,650)	934,956
Total comprehensive income for the year	944,773	973,624	4,362,195	3,734,262	884,767	1,219,035
Profit attributable to shareholders of the parent company	955,847	965,207	2,927,912	3,193,148	2,617,361	389,330
Profit attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to shareholders of the parent company	944,773	973,624	4,362,195	3,734,262	884,767	1,219,035
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share (NT\$)	15.93	16.08	44.16	46.23	37.86	5.63

Note: The financial information has been audited by CPAs.

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

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

Year	Accounting firm	Name of CPA	Audit 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
2022	PwC Taiwan	Shu-Fen Yu, Chun-Yao Lin	Unqualified opinion

b. 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 2022, the company's certified public accountants Shih-Jung Weng and Chun-Yao Lin of PwC Taiwan were replaced by accountants Shu-Fen Yu and Chun-Yao Lin.

## (II). Financial analysis for the most recent five years:

## 1. Financial analysis

## (1) Individual financial analysis – IFRS

Year Analysis Item (Note 3)		Financial information for the most recent 5 years (Note 1)					Financial data collected until March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial structure (%)	Ratio of liabilities to assets	27.65	25.20	10.13	9.21	13.96	16.19
	Ratio of long-term capital to property, plant and equipment	1,492.60	1,144.60	5,624.72	5,474.97	3,082.98	2,955.07
Solvency (%)	Current ratio (%)	313.10	334.05	298.37	307.56	236.15	176.06
	Quick ratio (%)	264.97	298.18	210.33	177.80	156.50	119.28
	Times interest earned	25,432.82	2,234.91	2,535.03	2,587.23	328.08	12.39
Operating ability	Account receivable turnover (times)	6.00	5.46	14.37	12.64	7.66	5.60
	Days sales in accounts receivable	61	67	25	29	48	45
	Inventory turnover (times)	3.94	4.54	4.55	2.09	1.97	2.57
	Account payable turnover (times)	8.75	8.30	11.07	8.09	11.65	16.47
	Average days in sales	93	80	80	175	185	142
	Property, plant and equipment turnover (times)	21.23	19.52	29.18	21.90	13.19	11.06
	Total asset turnover (times)	1.35	1.12	0.73	0.36	0.29	0.31
Profitability	Ratio of return on total assets (%)	34.62	28.96	30.60	19.00	14.69	8.76
	Ratio of return on equity	46.96	39.32	35.10	21.02	16.57	10.22
	Ratio of profit before tax to paid-in capital (%)	190.62	193.48	483.21	515.24	419.52	253.51
	Profit ratio (%)	25.68	25.77	41.90	53.14	49.87	27.83
	Earnings per share (NT\$)	15.93	16.08	44.16	46.23	37.86	5.63
Cash flow (%)	Cash flow ratio	108.49	172.43	150.28	92.38	81.12	—
	Cash flow adequacy ratio	148.41	144.91	137.29	116.10	104.20	N/A
	Cash reinvestment ratio	23.01	25.42	41.80	-3.58	4.33	—
Leverage	Degree of operating leverage	1.77	1.83	1.23	1.55	2.34	3.00
	Degree of financial leverage	1.00	1.00	1.00	1.00	1.01	1.01

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: As the operation of the Company remains stable, in order to support working capital turnover and allow for more flexible capital use, we add the loan amount and drawdown, which results in increase in ratio of liabilities to assets and decrease in times interest earned.
2. Ratio of long-term capital to property, plant and equipment: Due to the need in research and development, the Company continues to increase purchasing photomasks for the production, which is why the ratio of long-term capital to property, plant and equipment goes down.
3. Current ratio: Because the Company raises loans, the current ratio drops.
4. Account receivable turnover, Days sales in accounts receivable: As the ending accounts receivable increase, the accounts receivable turnover ratio drops and the days sales in accounts receivable go up.
5. Account payable turnover: The Company has abundant stockpile, so the import is less than the previous year; therefore, the average accounts payable decreases and the accounts payable turnover ratio increases.
6. Ratio of return on total assets, ratio of return on equity: Because this year's net profit after tax drops, both ratios drop as well.
7. Cash reinvestment ratio: This year's operating cash flow increases, so the cash investment ratio rises.
8. Degree of operating leverage: This year's revenue goes down, so the degree of operating leverage rises.

Note 1: The financial information has been audited by CPAs.

Note 2: Financial data for the first quarter of 2023 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 = net profit before income tax and interest expense/interest expense of the year.
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) Ratio of return on total assets = [Net income (loss) + interest expense × (1-Tax rate)]/Average total assets.
  - (2) Ratio of 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) Degree of operating leverage = (Net operating income-variable operating costs and expenses) / Business profit.
  - (2) Degree of financial leverage = operating profit /(Business profit-interest expense).

(III). The Audit Committee Review report for the financial reports of the most recent year  
Please refer to page 83.

**ASMedia Technology Inc.**  
**Audit Committee Review Report**

To: 2023 Annual General Meeting of Shareholders, ASMedia Technology Inc.:

The Company's Board of Directors prepared and submitted to the Audit Committee the 2022 Business Report, financial statements, and the Earnings Distribution Proposal. The financial statements were audited by certified public accountants Shu-Fen Yu and Chun-Yao Lin from PwC Taiwan, and their report expresses an unqualified opinion. The above Business Report, financial statements, and the Earnings Distribution Proposal were audited and determined to be correct and accurate by the Audit Committee. The 2022 Audit Committee Review Report is submitted in accordance with the Securities and Exchange Act and the Company Act.

Chairman of the Audit Committee:

Mr. Chien-Ping Hsieh

March 8, 2023

(IV).The financial Statements and Report of Independent Accountants in the most recent years:  
Please refer to pages 93-158.

(V). 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

### (I). 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	2022 (Note)	2021 (Note)	Difference	
			Amount	%
Current assets	5,770,153	5,037,195	732,958	14.55
Property, plant and equipment	497,937	297,664	200,273	67.28
Intangible assets	135,402	211,431	(76,029)	(35.96)
Other assets	11,391,173	12,388,519	(997,346)	(8.05)
Total assets	17,794,665	17,934,809	(140,144)	(0.78)
Current liabilities	2,443,378	1,637,798	805,580	49.19
Non-current liabilities	39,885	14,393	25,492	177.11
Total liabilities	2,483,263	1,652,191	831,072	50.30
Share capital	693,648	692,181	1,467	0.21
Capital surplus	8,488,784	8,468,973	19,811	0.23
Retained earnings	6,114,116	5,285,362	828,754	15.68
Other equity	14,854	1,836,102	(1,821,248)	(99.19)
Non-controlling equity	0	0	0	—
Total shareholders' equity	15,311,402	16,282,618	(971,216)	(5.96)
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) Property, plant and equipment: Due to the need in research and development, the Company increases purchasing photomasks for the production.				
(2) Intangible assets, non-current liabilities: The Company reclassifies the golf licenses.				
(3) Current liabilities: As the operation of the Company remains stable, in order to support working capital turnover and allow for more flexible capital use, we add the loan amount and drawdown.				
(4) Other equity: Mainly due to increase in recognition of unrealized gains (losses) from investments in equity instruments measured 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; only individual financial statements are issued.

