

Stock Code: 5269



ASMedia Technology Inc.

2023 Annual Report

Published on May 8, 2024

Query URL for this annual report: <http://mops.twse.com.tw>

1. The name, title, telephone number, and e-mail address of the spokesman or acting spokesman
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Firm name: PwC Taiwan
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5. The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: Not applicable

6. The address of the company's website: <https://www.asmedia.com.tw>

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One. Report to Shareholders

Dear Shareholders, Ladies and Gentlemen:

In 2023, the global economy was gradually recovering from the Covid-19 pandemic. For the semiconductor industry, although the inventory problem has been alleviated and the supply chain order has returned to normal, the overall international economic situation is still affected by the Ukraine-Russia and Israel-Palestinian wars, inflation and interest rate hikes. In addition, the demand recovery in China is slow, and the economy is still not fully recovered, which is still testing the ability of business management. In the same year, with the rapid development of artificial intelligence, various technology giants were striving to make great advancements with AI that it took the world by storm in 2023. Ushering in the breakout year of AI, it has injected new vitality into the prospects of the technology industry.

In terms of operating performance, benefiting from the slow recovery of market demand, the Company's revenue in 2023 was NT\$6.401 billion, a 22% increase from 2022, and its gross profit was NT\$3.53 billion, a 30% increase from 2022. Gross profit margin reached a new high of 55%. Operating profit was NT\$1.82 billion, an increase of 40% from 2022. The net profit after tax was NT\$2.23 billion, about 15% less than that of 2022. The net profit after tax was 35% and the EPS after tax was NT\$32.19.

Faced with the rapid changes in the industry, more and more data needs to be transmitted, which also makes ASMedia's high-speed transmission products more critical in the market. In terms of products, the USB and PCIe interface specifications continue to advance, and new processors from major international manufacturers have been introduced to support high-speed transmission interfaces such as USB 40Gbps and PCIe Gen 4/5. The Company continues to focus on innovative research and development, and keeps abreast of the changes in specifications. At present, the USB host and device chips have been developed to 40Gbps products, and are the first to obtain relevant certifications, laying a good foundation for future technologies. At present, PCIe Gen4 has been mass-produced, and PCIe Gen5 is currently under testing. SATA and USB hub continue to have diversified applications. As a leading manufacturer of high-speed transmission, ASMedia will provide customers with more complete solutions with leading technology.

Moreover, in terms of sustainable operation, the Company is a chip design company without a manufacturing plant and is still striving to build a green workplace, formulating various specific energy saving and carbon reduction measures, actively achieving various certification goals, and promoting the development of sustainable activities. In terms of product design, we are committed to the use of green design, and through the upgrade of production processes, specifications, and technologies, we can reduce energy consumption, cherish the resources of the earth, and fulfill our commitment to social good and corporate sustainability.

Looking forward to 2024, with the gradual recovery of the economy, the gradual return of the semiconductor supply chain back to normal, and the great leap forward of AI technology, the demand for high-speed transmission has attracted much attention. ASMedia has been focusing on

the research and development of high speed transmission chip for many years. Repeatedly recognized as the first in the world and Taiwan to receive official certifications. In the face of the rapidly changing future, ASMedia will continue to operate at a steady pace, so that all stakeholders can have a peace of mind

Chairman: Ted Hsu

Two. II. Company Profile

I. Date of establishment: March 24, 2004

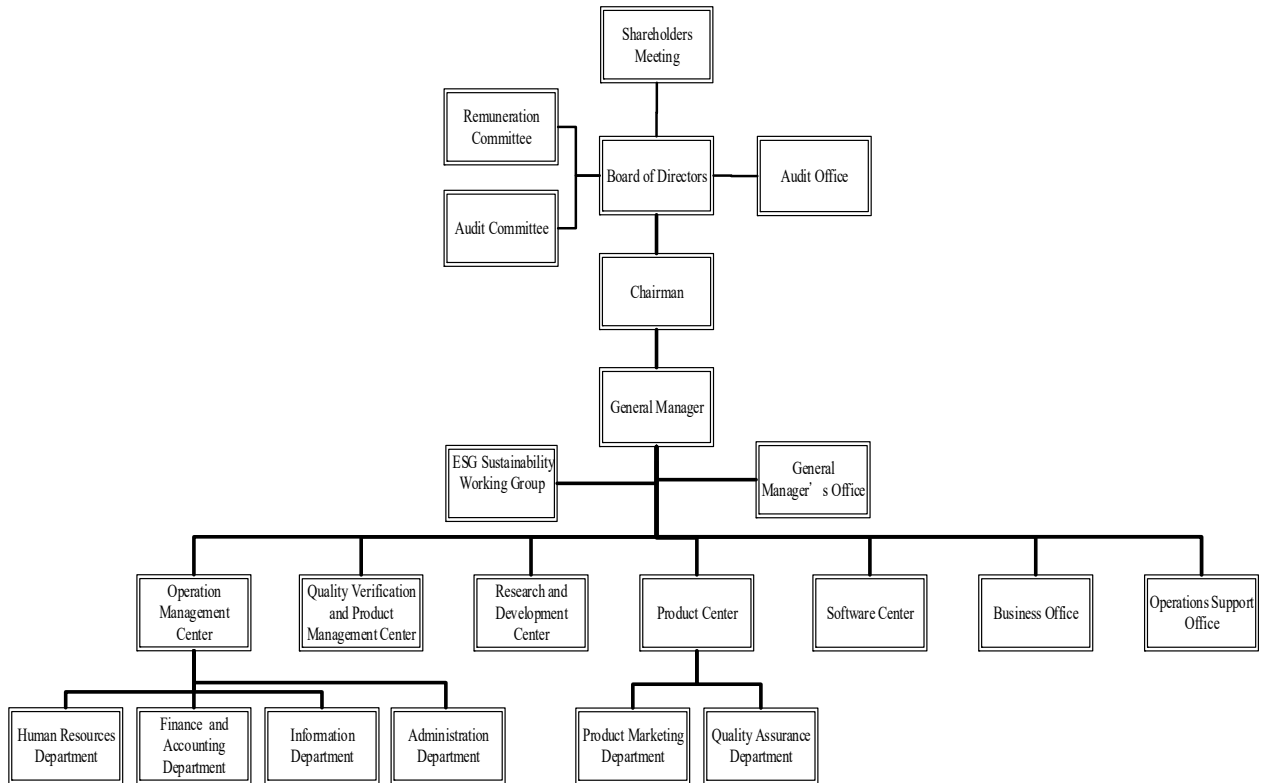
II. Company history

- | | | |
|------|-------------|--|
| 2004 | • March | The Company was founded with paid-in capital of NT\$200 million. |
| 2005 | • October | Obtained Microsoft WMA technical certification; obtained Green ASUS green design certification. |
| 2006 | • February | Obtained SRS/BBE technical authorization and certification. |
| | • March | Obtained Dolby technology authorization and certification. |
| | • July | Completed research and development of the first-generation digital TV integrated control chip |
| | • August | Developed second-generation portable audio-visual player control chip. |
| 2007 | • October | Won the "Healthy Workplace" special evaluation award from the Taipei City Government Health Bureau. |
| | • October | Successfully developed and sold Digital Photo Frame. |
| | • May | Handled cash capital increase of NT\$100 million; paid-in capital after the capital increase was NT\$300 million. |
| 2008 | • February | Increased research and development of high-speed IO product lines in addition to the original Switch and Digital Photo Frame. |
| 2009 | • May | Handled cash capital increase of NT\$100 million; paid-in capital after the capital increase was NT\$400 million. |
| | • September | Successfully developed USB3.0 device-side control chip. |
| | • December | Became the first company in Taiwan to obtain USB-IF Association certification for the USB3.0 device-side control chip. |
| 2010 | • May | Successfully developed the USB3.0 host control chip. |
| | • August | Passed ISO 9001 quality certification. |
| 2011 | • May | Became the first company in Taiwan to obtain USB-IF Association certification for the USB3.0 host control chip. |
| | • June | Transferred employee stock options to increase capital by NT\$24,860 thousand. |
| | • September | Handled cash capital increase of NT\$50 million; paid-in capital after the capital increase was NT\$475 million. |
| | • December | Supplemental public issuance. |
| 2012 | • January | The Company is registered as an emerging stock |
| | • April | Obtained qualification as a science and technology business from the Industrial Development Bureau of the Ministry of Economic Affairs. |
| | • August | Listing application approved by the Taiwan Stock Exchange. |
| 2013 | • September | Handled transfer of retained earnings to a capital increase of NT\$37.99 million; paid-in capital after the capital increase was NT\$513 million. |
| | • December | Handled cash capital increase of NT\$51.03 million; paid-in capital after the capital increase was NT\$564 million. |
| | • December | The Company's stock was officially listed on the Taiwan Stock Exchange. |
| 2013 | • August | Develop a new generation of 10G/8G physical layer technology. |
| 2014 | • January | Exhibited the world's first USB3.1 to SATA controller chip in Hawaii. |
| | • June | Regular shareholders' meeting approved the issuance of new employee restricted shares; obtained approval letter from the FSC in August of the same year. |
| 2015 | • July | Developed own hardware disk array technology (Hardware RAID) and SATA Express technology. |
| | • September | Exhibited the world's first PCIe to USB3.1 host controller chip in San Francisco. |
| | • February | Made the first release of 732 thousand shares in new employee restricted shares and obtained the approval letter of the Ministry of Economic Affairs to change the registration; paid-in capital was NT\$571 million. |
| | • May | Became the first company in the world to obtain USB-IF Association certification for the USB3.1 host control chip. |
| | • August | Became the first company in the world to obtain USB-IF Association certification for the USB3.1 SATA controller chip. |
| | • December | Handled the cancellation and capital reduction of new employee restricted shares and obtained the approval letter of the Ministry of Economic Affairs to change the registration; paid-in capital was NT\$571 million. |