### (II). 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	2022 (Note)	2021 (Note)	Difference	
			Amount	%
Net operating revenue	5,248,329	6,009,012	(760,683)	(12.66)
Operating costs	2,533,543	2,798,608	(265,065)	(9.47)
Gross profit	2,714,786	3,210,404	(495,618)	(15.44)
Operating expenses	1,414,153	1,272,692	141,461	11.12
Operating profit	1,300,633	1,937,712	(637,079)	(32.88)
Non-operating income and expenses	1,609,375	1,628,704	(19,329)	(1.19)
Profit before income tax	2,910,008	3,566,416	(656,408)	(18.41)
Income tax expense	292,647	373,268	(80,621)	(21.60)
Profit after tax	2,617,361	3,193,148	(575,787)	(18.03)
Other comprehensive income	(1,732,594)	541,114	(2,273,708)	(420.19)

Item \ Year	2022 (Note)	2021 (Note)	Difference	
			Amount	%
Total comprehensive income for the current period	884,767	3,734,262	(2,849,495)	(76.31)
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. Profit before income tax: The variation is mainly due to decrease in shipments for this period of time.				
2. Other comprehensive income: The variation is mainly due to increase of fluctuations in both the fair value of financial assets measured at fair value through other comprehensive income and in the share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method.				

2. Expected sales volume and its basis, the possible impact on the company's future financial business, and corresponding plans

(1) 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 2023 will be slightly higher than the sales for 2022. 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.

(2) Possible impact on the company's future financial business and the corresponding plan: None.

(III). Cash flow

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

Units: NT\$ thousand, %

Item \ Year	2022	2021	Amount Increase (Decrease)	Financial ratio change
Operating activities	1,981,998	1,512,986	469,012	31.00
Investment activities	(634,142)	(710,867)	76,725	(10.79)
Financing activities	(723,193)	(1,683,628)	960,435	(57.05)
Analysis of changes:				
(1) Cash inflow from operating activities increased by NT\$469,012 mainly because the dividends from this year went up.				
(2) Cash outflow from financial activities increased by NT\$960,435 thousand mainly because the Company raised loans to allow for flexible capital use this year.				

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 (2023)

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
2,358,688	3,280,595	(453,914)	5,185,369	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.					

(IV).The effect upon financial operations of major capital expenditures during the most recent fiscal year  
The company estimates that the main capital expenditures in 2022 will be related to equipment and technology required for research and development. However, the amount is sufficient to support it with its own funds.

(V). 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	Gains from investments for Year 2022	Main Reasons for Profit or Loss	Improvement Plan	Investment Plan for Next Year
WT Microelectronics Co., Ltd.		1,421,392	Mainly due to good business performance	None	-

3. Investment plan for the coming year: None.

(VI).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, 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 receivable of the company in 2022 after deducting finance costs is NT\$1,431 thousand, accounting for 0.03% of net operating revenue and 0.05% 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 transacted in US dollars. Therefore, part of the purchases and sales in US dollars can be used as a natural hedge. In 2022, the net exchange gain was NT\$162,679 thousand, accounting for 3.10% of net operating revenue; and 5.59% 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, the Company will 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," "Procedures of Loaning Funds to Others" and "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, 2022, 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\$890 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:

- a. ASUSTeK Computer is subject to patent lawsuits or investigations regarding the MP3 functions, monitors, projectors, monitors with local dimming in its desktops and laptops in California and Texas, respectively. Although it is not yet possible to determine the possible outcome, the Company has included the amount of potential damages in its accounts.
- b. The following products are separately subject to patent litigations or investigations in Texas, California, Alabama, United States International Trade Commission Japan, Brazil, Italian

Competition Authority, Malaysia, Germany and China: ASUS cell phones, tablets, AP and Router products that support MU-MIMO, laptops, LED for cell phones, wireless networking products supporting IEEE 802.11ac communication standard, after-sales services, cell phones and tablets with MPEG2-TS transmission streams, various products with processors using LVDS technology, 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, laptops and monitors with backlight, cell phone products with LTE function support, laptops with AMD CPU, products that support H.264, H.265 and screen rotation, keyboard layout with TUF gaming K7, products using Nvidia GPU, cellphones, products that use Bluetooth, laptops that use Panjit's MOSFET, touch UI in VivoWatch / ZenWatch. 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.

(VII). Other important matters: None.

## VIII. Special Disclosures

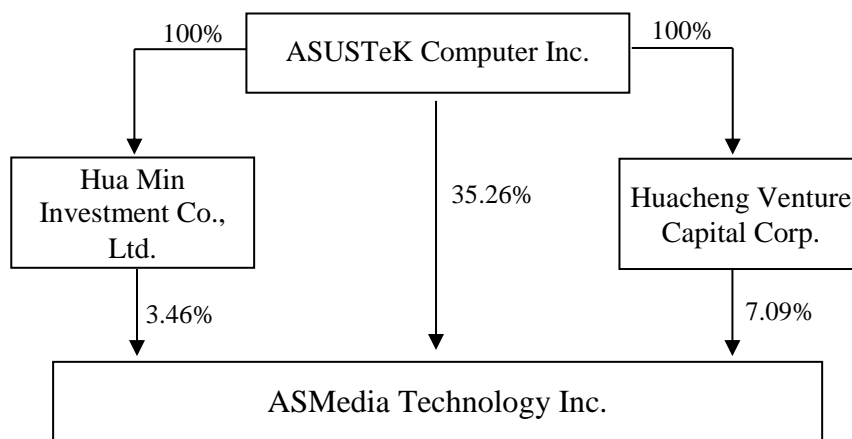
### (I). Summary of affiliated enterprises

#### 1. Consolidated financial statements of affiliated enterprises for the most recent year

##### (1) Overview of affiliated enterprises

##### a. Organization Chart of Affiliated Enterprises

March 31, 2023



##### b. Relationship with affiliated enterprises, mutual shareholding ratio, shares, and actual investment amount

As of March 31, 2023 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	35.26%
Hua Cheng Venture Capital Corp.	Other related parties	4,918,014	49,180,140	7.09%
Hua Min Investment Co., Ltd.	Other related parties	2,399,641	23,996,410	3.46%

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

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

e. 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.

f. 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.

(II). 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.

(III). 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.

(IV).Other matters that require additional description: None.

(V). 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.**  
**INDIVIDUAL FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2022 AND 2021**

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

## 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, 2022 and 2021, 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *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 2022 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 2022 financial statements are stated as follows:

### **Existence of revenues from 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 1 customer and newly top 10 customer 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 the top 1 customer and newly 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 to 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 newly top 10 customers..

### **Evaluation of inventories**

#### Description

Refer to Note 4(11) for the accounting policies on the evaluation of inventories, Note 5 for the uncertainty of accounting estimations and assumptions for evaluation of inventories, and Note 6(4) for the details of inventory valuation.

The Company is primarily engaged in the design, development, production, manufacture and sales of high-speed analogue circuit products.

Due to the rapid technological innovations and competition within the industry, frequent releases of new products result in potential price fluctuations and product marginalization in the market. Additionally, it also affects the estimation of net realizable values of inventories.

In response to changing markets and its development strategies, the Company adjusts its inventory levels. The Company's primary product line is high-speed analogue circuit products. As a result, the related inventory levels for the product line as mentioned above are significant. Management evaluates inventories stated at the lower of cost and net realizable value. Since the evaluation of inventories is subject to management's judgment and the accounting estimations will have significant influence on the inventory values, the evaluation of inventories has been identified as one of the key audit matters.

#### How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Assessed the policy on allowance for inventory valuation loss based on our understanding of the Company's operations and industry.
2. Tested whether the basis of market value used in calculating the net realizable value of inventory is the same as the Company's policy and validated the accuracy of net realizable value calculation of selected samples.
3. Inspected the management's individually identified out-of-date inventory list and checked against the related supporting documents.

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

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

1. Identify and assess the risks of material misstatement of the 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.

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Yu, Shu-Fen

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Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 8th, 2023

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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.  
INDIVIDUAL BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,358,688	13	\$ 1,734,025	10
1110	Financial assets at fair value through profit or loss - current	6(2)	614,508	3	610,344	3
1170	Accounts receivable, net	6(3)	697,573	4	415,997	2
1180	Accounts receivable - related parties	6(3) and 7	137,770	1	118,935	1
1200	Other receivables		15,443	-	32,747	-
130X	Inventory	6(4)	1,157,943	7	1,413,571	8
1410	Prepayments	6(5) and 7	788,228	4	711,576	4
11XX	Total current assets		5,770,153	32	5,037,195	28
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(7)	712,345	4	895,366	5
1550	Investments accounted for using equity method	6(6)	10,488,290	59	11,391,413	64
1600	Property, plant and equipment	6(8)	497,937	3	297,664	2
1755	Right-of-use assets	6(9)	63,232	-	32,090	-
1780	Intangible assets	6(10)	135,402	1	211,431	1
1840	Deferred income tax assets	6(25)	101,535	1	55,151	-
1900	Other non-current assets	6(13) and 8	25,771	-	14,499	-
15XX	Total non-current assets		12,024,512	68	12,897,614	72
1XXX	Total assets		\$ 17,794,665	100	\$ 17,934,809	100

(Continued)



ASMEDIA TECHNOLOGY INC.  
INDIVIDUAL BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 1,100,000	6	\$ -	-
2130	Current contract liabilities	6(18)	29,158	-	48,671	-
2170	Accounts payable		111,279	1	324,392	2
2200	Other payables	6(12) and 7	972,239	6	997,539	5
2220	Other payables - related parties	7	929	-	735	-
2230	Current income tax liabilities		146,008	1	146,111	1
2280	Lease liabilities - current		24,361	-	18,095	-
2300	Other current liabilities	7	59,404	-	102,255	1
21XX	Total current liabilities		2,443,378	14	1,637,798	9
Non-current liabilities						
2570	Deferred income tax liabilities	6(25)	28	-	238	-
2580	Lease liabilities - non-current		39,251	-	13,977	-
2640	Net defined benefit liability, non-current	6(13)	606	-	178	-
25XX	Total non-current liabilities		39,885	-	14,393	-
2XXX	Total liabilities		2,483,263	14	1,652,191	9
Equity attributable to owners of parent						
	Share capital	6(15)				
3110	Common stock		693,648	4	692,181	4
	Capital surplus	6(16)				
3200	Capital surplus		8,488,784	47	8,468,973	47
	Retained earnings	6(17)				
3310	Legal reserve		974,852	6	643,474	4
3350	Unappropriated retained earnings		5,139,264	29	4,641,888	26
	Other equity interest					
3400	Other equity interest		14,854	-	1,836,102	10
3XXX	Total equity		15,311,402	86	16,282,618	91
	Significant contingent liabilities and unrecorded contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 17,794,665	100	\$ 17,934,809	100

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

ASMEDIA TECHNOLOGY INC.  
INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except earnings per share data)

			Year ended December 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(18) and 7	\$ 5,248,329	100	\$ 6,009,012	100
5000	Operating costs	6(4) and 7	( 2,537,273 )	( 48 )	( 2,788,154 )	( 46 )
5900	Gross profit		2,711,056	52	3,220,858	54
5910	Unrealised profit from sales		( 22,268 )	-	( 25,998 )	( 1 )
5920	Realised profit from sales		25,998	-	15,544	-
5950	Net operating margin		2,714,786	52	3,210,404	53
	Operating expenses	6(23)(24) and 7				
6100	Selling expenses		( 91,017 )	( 2 )	( 101,150 )	( 2 )
6200	General and administrative expenses		( 183,276 )	( 3 )	( 182,486 )	( 3 )
6300	Research and development expenses		( 1,139,860 )	( 22 )	( 989,056 )	( 16 )
6000	Total operating expenses		( 1,414,153 )	( 27 )	( 1,272,692 )	( 21 )
6900	Operating profit		1,300,633	25	1,937,712	32
	Non-operating income and expenses					
7100	Interest income	6(19)	10,328	-	5,293	-
7010	Other income	6(20)	20,208	1	6,533	-
7020	Other gains and losses	6(21)	166,344	3	34,201	( 1 )
7050	Finance costs	6(22)	( 8,897 )	-	( 1,379 )	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(6)				
			1,421,392	27	1,652,458	28
7000	Total non-operating income and expenses		1,609,375	31	1,628,704	27
7900	Profit before income tax		2,910,008	56	3,566,416	59
7950	Income tax expense	6(25)	( 292,647 )	( 6 )	( 373,268 )	( 6 )
8200	Profit for the year		\$ 2,617,361	50	\$ 3,193,148	53
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plan	6(13)	( \$ 561 )	-	\$ 737	-
8316	Unrealised (loss) gain on investments in equity instruments at fair value through other comprehensive income	6(7)	( 352,021 )	( 7 )	256,854	4
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive (loss) income that will not be reclassified to profit or loss		( 2,222,068 )	( 42 )	511,065	9
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		( 2,574,650 )	( 49 )	768,656	13
	Components of other comprehensive income that will be reclassified to profit or loss					
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		842,056	16	( 227,542 )	( 4 )
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		842,056	16	( 227,542 )	( 4 )
8300	Total other comprehensive (loss) income for the year		( \$ 1,732,594 )	( 33 )	\$ 541,114	9
8500	Total comprehensive (loss) income for the year		\$ 884,767	17	\$ 3,734,262	62
	Earnings per share (in dollars)					
9750	Basic earnings per share	6(26)	\$ 37.86		\$ 46.23	
9850	Diluted earnings per share	6(26)	\$ 37.61		\$ 46.00	