- 2016
 - June The world's first second-generation integrated Type C USB3.1 (10G) to SATA chip ASM235CM was certified by the Association.
 - October Association certification for the second-generation PCIe to USB3.1 host control chip.
 - November Handled the cancellation and capital reduction of new employee restricted shares and obtained the approval letter of the Ministry of Economic Affairs to change the registration; paid-in capital was NT\$571 million.
- 2017
 - September Handled transfer of retained earnings to a capital increase of NT\$29.68 million; paid-in capital after the capital increase was NT\$600 million.
- 2018
 - January Exhibited the USB3.1 10G timing reforming circuit chip and the USB3.1 10G to third-generation PCI Express device chip at the Consumer Electronics Show in the United States.
 - June Exhibited third-generation PCI Express 24-channel packet switch chip at Computex Taipei and entered mass production in July of the same year.
- 2019
 - June Exhibited the world's first USB3.2 Gen2 x2 SuperSpeed20G host and device controller chips at Computex Taipei and entered mass production at the end of the same year.
 - June Regular shareholders' meeting approved the issuance of 350 thousand shares of new employee restricted shares; obtained approval letter from the FSC in September of the same year.
 - September Launched the second-generation PCIe to SATA multi-port extension chip.
 - November The Company was selected as one of the Top 200 Small and Medium Enterprises in Asia by Forbes.
- 2020
 - April The share exchange cooperation proposal was to issue 9,000 thousand new shares to increase capital and as consideration for the newly issued shares of WT MICROELECTRONICS CO., LTD.. The letter of approval to take effect was obtained from the FSC on April 21, and the change registration approval letter was obtained on May 21. The paid-in capital was NT\$690 million.
 - April Issued 185,000 new restricted employee shares, and obtained the approval letter from the Ministry of Economic Affairs on May 21 for change of registration. The paid-in capital was NT\$692 million.
 - October Chairman Shen Cheng-Lai was selected for the Harvard Business Review Top 100 CEOs in Taiwan.
- 2021
 - May Listed in Commonwealth Magazine's "Top 100 Annual Growth Enterprises" No. 10.
 - June No. 1 of the "Top 100 High-value Enterprises in the Digital Era."
 - June Handled the cancellation and capital reduction of new employee restricted shares and obtained the approval letter of the Ministry of Economic Affairs to change the registration; paid-in capital was NT\$692 million.
 - December Handled the cancellation and capital reduction of new employee restricted shares and obtained the approval letter of the Ministry of Economic Affairs to change the registration; paid-in capital was NT\$692 million.
- 2022
 - June Handled the cancellation and capital reduction of new employee restricted shares and obtained the approval letter of the Ministry of Economic Affairs to change the registration; paid-in capital was NT\$692 million.
 - September Chairman Shen Cheng-Lai was selected for the Harvard Business Review Top 100 CEOs in Taiwan.
 - September Issued 150,000 new restricted employee shares, and obtained the approval letter from the Ministry of Economic Affairs on September 30 for change of registration. The paid-in capital was NT\$693 million.
 - December Handled the cancellation and capital reduction of new employee restricted shares and obtained the approval letter of the Ministry of Economic Affairs to change the registration; paid-in capital was NT\$693 million.
- 2023
 - April Became the first company in the world to obtain USB-IF Association certification for the USB4 device controller chip.
 - May The company that obtained the certification of the USB-IF Association for the USB3.2 Gen2x2 hub device chip.
 - August Handled the cancellation and capital reduction of new employee restricted shares and obtained the approval letter of the Ministry of Economic Affairs to change the registration; paid-in capital was NT\$693 million.
 - October Became the first company in the world to obtain USB-IF Association certification for the USB4 supporting TBT3 device controller chip.

Three. III. Corporate Governance Report

I. Organization system
(I) Organization chart



(2) Business of each main department

Department	Job assignments
General Manager's Office	<ol style="list-style-type: none"> 1. Draft the company's business strategy, set operational goals, monitor, and evaluate the implementation and performance of operational objectives. 2. Formulate the functions and powers of each department of the company, the establishment and promotion of project plans, and the appointment of department and project supervisors. 3. Integrate, coordinate, and support the business promotion of various departments and the implementation of projects.
Research and Development Center	<ol style="list-style-type: none"> 1. Digital design process development. 2. Analog circuit development and verification. 3. Hardware development. 4. Establish a complete DRC&LVS verification process.
Software Center	<ol style="list-style-type: none"> 1. System application software design and maintenance. 2. Design and maintenance of firmware and system drives.
Business Office	<ol style="list-style-type: none"> 1. Cooperate with Company policies and goals; draft performance and profit targets. 2. Establish and implement promotion and sales plans in line with targets. 3. Understand market demand and technological development trends. 4. Execute price and channel strategies; respond to the needs of the market and customers and assist in establishing strategic alliances with other companies.