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

ASMEDIA TECHNOLOGY INC.  
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

		Retained Earnings					Other Equity Interest				
	Notes	Share capital - common stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Other equity, others	Total equity
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		-	-	-	-	3,193,148	( 227,542 )	767,919	737	-	3,734,262
Appropriations of 2020 retained earnings	6(17)										
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(14)										
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 6(6) 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
Year ended December 31, 2022											
Balance at January 1, 2022		\$ 692,181	\$ 8,468,973	\$ 643,474	\$ -	\$ 4,641,888	(\$ 565,121 )	\$ 2,416,860	(\$ 401 )	(\$ 15,236 )	\$ 16,282,618
Profit for the year		-	-	-	-	2,617,361	-	-	-	-	2,617,361
Other comprehensive income (loss)		-	-	-	-	-	842,056	( 2,574,089 )	( 561 )	-	( 1,732,594 )
Total comprehensive income (loss)		-	-	-	-	2,617,361	842,056	( 2,574,089 )	( 561 )	-	884,767
Appropriations of 2021 retained earnings	6(17)										
Legal reserve		-	-	331,378	-	( 331,378 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 1,799,669 )	-	-	-	-	( 1,799,669 )
Share-based payments	6(14)										
Issuance of employee restricted stocks		1,500	( 1,500 )	-	-	-	-	-	-	-	-
Compensation cost of employee restricted stocks		-	111,969	-	-	-	-	-	-	( 77,592 )	34,377
Retirement and reduction of employee restricted stocks		( 33 )	33	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using 6(6) equity method		-	( 90,691 )	-	-	-	-	-	-	-	( 90,691 )
Disposal of equity instrument measured at fair value through other comprehensive income by associates		-	-	-	-	11,062	-	( 11,062 )	-	-	-
Balance at December 31, 2022		\$ 693,648	\$ 8,488,784	\$ 974,852	\$ -	\$ 5,139,264	\$ 276,935	(\$ 168,291 )	(\$ 962 )	(\$ 92,828 )	\$ 15,311,402

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

ASMEDIA TECHNOLOGY INC.  
INDIVIDUAL STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 2,910,008	\$ 3,566,416
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(23)	233,762	176,357
Amortisation	6(10)(23)	84,704	67,842
Net gain on financial assets at fair value through profit or loss	6(2)(21)	( 3,665 )	( 1,368 )
Loss on disposal of property, plant and equipment	6(21)	-	1,401
Interest expense	6(22)	8,897	1,379
Interest income	6(19)	( 10,328 )	( 5,293 )
Dividend Income	6(20)	( 16,000 )	( 3,409 )
Share-based payments	6(14)	34,377	41,191
Shares of profit of associates and joint ventures accounted for using equity method	6(6)	( 1,421,392 )	( 1,652,458 )
Unrealised profit or loss from sales	6(6)	( 3,730 )	10,454
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		( 281,576 )	( 48,004 )
Accounts receivable - related parties		( 18,835 )	( 70,722 )
Other receivables		17,506	15,308
Inventory		255,628	( 365,267 )
Prepayments		( 76,652 )	( 383,231 )
Changes in operating liabilities			
Contract liabilities - current		( 19,513 )	28,579
Accounts payable		( 213,113 )	( 40,367 )
Other payables		8,696	119,450
Other payables - related parties		194	363
Other current liabilities		( 42,851 )	67,138
Non-current net defined benefit liability		( 133 )	4
Cash inflow generated from operations		1,445,984	1,525,763
Income tax paid		( 339,344 )	( 567,770 )
Interest received		10,126	5,300
Interest paid		( 8,310 )	( 1,379 )
Dividends received	6(6)(20)	873,542	551,072
Net cash flows from operating activities		<u>1,981,998</u>	<u>1,512,986</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through profit or loss		-	( 400,000 )
Acquisition of financial assets at fair value through other		( 144,000 )	-
Acquisition of property, plant and equipment	6(27)	( 406,288 )	( 219,515 )
Acquisition of intangible assets	6(27)	( 80,662 )	( 87,474 )
Increase in refundable deposits		( 3,192 )	( 3,878 )
Net cash flows used in investing activities		<u>( 634,142 )</u>	<u>( 710,867 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(28)	1,100,000	-
Payment of lease liabilities	6(28)	( 23,524 )	( 22,279 )
Cash dividends paid	6(17)	( 1,799,669 )	( 1,661,349 )
Net cash flows used in financing activities		<u>( 723,193 )</u>	<u>( 1,683,628 )</u>
Net increase (decrease) in cash and cash equivalents		624,663	( 881,509 )
Cash and cash equivalents at beginning of year		1,734,025	2,615,534
Cash and cash equivalents at end of year		\$ 2,358,688	\$ 1,734,025

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

ASMEDIA TECHNOLOGY INC.  
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

(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 8, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
Amendment to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these 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

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.

(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 when it can no longer withdraw an offer of termination benefits or when 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, 2022, the carrying amount of inventories was \$1,157,943.

#### 6. DETAILS OF SIGNIFICANT ACCOUNTS

##### (1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$ 90	\$ 90
Checking accounts and		
demand deposits	1,962,598	1,337,935
Time deposits	<u>396,000</u>	<u>396,000</u>
	<u>\$ 2,358,688</u>	<u>\$ 1,734,025</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). Refer to Note 8 for more information.



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

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Open-end fund	\$ 607,588	\$ 607,588
Valuation adjustments	6,920	2,756
	<u>\$ 614,508</u>	<u>\$ 610,344</u>

A. The Company recognised net profit amounting to \$3,665 and \$1,368 on financial assets at fair value through profit or loss for the years ended December 31, 2022 and 2021, respectively.

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

(3) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	\$ 697,718	\$ 416,142
Accounts receivable - related parties	137,770	118,935
Less: Allowance for uncollectible accounts	( 145)	( 145)
	<u>\$ 835,343</u>	<u>\$ 534,932</u>

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

	December 31, 2022	December 31, 2021
Not past due	\$ 832,921	\$ 515,978
Up to 90 days	2,567	19,099
	<u>\$ 835,488</u>	<u>\$ 535,077</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, the balances of receivables from contracts with customers amounted to \$835,488 and \$535,077, respectively.

C. No accounts receivable was pledged to others as collateral.

D. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was \$835,343 and \$534,932, respectively.

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

(4) Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Raw materials	\$ 279,998	\$ 356,965
Work in process	411,295	667,119
Finished goods	<u>466,650</u>	<u>389,487</u>
	<u>\$ 1,157,943</u>	<u>\$ 1,413,571</u>

The cost of inventories recognised as expense for the years ended December 31, 2022 and 2021 was \$2,537,273 and \$2,788,154, respectively, including the amount of \$254,000 and \$59,000, respectively, that the Company wrote down from cost to net realisable value accounted for as cost of goods sold.

(5) Prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Advance payments for purchasing materials and production capacity	\$ 785,008	\$ 700,859
Others	<u>3,220</u>	<u>10,717</u>
	<u>\$ 788,228</u>	<u>\$ 711,576</u>

(6) Investments accounted for using equity method

	<u>2022</u>	<u>2021</u>
At January 1	\$ 11,391,413	\$ 9,946,611
Share of profit or loss of investments accounted for using equity method	1,421,392	1,652,458
Unrealised sales profit	3,730 (	10,454)
Earnings distribution of investments accounted for using equity method	( 857,542) (	547,663)
Changes in capital surplus	( 90,691)	66,937
Changes in other equity items	( <u>1,380,012</u> )	<u>283,524</u>
At December 31	<u>\$ 10,488,290</u>	<u>\$ 11,391,413</u>

Associate

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

Company name	Principal place of business	<u>Shareholding ratio (Note)</u>		Nature of relationship	Method of measurement
		December 31, 2022	December 31, 2021		
WT MICROELECTRONICS CO., LTD.	Taiwan	19.35%	21.44%	Has significant influence	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(15)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.

- (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, 2022	December 31, 2021
Current assets	\$ 183,649,584	\$ 149,136,255
Non-current assets	16,552,586	24,213,032
Current liabilities	( 124,816,197)	( 110,582,313)
Non-current liabilities	( 20,411,652)	( 8,906,666)
Total net assets	<u>\$ 54,974,321</u>	<u>\$ 53,860,308</u>
Fair value adjustment of other intangible net assets and tangible net assets	( 87,905)	63,341
Total net assets after adjustment	<u>\$ 54,886,416</u>	<u>\$ 53,923,649</u>
Share in associate's net assets	\$ 10,484,560	\$ 11,417,411
Realised (unrealised) sales profit	3,730	( 25,998)
Carrying amount of the associate	<u>\$ 10,488,290</u>	<u>\$ 11,391,413</u>

Statement of comprehensive income

	WT MICROELECTRONICS CO., LTD.	
	Year ended December 31	
	2022	2021
Revenue	\$ 571,197,118	\$ 447,896,117
Profit for the year from continuing operations	7,355,688	7,855,168
Other comprehensive (loss) income, net of tax	( 7,069,962)	2,139,842
Total comprehensive income	<u>\$ 285,726</u>	<u>\$ 9,995,010</u>
Dividends received from associates	<u>\$ 857,542</u>	<u>\$ 547,663</u>

C. The Company's material associate, WT MICROELECTRONICS CO., LTD., has quoted market prices. As of December 31, 2022 and 2021, the fair value was \$10,448,100 and \$12,568,500, respectively.

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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Equity instruments		
Listed stocks	\$ 499,000	\$ 400,000
Emerging stocks	-	99,000
Unlisted stocks	289,000	120,000
Valuation adjustment	( 75,655)	276,366
	<u>\$ 712,345</u>	<u>\$ 895,366</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 \$712,345 and \$895,366 as at December 31, 2022 and 2021, 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:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>(\$ 352,021)</u>	<u>\$ 256,854</u>

(8) Property, plant and equipment

	Instruments and equipment	Office equipment	Leasehold improvements	Total
<u>At January 1, 2022</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>
<u>2022</u>				
Opening net book amount as at January 1	\$ 291,273	\$ 5,108	\$ 1,283	297,664
Additions	396,971	11,333	1,809	410,113
Depreciation charge	( 206,773)	( 2,207)	( 860)	( 209,840)
Closing net book amount as at December 31	<u>\$ 481,471</u>	<u>\$ 14,234</u>	<u>\$ 2,232</u>	<u>\$ 497,937</u>
<u>At December 31, 2022</u>				
Cost	\$ 819,804	\$ 24,561	\$ 10,601	\$ 854,966
Accumulated depreciation and impairment	( 338,333)	( 10,327)	( 8,369)	( 357,029)
	<u>\$ 481,471</u>	<u>\$ 14,234</u>	<u>\$ 2,232</u>	<u>\$ 497,937</u>
	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>

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

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

(9) 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. On December 31, 2022 and 2021, payments of lease commitments for short-term leases amounted to \$2,199 and \$872, respectively.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Buildings	\$ 54,043	\$ 25,313
Transportation equipment (Business vehicles)	9,189	6,777
	<u>\$ 63,232</u>	<u>\$ 32,090</u>

	Year ended December 31	
	2022	2021
	Depreciation charge	Depreciation charge
Buildings	\$ 17,758	\$ 18,352
Transportation equipment (Business vehicles)	6,164	4,020
	<u>\$ 23,922</u>	<u>\$ 22,372</u>

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$55,064 and \$9,355, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,039	\$ 1,119
Expense on short-term lease contracts	2,199	872

- F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$26,762, and \$24,268, respectively.

(10) Intangible assets

	Technical licencing fee	Software	Others	Total
<u>At January 1, 2022</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>
<u>2022</u>				
Opening net book amount as at January 1	\$ 7,031	\$ 171,320	\$ 33,080	\$ 211,431
Additions	-	41,755	-	41,755
Reclassification adjustments	-	-	( 33,080)	( 33,080)
Amortisation charge	( 6,027)	( 78,677)	-	( 84,704)
Closing net book amount as at December 31	<u>\$ 1,004</u>	<u>\$ 134,398</u>	<u>\$ -</u>	<u>\$ 135,402</u>
<u>At December 31, 2022</u>				
Cost	\$ 99,249	\$ 289,773	\$ -	\$ 389,022
Accumulated amortisation and impairment	( 98,245)	( 155,375)	-	( 253,620)
	<u>\$ 1,004</u>	<u>\$ 134,398</u>	<u>\$ -</u>	<u>\$ 135,402</u>
	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>

- 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. Details of amortisation charges on intangible assets are as follows:

	Year ended December 31	
	2022	2021
Operating costs	\$ -	\$ 8
Selling expenses	76	70
Administrative expenses	1,904	1,861
Research and development expenses	82,724	65,903
	<u>\$ 84,704</u>	<u>\$ 67,842</u>

(11) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings	\$ 1,100,000	1.53% -1.7%	None
Unsecured borrowings			
Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings	\$ -	-	None
Unsecured borrowings			

Interest expense recognised in profit or loss amounted to \$7,858 and \$260 for the years ended December 31, 2022 and 2021, respectively.

(12) Other payables

	December 31, 2022	December 31, 2021
Accrued employees' compensation and directors' and supervisors' remuneration	\$ 444,772	\$ 492,050
Salary and bonus payable	349,080	336,421
Accrued payment for intangible assets payable	75,969	114,876
Payable on property, plant and equipment	15,823	11,998
Insurance payable	18,426	14,063
Others	68,169	28,131
	<u>\$ 972,239</u>	<u>\$ 997,539</u>



(13) 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 the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 5,450	\$ 4,521
Fair value of plan assets	( 4,844)	( 4,343)
Net defined benefit liabilities	<u>\$ 606</u>	<u>\$ 178</u>

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

	<u>2022</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	\$ 4,521	(\$ 4,343)	\$ 178
Interest expense (income)	31	( 30)	1
	<u>4,552</u>	<u>( 4,373)</u>	<u>179</u>
Remeasurements:			
Return on plan assets	-	( 337)	( 337)
Change in demographic assumptions	199	-	199
Experience adjustments	699	-	699
	<u>898</u>	<u>( 337)</u>	<u>561</u>
Pension fund contribution	-	( 134)	( 134)
At December 31	<u>\$ 5,450</u>	<u>(\$ 4,844)</u>	<u>\$ 606</u>

	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	55	-	55
	<u>( 678)</u>	<u>( 59)</u>	<u>( 737)</u>
At December 31	<u>\$ 4,521</u>	<u>(\$ 4,343)</u>	<u>\$ 178</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, 2022 and 2021 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	
	2022	2021
Discount rate	1.35%	0.70%
Future salary increases rate	5.00%	4.00%

Assumptions regarding future mortality experience are set based on the 5<sup>th</sup> Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2022 and 2021.