Department		Job assignments
Operations Support Office		<ol style="list-style-type: none"> 1. Formulate production schedule and shipment controls; import and export declaration of finished products and machinery and equipment; treatment of raw materials and scrap products. 2. Subcontract processing of raw materials and testing of finished products. 3. Subcontract production and purchase of test equipment.
Product Center	Product Marketing Office	<ol style="list-style-type: none"> 1. Jointly plan the development of new products with the R&D Department. 2. Develop system application and IC design specifications. 3. Measurement of IC electrical characteristics and their conformity with standard specifications. 4. Design and implementation of the verification system and the demonstration system. 5. System functions, performance testing, and compatibility testing of other systems. 6. Assist IC test engineering and establish mass production IC module test process. 7. Customer engineering service and technical support.
	Quality Assurance Department	<ol style="list-style-type: none"> 1. ISO quality system operation, quality management system, promotion of document control center. 2. Product quality monitoring. 3. Customer complaint handling. 4. Production exception handling. 5. Supplier management. 6. Engineering analysis. 7. Test fixture production management. 8. ISO audit, customer audit, supplier audit.
Quality Verification and Product Management Office		<ol style="list-style-type: none"> 1. Make test plans 2. Product testing. 3. Tests of client needs and simulated user operation 4. Product Management
Operation Management Office	Human Resources Department	<ol style="list-style-type: none"> 1. Human resource planning and establishment of personnel rules and regulations. 2. Personnel employment and change, salary and labor and health insurance, resignation management. 3. Employee education and training, performance appraisal, and employee welfare business. 4. Establishment and management of personnel information.
	Finance and Accounting Department	<ol style="list-style-type: none"> 1. Fund management, fundraising, and long-term and short-term fund scheduling and utilization planning. 2. Various stock-related affairs, maintaining shareholder relations, etc. 3. Accounting treatment and tax planning.
	Information Department	<ol style="list-style-type: none"> 1. Plan and introduce the company's computerized management systems. 2. Network construction, maintenance, and control. 3. Formulation and implementation of information security mechanisms. 4. Planning and maintenance of computer software and hardware. 5. Planning and execution of overall computerized operations.
	Administration Department	<ol style="list-style-type: none"> 1. General Administration: Lead the formulation and execution of various operations such as general affairs, fire protection, public security, and sanitation to provide the best quality working environment. 2. Procurement outside of production: requisition, inquiry, negotiation, purchase, acceptance, asset management operations.
Audit Office		<ol style="list-style-type: none"> 1. Audit and check the soundness, rationality, and effectiveness of the company's internal control systems and management systems, and then provide suggestions for improvement to ensure the safety of Company operations. 2. Investigate and evaluate the progress and efficiency of each unit in implementing various plans or policies. 3. Routine audit operation execution and abnormal improvement tracking and review.
ESG Sustainability Working Group		<ol style="list-style-type: none"> 1. Integrate resources and introduce sustainability strategies to all departments for implementation. 2. Responding to the sustainability needs of stakeholders. 3. Issuance of Sustainability Report.

II. Information on directors, supervisors, the General Manager, the Vice General Manager, Vice Presidents, and heads of all departments and branches

(I) Directors and supervisors

1. Directors' qualifications

April 20, 2024; Unit: Shares; %

Job title	Nationality or place of registration	Name	Gender and Age	Appointment date	Term of office	Date of the first appointment	Shares held at the time of appointment		Number of shares currently held		Spouse and minor children now holding shares		Shares held in the names of others		Principal experience (education)	Concurrent positions now held in the Company and other companies	Spouse or relatives within the second degree of kinship or closer acting as other department heads, directors, or supervisors			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Chairman	Republic of China	ASUSTeK Computer Inc.	—	2023.06.16	3	2007.12.14	24,457,660	35.26%	24,457,660	35.26%	0	0	0	0	—	—	None	None	None	—
Representative	Republic of China	Hsu Shih-Chang	Male Aged 61-70	2023.06.16	3	2010.06.01	0	0	0	0	0	0	0	0	Executive Master of Business Administration (EMBA), Chiao Tung University Vice-Chairman, Pegatron Corporation	Director, ASUSTeK Computer Chairman, eBizprise Inc. Director, Eusol Biotech, Co., Ltd. Director, iMotion Inc. Director, Medus Technology Inc. Director, HUASYN BIOMEDICAL CO., LTD. Director, Xiang Yung Biotechnology Management Consulting Co., Ltd. Director, Hung Wei Investment Co., Ltd. Director, Tzu Chi Healthcare	None	None	None	—
Director	Republic of China	ASUSTeK Computer Inc.	—	2023.06.16	3	2007.12.14	24,457,660	35.26%	24,457,660	35.26%	0	0	0	0	—	—	None	None	None	—
Representative	Republic of China	Shen Cheng-Lai	Male, 61 - 70 years old	2023.06.16	3	2007.12.14	449,909	0.65%	449,909	0.65%	0	0	0	0	National Taiwan University Institute of Electrical Engineering Acer Computer, Manager CEO, ASUSTeK Computer	Note 1	None	None	None	—
Director	Republic of China	ASUSTeK Computer Inc.	—	2023.06.16	3	2007.12.14	24,457,660	35.26%	24,457,660	35.26%	0	0	0	0	—	—	None	None	None	—
Representative and General Manager	Republic of China	Lin Che-Wei	Male Aged 51-60	2023.06.16	3	2007.12.14	785,761	1.13%	785,761	1.13%	0	0	0	0	University of Missouri Columbia, Master of Science in Electrical Engineering Vice General Manager, VIA Technologies, Inc. Vice President, ASUSTeK Computer	Applied Optoelectronics, Inc. Director Director, iCatch Technology Director, WT Microelectronics Co., Ltd.	None	None	None	—
Director	Republic of China	Hsu Chin-Chuan	Male Aged 71-80	2023.06.16	3	2012.03.13	0	0	0	0	0	0	0	0	Department of Medicine, National Taiwan University School of Medicine Institute of Clinical Medicine, National Taiwan University School of Medicine Professor of Internal Medicine, National Taiwan University School of Medicine	Honorary Professor, National Taiwan University School of Medicine Chairman of the Academic Foundation for Liver Disease Prevention and Treatment Chairman of the National Health Foundation Chairman, Good Liver Foundation	None	None	None	—
Independent Director	Republic of China	Chan Hung-Chih	Male Aged 61-70	2023.06.16	3	2012.03.13	0	0	0	0	0	0	0	0	Department of Economics, National Taiwan University Editor in Chief, United Daily News Wan-Hsiang Edition General Manager, Yuan-Liou Publishing Chairman, Cite Media Holding Group	Note 2	None	None	None	—