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 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 309)	\$ 332	\$ 319	(\$ 300)
	Discount rate		Future salary increase	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 141)	\$ 147	\$ 142	(\$ 137)

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, 2023 amount to \$0.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

	<u>December 31, 2022</u>
Within 1 year	\$ 27
1-2 year(s)	126
2-5 years	323
Over 5 years	5,929
	<u>\$ 6,405</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, 2022 and 2021 were \$18,066 and \$15,349, respectively.

(14) Share-based payments

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

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Restricted stocks to employees (Note 1)	2020.3.19	185 (stock in thousands)	3 years	Upon satisfaction of service and performance conditions (Note 2)
Restricted stocks to employees (Note 1)	2022.9.15	150 (stock 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:

	<u>2022</u>	<u>2021</u>
	<u>Quantity of stocks</u>	<u>Quantity of stocks</u>
	<u>(stock in thousands)</u>	<u>(stock in thousands)</u>
Restricted stocks at January 1	180	185
Issued during the year	150	-
Restricted stocks forfeited	( 3 )	( 5 )
Restricted stocks at December 31	<u>327</u>	<u>180</u>

In 2022 and 2021, some employees were required to return 2 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 November 9, 2022 and May 10, 2021 to redeem back and conduct a capital reduction to retire those stocks. The effective date for the capital reduction was set on December 1, 2022 and May 13, 2021. The registration of the change was completed on December 1, 2022 and June 23, 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
Restricted stocks to employees	2022.9.15	\$ 821.00	-	3 years	\$ 821.00

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

	Year ended December 31	
	2022	2021
Equity-settled	\$ 34,377	\$ 41,191

(15) Share capital

- A. As of December 31, 2022, 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 \$693,648 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: stock in thousands):

	2022	2021
At January 1	69,218	69,223
Issuance of restricted stocks	150	-
Retirement of restricted stocks	(3)	(5)
At December 31	69,365	69,218

- 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 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. On August 8, 2022, the Board of Directors has approved to issue the employee restricted shares of 150 thousand shares with the effective date set on September 15, 2022. 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.
- D. In 2022 and 2021, some employees were required to return restricted stocks as they resigned during the vesting period or they failed to meet the vesting conditions in accordance with the terms of restricted stocks. Refer to Note 6(14) 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 to 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.

(16) 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.

(17) 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 June 9, 2022 and July 23, 2021, the shareholders during their meeting approved the appropriations of 2021 and 2020 earnings, respectively. Details are as follows:

	<u>Year ended December 31, 2021</u>		<u>Year ended December 31, 2020</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve appropriated	\$ 331,378		\$ 292,791	
Reversal of special reserve	-		( 11,841)	
Cash dividends distributed to shareholders	1,799,669	\$ 26.00	1,661,349	\$ 24.00

On March 8 , 2023, the Board of Directors during its meeting proposed the appropriation of 2022 earnings. Details are as follows:

	<u>Year ended December 31, 2022</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve appropriated	\$ 262,842	
Cash dividends distributed to shareholders	1,387,295	\$ 20.00

As of March 8, 2023, the aforementioned appropriation of 2022 earnings as resolved by the Board of Directors is yet to be reported to and approved by the shareholders.

(18) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers (IC products)	\$ 5,248,329	\$ 6,009,012

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, 2022	High speed interface controller	High speed device controller	Total
Revenue from external customer contracts	\$ 4,014,212	\$ 1,234,117	\$ 5,248,329
Timing of revenue recognition			
At a point in time	\$ 4,014,212	\$ 1,234,117	\$ 5,248,329
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

B. Contract liabilities

- (a) As of December 31, 2022 and 2021, the Company recognised contract liabilities arising from sales revenue from contracts with customers amounting to \$29,158 and \$48,671, respectively.
- (b) Revenue recognised that was included in the contract liability balance at the beginning of the year.

	Year ended December 31	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ 48,671	\$ 20,092



(19) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	\$ 10,133	\$ 5,123
Other interest income	195	170
	<u>\$ 10,328</u>	<u>\$ 5,293</u>

(20) Other income

	Year ended December 31	
	2022	2021
Dividend income	\$ 16,000	\$ 3,409
Others	4,208	3,124
	<u>\$ 20,208</u>	<u>\$ 6,533</u>

(21) Other gains and losses

	Year ended December 31	
	2022	2021
Losses on disposals of property, plant and equipment	\$ -	(\$ 1,401)
Net currency exchange gains (losses)	162,679	( 34,168)
Net gains on financial assets at fair value through profit or loss	3,665	1,368
	<u>\$ 166,344</u>	<u>(\$ 34,201)</u>

(22) Finance costs

	Year ended December 31	
	2022	2021
Interest expense	<u>\$ 8,897</u>	<u>\$ 1,379</u>

(23) Expenses classified based on nature

	Year ended December 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$ 63,156	\$ 851,770	\$ 914,926
Depreciation	\$ 38,495	\$ 195,267	\$ 233,762
Amortisation	\$ -	\$ 84,704	\$ 84,704

	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

(24) Employee benefit expense

	Year ended December 31	
	2022	2021
Salary expenses	\$ 846,348	\$ 879,417
Labour and health insurance fees	38,962	39,362
Pension costs	18,067	15,353
Other personnel expenses	11,549	11,846
	<u>\$ 914,926</u>	<u>\$ 945,978</u>

- 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, 2022 and 2021, employees' compensation was accrued at \$185,930 and \$249,545, respectively; directors' remuneration was accrued at \$9,296 and \$11,428, respectively. The aforementioned amounts were recognised in salary expenses. Employees' compensation and directors' remuneration for 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 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.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 292,010	\$ 348,915
Tax on undistributed surplus earnings	52,015	38,576
Prior year income tax overestimation	( 4,784)	( 1,924)
Total current tax	<u>339,241</u>	<u>385,567</u>
Deferred tax:		
Origination and reversal of temporary differences	( 46,594)	( 12,299)
Income tax expense	<u>\$ 292,647</u>	<u>\$ 373,268</u>

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

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 580,721	\$ 713,283
Tax exempt income by tax regulation	( 286,957)	( 331,085)
Effect from investment tax credits	( 48,348)	( 45,582)
Prior year income tax overestimation	( 4,784)	( 1,924)
Tax on undistributed surplus earnings	<u>52,015</u>	<u>38,576</u>
Income tax expense	<u>\$ 292,647</u>	<u>\$ 373,268</u>

B. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Allowance for inventory obsolescence losses	\$ 27,000	\$ 50,800	\$ -	\$ 77,800
Expected credit losses	29	-	-	29
Unrealised exchange loss	-	5,239	-	5,239
Estimated sales discounts and allowances	20,622	( 9,728)	-	10,894
Unrealised sales profit	5,200	( 746)	-	4,454
Others	2,300	819	-	3,119
	<u>55,151</u>	<u>46,384</u>	<u>-</u>	<u>101,535</u>
- Deferred tax liabilities				
Unrealised exchange gain	( 238)	238	-	-
Others	-	( 28)	-	( 28)
	<u>( 238)</u>	<u>210</u>	<u>-</u>	<u>( 28)</u>
	<u>\$ 54,913</u>	<u>\$ 46,594</u>	<u>\$ -</u>	<u>\$ 101,507</u>
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>\$ 42,614</u>	<u>\$ 12,299</u>	<u>\$ -</u>	<u>\$ 54,913</u>

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

(26) Earnings per share

	Year ended December 31, 2022		
		Weighted average number of ordinary shares outstanding	Earnings per share
	<u>Amount after tax</u>	<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 2,617,361	69,141	\$ 37.86
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 2,617,361	69,141	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	305	
Restricted stocks	-	140	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 2,617,361	69,586	\$ 37.61

	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

(27) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31	
	2022	2021
Purchase of property, plant and equipment	\$ 410,113	\$ 201,894
Add: Opening balance of payable on equipment	11,998	29,619
Less: Ending balance of payable on equipment	(15,823)	(11,998)
Cash paid during the year	\$ 406,288	\$ 219,515

B. Financing activities with no cash flow effects

	Year ended December 31	
	2022	2021
Purchase of intangible assets	\$ 41,755	\$ 189,003
Add: Opening balance of other payables	114,876	13,347
Less: Ending balance of other payables	(75,969)	(114,876)
Cash paid during the year	\$ 80,662	\$ 87,474

(28) Changes in liabilities from financing activities

	2022		
	Principal of lease liabilities	Short-term borrowings	Liabilities from financing activities
At January 1	\$ 32,072	\$ -	\$ 32,072
Changes in cash flow from financing activities	( 23,524)	1,100,000	1,076,476
Changes in other non-cash items	55,064	-	55,064
At December 31	<u>\$ 63,612</u>	<u>\$ 1,100,000</u>	<u>\$ 1,163,612</u>

	2021		
	Principal of lease liabilities	Short-term borrowings	Liabilities from financing activities
At January 1	\$ 44,994	\$ -	\$ 44,994
Changes in cash flow from financing activities	( 22,277)	-	( 22,277)
Changes in other non-cash items	9,355	-	9,355
At December 31	<u>\$ 32,072</u>	<u>\$ -</u>	<u>\$ 32,072</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)	"

(3) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2022	2021
Sales of goods:		
Ultimate parent company	\$ 463,540	\$ 451,717
Associates-WT	563,714	928,142
	<u>\$ 1,027,254</u>	<u>\$ 1,379,859</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	
	2022	2021
Ultimate parent company and its subsidiaries	<u>\$ 7,392</u>	<u>\$ 7,013</u>

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 related parties based on the contract.

C. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
Ultimate parent company	\$ 110,352	\$ 78,925
Associates	27,418	40,010
	<u>\$ 137,770</u>	<u>\$ 118,935</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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables (Note 1):		
Ultimate parent company	\$ 603	\$ 735
Associates		
- ACSH	<u>326</u>	<u>-</u>
	<u>\$ 929</u>	<u>\$ 735</u>
Other current liabilities (Note 2):		
Ultimate parent company	\$ 21,115	\$ 39,891
Associates-WT	<u>10,545</u>	<u>15,513</u>
	<u>\$ 31,660</u>	<u>\$ 55,404</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>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates- ASUTC	\$ -	\$ 1,486

#### (4) Key management compensation

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 191,651	\$ 200,063
Post-employment benefits	<u>432</u>	<u>432</u>
	<u>\$ 192,083</u>	<u>\$ 200,495</u>

## 8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Pledged time deposits (shown as 'other non-current assets')	\$ 3,000	\$ 3,000	Customs duty guarantee

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

### (1) Contingencies

None.

### (2) Commitments

- A. As of December 31, 2022 and 2021, the outstanding amounts due for the purchase of instruments and equipment payable within one year were \$30,212 and \$53,453, 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. As of December 31, 2022, the purchase of materials and production capacity prepayment amounting to \$785,008 has been paid.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Refer to Note 6(7)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, 2022</u>	<u>December 31, 2021</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	\$ 614,508	\$ 610,344
Financial assets at fair value through other comprehensive income	712,345	895,366
Financial assets at amortised cost		
Cash and cash equivalents	2,358,688	1,734,025
Accounts receivable (including related parties)	835,343	534,932
Other receivables (including related parties)	15,443	32,747
Guarantee deposits paid (shown as 'other non-current assets')	14,691	11,499
Pledged time deposits (shown as 'other non-current assets')	3,000	3,000
	<u>\$ 4,554,018</u>	<u>\$ 3,821,913</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,100,000	\$ -
Accounts payable	111,279	324,392
Other payables (including related parties)	973,168	998,274
Other current liabilities	59,404	102,255
	<u>\$ 2,243,851</u>	<u>\$ 1,424,921</u>
Lease liabilities	<u>\$ 63,612</u>	<u>\$ 32,072</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 the company 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, 2022 and 2021. If NTD had appreciated or depreciated by 1% to USD, net income would have decreased/increased by \$17,847 and \$9,863 for the years ended December 31, 2022 and 2021, respectively. If NTD had appreciated or depreciated by 1% to RMB, net income would have decreased/increased by \$1,561 and \$1,511 for the years ended December 31, 2022 and 2021, 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, 2022				
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 61,784	30.71	\$ 1,897,387	
RMB:NTD	35,420	4.41	156,094	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 3,670	30.71	\$ 112,706	
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	

- 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, 2022 and 2021 amounted to \$162,679 and (\$34,168), 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, 2022 and 2021 would have increased/decreased by \$6,145 and \$6,103, 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 \$7,123 and \$8,954, 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:

	2022	2021
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	(\$ 145)	(\$ 145)
Provision for impairment	<u>-</u>	<u>-</u>
At December 31	<u>(\$ 145)</u>	<u>(\$ 145)</u>

(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, 2022 and 2021, the Company held the above investment position (excluding cash and cash equivalents) of \$1,326,853 and \$1,505,710, 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:

<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Short-term borrowings	\$ 1,100,000	\$ -	\$ -	\$ 1,100,000
Accounts payable	111,279	-	-	111,279
Other payables (including related parties)	973,168	-	-	973,168
Lease liabilities	25,600	40,243	-	65,843

Non-derivative financial liabilities:

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

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, 2022 and 2021 are as follows:



December 31, 2022	<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>\$ 614,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 614,508</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 602,000</u>	<u>\$ -</u>	<u>\$ 110,345</u>	<u>\$ 712,345</u>
December 31, 2021	<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>\$ 610,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 610,344</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 868,230</u>	<u>\$ -</u>	<u>\$ 27,136</u>	<u>\$ 895,366</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, 2022 and 2021, there was no transfer between Level 1 and Level 2.