Job title	Nationality or place of registration	Name	Gender and Age	Appointment date	Term of office	Date of the first appointment	Shares held at the time of appointment		Number of shares currently held		Spouse and minor children now holding shares		Shares held in the names of others		Principal experience (education)	Concurrent positions now held in the Company and other companies	Spouse or relatives within the second degree of kinship or closer acting as other department heads, directors, or supervisors			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Independent Director	Republic of China	Hsieh Chien-Ping	Male Aged 61-70	2023.06.16	3	2012.03.13	0	0	0	0	0	0	0	0	Ph.D. in Finance, Kent State University, Ohio Master of Enterprise Research, University of Missouri-Columbia Chairman/General Manager, China Investment Chief Financial Officer and Vice General Manager, Chunghwa Telecom Deputy General Manager and Spokesperson, Mega Financial Holdings Professor, Institute of Finance, National Taiwan University of Science and Technology	Note 3	None	None	None	—
Independent Director	Republic of China	Wu Ching-Chi	Male Aged 81-90	2023.06.16	3	2012.03.13	0	0	0	0	0	0	0	0	Ph.D., Department of Educational Psychology, University of Minnesota Bachelor of Education, National Chengchi University Member of the Executive Yuan Cultural and Creative Industry Promotion Group/Digital Content Industry Development Steering Group Committee Member, China Development Fund Management Association Chairman, National Chung Cheng Cultural Center Professor and Head of the Department of Psychology, National Chengchi University Adjunct Professor of Enterprise Management Office, Entrepreneur Class, IMBA of National Chengchi University Director, National Top Universities Innovation Research Master Plan, Ministry of Education	Note 4	None	None	None	—

Note 1: Concurrently serving as chairman of the following companies: iMozen Group Inc., International United Technology.

Serving as director of the following companies: ASUSTeK Computer.

Note 2: Concurrently serving as the Chairman of the following companies: PChome Online Inc., Eastern Online Co., Ltd., SITE INC., Ecommerce Group Co., Ltd., PCHome Online International Co., PCHome Online (HK) Ltd., PChome eBay Co., Ltd., EOLEMBRAIN ONLINE MARKETING RESEARCH CO., LTD., Rakuya International Info. Co. Ltd., PCHOMESTORE INC., PChome Interpay, PChome (Thailand) Co., Skybot International Information, PChome US Inc., PayEasy, PCHOME TRAVEL INC., Prima, PChome Express Co., Ltd., Cornerstone Ventures, PChome, PChome CBS Co., Ltd., MITCH CO., LTD., Shang Shan Human Culture Foundation, 21st Century Digital Technology Co., Ltd., PI MOBILE TECHNOLOGY INC., YunTan Technology Inc., WS Fashion Group Co., Ltd..

Currently serving as a Director of the following companies: MEET DIGITAL INNOVATION CO., LTD., PChome Marketplace Inc.(Cayman) · PChome Holding Inc.(BVI) · PChome CB PTE. Ltd., PChome CBS Co., Ltd., APUJAN LTD., BUSINESS NEXT MEDIA CORP., ECOSMOS PTE. LTD, Newbloom Venture Co.,Ltd., Kangtai PayEasy, 21st Fintech, Taipei City Innovation and Entrepreneurship Platform Foundation, SHANG-EN INFO CO., LTD..

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

Note 3: Concurrently serving as chairman of the following organization: Higher Education Foundation.

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

Note 4: Concurrently serving as chairman of the following organizations: China Management Development Foundation, Carrefour Cultural and Educational Foundation, Taiwan Literature Development Foundation.

Serving as director of the following organizations: Taipei Performing Arts Center, Taishin Bank Cultural and Art Foundation, Paper Windmill Culture and Education Foundation, Academic Exchange Foundation, Youren Culture and Arts Foundation, Shi Hezheng Folk Culture Foundation, TAIWAN ART & BUSINESS INTERDISCIPLINARY FOUNDATION.

2. Supervisors: The Company has set up an audit committee, so this is not applicable.

3. Major shareholders of corporate shareholders

April 15, 2024

Name of corporate	Major shareholders of corporate shareholder	Shareholding ratio
ASUSTeK Computer Inc.	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	4.12
	Shih Chung-Tang	4.05
	Unlimited No. 1 Company Investment Special Account in the Custody of Cathay United Bank	2.78
	ASUSTeK depository receipts managed by Citi (Taiwan)	2.66
	Yuanta Taiwan Dividend Plus ETF	2.06
	New Labor Pension Fund	1.87
	Fubon Life Insurance Co., Ltd.	1.73
	Silchester International Investor International Value Stock Trust investment account in custody of HSBC	1.45
	Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds, in the custody of JPMorgan Chase Bank N.A.	1.30
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund	1.27

4. If the main shareholder of a corporate shareholder is in turn a corporation, then its main shareholder:

Corporate name	Major shareholders of corporate shareholder	Shareholding ratio (%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd.	100.00

5. Disclosure of professional qualifications of directors and supervisors and information on independence of independent directors:

Prerequisites Name	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number of independent directors in other public companies
ASUSTeK Computer Inc. Representative: Hsu Shih-Chang	More than 10 years of work experience required for the Company's business Former Vice-Chairman, Pegatron Corporation At present, he is the Chairman of the Company, Chief Strategy Officer/Director of ASUSTek Computer, Chairman of eBizprise Inc., Director of Pegatron Corporation, Director of EUSOL BIOTECH CO., LTD., and Director of iMozen Group.	Not showing any of the circumstances under Article 30 of the Company Act.	None
ASUSTeK Computer Inc. Representative: Shen Cheng-Lai	More than 10 years of work experience required for the Company's business Former CEO/Director of ASUSTek Computer Present Chairman, iMotion Inc.	Not showing any of the circumstances under Article 30 of the Company Act.	None
ASUSTeK Computer Inc. Representative: Lin Che-Wei	More than 10 years of work experience required for the Company's business Former Vice General Manager, VIA Technologies, Inc. At present, he is the President of the Company, Director of iCatch Technology, Director of WT Microelectronics Co., Ltd. and Director of Applied Optoelectronics, Inc..	Not showing any of the circumstances under Article 30 of the Company Act.	None
Hsu Chin-Chuan	More than 10 years of work experience required for the Company's business Former Professor of Internal Medicine, National Taiwan University School of Medicine At present, he is Honorary Professor of College of Medicine, National Taiwan University, Chairman of the Academic Foundation for Liver Disease Prevention and Treatment, and Chairman of the Good Liver Foundation.	Not showing any of the circumstances under Article 30 of the Company Act.	None

Prerequisites Name	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number of independent directors in other public companies
Chan Hung-Chih	More than 10 years of work experience in commerce, finance, or company operations. Former President of Yuan-Liou Publishing Co., Ltd./Chairman of Cite Publishing Limited At present, he is the Chairman of PChome Online Inc., Chairman of PChome eBay Co., Ltd., Chairman of PCHOMESTORE, Independent Director of Lion Travel Service Co., Ltd., and Independent Director of Sinyi Realty Inc..	The independent director, his spouse, or relatives within 2nd degree of kinship do not serve as a director, supervisor, or employee of the Company or its affiliated companies; do not hold shares in the Company; do not hold positions as a director, supervisor or employee of a designated company that has specified relationship with the Company; There has been no compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years. Not showing any of the circumstances under Article 30 of the Company Act.	2
Hsieh Chien-Ping	At least 10 years of relevant work experience in commerce, finance, accounting or business needs. He has served successively as Chairman/President of Chungghwa Investment Co., Ltd., CFO and Vice President of Chungghwa Telecom, and Vice President and Spokesperson of Mega Financial Holding Co., Ltd. At present, he is a Professor, Institute of Finance, National Taiwan University of Science and Technology, the Chairman of the Foundation for International Cooperation in Higher Education of Taiwan, and an independent director of Polytronics Technology Corporation.	The independent director, his spouse, or relatives within 2nd degree of kinship do not serve as a director, supervisor, or employee of the Company or its affiliated companies; do not hold shares in the Company; do not hold positions as a director, supervisor or employee of a designated company that has specified relationship with the Company; There has been no compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years. Not showing any of the circumstances under Article 30 of the Company Act.	1
Wu Ching-Chi	More than 10 years of work experience required for the Company's business Former Chairman, National Chung Cheng Cultural Center, Professor and Head of the Department of Psychology, National Chengchi University Currently, he is the Chairman of the Creative Education and Management Foundation, Honorary Professor of National Chengchi University/ Host of Creativity Lecture, and Adjunct Professor of MBA/EMBA of National Chengchi University.	The independent director, his spouse, or relatives within 2nd degree of kinship do not serve as a director, supervisor, or employee of the Company or its affiliated companies; do not hold shares in the Company; do not hold positions as a director, supervisor or employee of a designated company that has specified relationship with the Company; There has been no compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years. Not showing any of the circumstances under Article 30 of the Company Act.	None

Note 1: Professional qualifications and experiences. Describe the professional qualifications and experiences of each director and supervisor. If he/she is a member of the Audit Committee and possesses accounting or finance profession, his/her accounting or finance background and work experiences should be specified. Lastly, state whether there have been circumstances relating to Article 30 of The Company Act.