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

F. 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.

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

		Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
<hr/>						
Non-derivative equity						
Unlisted shares	\$	110,345	Discounted cash flow	Note 1	Not applicable	Note 2
<hr/>						
		Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
<hr/>						
Non-derivative equity						
Unlisted shares	\$	27,136	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): Refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

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

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

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 2.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.

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

J. Significant inter-company transactions during the reporting period: None.

(2) Information on investees

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

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

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			
	2022		2021	
	Revenue	%	Revenue	%
High speed interface controller	\$ 4,014,212	76	\$ 4,560,956	76
High speed device controller	1,234,117	24	1,448,056	24
	<u>\$ 5,248,329</u>	<u>100</u>	<u>\$ 6,009,012</u>	<u>100</u>

(4) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

Year ended December 31				
2022		2021		
	Net sales	Non-current assets	Net sales	Non-current assets
US	\$ 2,555,740	\$ -	\$ 2,338,765	\$ -
Taiwan	1,520,977	772,342	1,987,036	555,684
China	274,441	-	846,052	-
Southeast Asia	395,600	-	461,503	-
Northeast Asia	423,339	-	263,550	-
Others	78,232	-	112,106	-
	<u>\$ 5,248,329</u>	<u>\$ 772,342</u>	<u>\$ 6,009,012</u>	<u>\$ 555,684</u>

(5) Major customer information

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

Year ended December 31			
2022		2021	
	Net sales		Net sales
Customer A	\$ 2,544,277	\$	2,319,565
WT MICROELECTRONICS CO., LTD. (WT)	563,714		928,142
	<u>\$ 3,107,991</u>	<u>\$</u>	<u>3,247,707</u>

## ASMedia Technology Inc.

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

December 31, 2022

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				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	\$ 29,675	-	\$ 29,675	
ASMedia Technology Inc.	Mega Diamond Money Market Fund	No	Current financial assets at fair value through profit or loss	23,739,799	302,583	-	302,583	
ASMedia Technology Inc.	Capital Money Market Fund	No	Current financial assets at fair value through profit or loss	17,226,216	282,250	-	282,250	
ASMedia Technology Inc.	Augentix Inc.	No	Non-current financial assets at fair value through other comprehensive income	1,600,000	13,136	10.56%	13,136	
ASMedia Technology Inc.	ICATCH TECHNOLOGY, INC.	No	Non-current financial assets at fair value through other comprehensive income	5,500,000	220,000	5.78%	220,000	
ASMedia Technology Inc.	WT MICROELECTRONICS CO., LTD.	Associate	Non-current financial assets at fair value through other comprehensive income	8,000,000	382,000	-	382,000	
ASMedia Technology Inc.	LeRain Technology Co. , Ltd	No	Non-current financial assets at fair value through other comprehensive income	1,200,000	8,868	3.99%	8,868	
ASMedia Technology Inc.	Teletx Co.	No	Non-current financial assets at fair value through other comprehensive income	5,230,486	63,341	16.00%	63,341	
ASMedia Technology Inc.	TA SHEE RESORT CO., LTD.	No	Non-current financial assets at fair value through other comprehensive income	1	25,000	-	25,000	

## 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

Twelve months ended December 31, 2022

Table 2

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	\$ 463,540	9%	Note	Note	Note	\$ 110,352	13%	
ASMedia Technology Inc.	WT MICROELECTRONICS CO., LTD.	Associate	Sales	563,714	11%	Note	Note	Note	27,418	3%	

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.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
ASMedia Technology Inc.	ASUSTEK COMPUTER INCORPORATION	Ultimate parent company	\$ 110,352	4.9	\$ -	-	\$ 59,617	\$ -	

Note: Dividends receivable.

ASMedia Technology Inc.

Information on investees

Twelve months ended December 31, 2022

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, 2022			Net profit (loss) of the investee for the years ended December 31, 2022	Investment income (loss) recognised by the Company for the years ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	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	19.35%	\$ 10,488,290	\$ 7,631,123	\$ 1,421,392	



ASMedia Technology Inc.  
Major shareholders information  
December 31, 2022

Table 5

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ASUSTEK COMPUTER INCORPORATION	24,457,660	35.26%
WT MICROELECTRONICS CO., LTD.	9,000,000	12.97%
HUA-CHENG VENTURE CAPITAL CORP.	4,918,014	7.09%

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

Statement 11

Function Nature	Year ended December 31, 2022			Year ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	\$ 58,653	\$ 775,599	\$ 834,252	\$ 65,206	\$ 799,983	\$ 865,189
Labour and health insurance fees	2,873	36,089	38,962	3,216	36,146	39,362
Pension costs	1,247	16,820	18,067	1,132	14,221	15,353
Directors' remuneration	-	12,096	12,096	-	14,228	14,228
Other personnel expenses	383	11,166	11,549	504	11,342	11,846
Total	\$ 63,156	\$ 851,770	\$ 914,926	\$ 70,058	\$ 875,920	\$ 945,978
Depreciation	\$ 38,495	\$ 195,267	\$ 233,762	\$ 34,868	\$ 141,489	\$ 176,357
Amortisation	\$ -	\$ 84,704	\$ 84,704	\$ 8	\$ 67,834	\$ 67,842

Note:

1. As at December 31, 2022 and 2021, the Company had 271 and 246 employees, both including 6 non-employee directors.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:
  - (1) Average employee benefit expense in current year was \$3,407 ((Total employee benefit expense of current year - Total directors' remuneration of current year)/ (Number of employees of current year)).  
Average employee benefit expense in previous year was \$3,882 ((Total employee benefit expense of prior year -Total directors' remuneration of prior year)/ (Number of employees of prior year)).
  - (2) Average employee salaries in current year was \$3,148 (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 \$3,605 (Total wages and salaries of prior year/ (Number of employees of prior year - Number of non-employee directors of prior year)).
  - (3) Adjustments of average employee salaries was -13% ((Average wages and salaries of current year - Average wages and salaries of prior year)/Average wages and salaries of prior year).
  - (4) As the Company has elected to set up the audit committee, it has no supervisors' remuneration.
  - (5) The Company's compensation policy
    - A. The overall employee compensation levels are determined by the Company's operational situation, annual budget and salary policy to effectively attract and retain talents.
    - B. Link employees' compensation with their performance by using the performance management system to motivate employees and drive positive growth in the Company.
    - C. Link employees' compensation with their achievement of the Company's operational targets, job and overall performance to motivate employees.
    - D. 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**