Note 2: The state of independence should be specified for the independent director, including but not limited to whether the independent director, his/her spouse, and relatives within the second degree of kinship are acting as the director, supervisor or employee of the Company or its affiliated enterprise; The number of shares and percentage held by the independent director, his/her spouse, and relatives within second degree of kinship (or in the name of others); whether the independent director is acting as the director, supervisor or employee of a designated company that has specified relationship with the Company (refer to the establishment of public company independent directors and Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies to comply with); the compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years.

6. Diversity and independence of the Board of Directors:

The Company adopts a candidate nomination system, and the Shareholders' Meeting shall elect candidates from the list of candidates. According to the Company's "Corporate Governance Best-Practice Principles," board members should generally possess the knowledge, skills, and competency necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors as a whole should have the following skills: business judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market outlook, leadership and decision-making ability.

On the Company's board diversity policy, an appropriate diversity policy is formulated in accordance with the Company's operation, business model and development needs, including but not limited to the following standards: Basic conditions and values (e.g. gender, age, nationality and culture, etc.), professional knowledge and skills (such as: law, accounting, industry, finance, marketing, or technology, etc.), professional skills and industry experience, and others.

The Company's Board of Directors currently consists of 7 directors, including 3 independent directors. Members of the Board of Directors have extensive experience and expertise in commerce, legal affairs, finance, accounting, or the Company's business needs. The specific management objectives of the composition of the Board of Directors and the achievements are as follows:

Management Goals	Status of Achievement
The number of independent directors exceeds one third of the total number of directors.	Achieved
It is advisable that the number of directors who also serve as the Company's managerial officers shall not exceed one-third of the total number of directors.	Achieved
Adequate and diversified professional knowledge and skills.	Achieved
At least one-half of the directors with industry experience.	Achieved
At least two directors with professional accounting or finance knowledge and background.	Achieved

The implementation of diversity in the board of directors of the Company is as follows:

Job title	Name	Diversity Core Items													
		Country of citizenship	Gender	Basic conditions					Professional background and ability						
				Age		Seniority of Independent Directors			Operations Management	Leadership decision	Industry experience	Accounting and Finance	Marketing	Crisis management	
30~50	Over 50 years	Less than 3 years	3 - 9 years	Over 9 years											
Chairman	ASUSTeK Computer Inc. Representative: Hsu Shih-Chang	Republic of China	Male		V					V	V	V		V	V
Director	ASUSTeK Computer Inc. Representative: Shen Cheng-Lai	Republic of China	Male		V					V	V	V		V	V
Director	ASUSTeK Computer Inc. Representative: Lin Che-Wei	Republic of China	Male		V					V	V	V		V	V
Director	Hsu Chin-Chuan	Republic of China	Male		V					V	V			V	V
Independent Director	Chan Hung-Chih	Republic of China	Male		V				V (Note)	V	V	V	V	V	V
Independent Director	Hsieh Chien-Ping	Republic of China	Male		V				V (Note)	V		V	V	V	V
Independent Director	Wu Ching-Chi	Republic of China	Male		V				V (Note)	V					V

Note: Although independent directors have served as independent directors for 3 consecutive terms, the Company still needs their professional insights to guide the Company's future direction.

The Board of Directors believes that it continues to exercise the necessary independence in the judgment and performance of its duties, and does not establish relationships with the management (or other persons) that may compromise their impartial judgment for the company's best interest or their impartial ability when carrying out duties.

(II) Information the General Manager, the Vice General Manager, Vice Presidents, and heads of all departments and branches

April 20, 2024; Unit: Shares; %

Job title	Country of citizenship	Name	Gender	Appointment date	Shares held		Shares held by spouse and minor children		Shares held in the names of others		Principal experience (education)	Concurrent positions held in other companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
General Manager	Republic of China	Lin Che-Wei	Male	2007/11/01	785,761	1.13%	0	0	0	0	University of Missouri Columbia, Master of science in electrical engineering Vice General Manager, VIA Technologies, Inc. Vice President, ASUSTeK Computer	Director, Applied Optoelectronics, Inc. Director, iCatch Technology Director, WT Microelectronics Co., Ltd.	None	None	None	—
Vice General Manager	Republic of China	Chen Hsi-Kai	Male	2008/07/01	31,873	0.05%	0	0	0	0	Department of Forestry, National Taiwan University Director of Marketing Department, VIA Technologies, Inc.	—	None	None	None	—
Vice General Manager	Republic of China	Chang Chi	Male	2007/10/01	30,657	0.04%	0	0	0	0	University of California Master of Science in electrical engineering Department of Electrical Engineering, National Taiwan University Director of CPU Platform Division, VIA Technologies, Inc.	Director, Zimmite Taiwan Ltd. Director, Teletrx Co.	None	None	None	—
Vice General Manager	Republic of China	Chuang Ching-Fu	Male	2007/10/03	18,000	0.03%	0	0	0	0	National Taiwan University, Department of Electrical Engineering EMBA, National Chengchi University Director of VIA System Platform Business Unit-PM/TM	—	None	None	None	—
Vice President	Republic of China	Tseng Pao-Shun	Male	2004/04/15	4,640	0.01%	0	0	0	0	Institute of Electrical Engineering, National Taiwan University of Science and Technology Senior Manager, ULi Electronics Inc.	—	None	None	None	—
Vice President	Republic of China	Lin Tien-Chang	Male	2017/09/15	4,742	0.01%	1,260	0	0	0	Industrial Engineering Department, National Taipei University of Technology Production Manager, ASE Technology Holding Co. Ltd Director of Applied Materials Division, VIA Technologies, Inc.	—	None	None	None	—
Vice President	Republic of China	Chen Chia-Hsin	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 Assistant Manager, GENESYS LOGIC, INC.	—	None	None	None	—
Vice President	Republic of China	Tseng Yu-Da	Male	2021/09/01	2,050	0	0	0	0	0	National Taiwan University, Department of Electrical Engineering Head of R&D Division, AzureWave Technologies, Inc.	—	None	None	None	—
Finance and Accounting Officer	Republic of China	Pan Tsung-Hsuan	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 paid to directors, supervisors, the General Manager, and the Vice General Manager in the most recent year

1. Remuneration of ordinary directors and independent directors:

December 31, 2023; unit: NTD thousands; %

Job title	Name	Directors' remuneration								The sum of A, B, C, and D and as a percentage of net profit after tax (%)		Part-time employees receiving related remuneration								The sum of A, B, C, D, E, F and G and as a percentage of net profit after tax (%)		Receiving remuneration from a subsidiary company or parent company		
		Remuneration (A)		Retirement pension (B)		Directors' remuneration (C)		Business execution costs (D)				Salaries, bonuses, and special expenses, etc. (E)		Retirement pension (F)		Employee compensation (G) (Proposed)								
		The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company		All companies in the financial reports		The Company	All companies in the financial reports					
Director	ASUSTeK Computer Inc. Representative: Hsu Shih-Chang	700	700	0	0	4,624	4,624	0	0	5,324	5,324	64,548	64,548	0	0	35,337	0	35,337	0	99,885	99,885	4.48%	4.48%	None
	ASUSTeK Computer Inc. Representative: Shen Cheng-Lai																							
	ASUSTeK Computer Inc. Representative: Lin Che-Wei																							
	Hsu Chin-Chuan																							
Independent Director	Chan Hung-Chih	2,100	2,100	0	0	3,600	3,600	0	0	5,700	5,700	0	0	0	0	0	0	0	0	5,700	5,700	0.26%	0.26%	None
	Hsieh Chien-Ping																							
	Wu Ching-Chi																							
<p>1. Please state the policies, systems, standards and structure of independent directors' remuneration, and, according to the responsibilities, risks, time invested and other factors, describe the relevance to the remuneration amount: Every year, the company's remuneration committee regularly conducts performance evaluations based on the attendance and participation of each director.</p> <p>2. Other than the disclosure in the above table, remuneration for directors in the most recent year for providing services (such as serving as a consultant to the parent company, all companies included in the financial statements, or to an investee that is not an employee): NTD 0</p>																								

Remuneration scale

Remuneration to each director of the Company	Director's name			
	The total amount of the first four remuneration types (A+B+C+D)		The total amount of the first seven remuneration types (A+B+C+D+E+F+G)	
	The Company	All companies in the financial reports (H)	The Company	All companies in the financial reports (I)
Less than NT\$1,000,000	—	—	—	—
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	ASUSTeK Computer Inc. Representative Shen Cheng-Lai ASUSTeK Computer Inc. Representative Lin Che-Wei ASUSTeK Computer Inc. Representative Hsu Shih-Chang Hsu Chin-Chuan, Chan Hung-Chih Hsieh Chien-Ping, Wu Ching-Chi	ASUSTeK Computer Inc. Representative Shen Cheng-Lai ASUSTeK Computer Inc. Representative Lin Che-Wei ASUSTeK Computer Inc. Representative Hsu Shih-Chang Hsu Chin-Chuan, Chan Hung-Chih Hsieh Chien-Ping, Wu Ching-Chi	ASUSTeK Computer Inc. Representative Shen Cheng-Lai ASUSTeK Computer Inc. Representative Hsu Shih-Chang Hsu Chin-Chuan, Chan Hung-Chih Hsieh Chien-Ping, Wu Ching-Chi	ASUSTeK Computer Inc. Representative Shen Cheng-Lai ASUSTeK Computer Inc. Representative Hsu Shih-Chang Hsu Chin-Chuan, Chan Hung-Chih Hsieh Chien-Ping, Wu Ching-Chi
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	—	—	—	—
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	—	—	—	—
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	—	—	—	—
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	—	—	—	—
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	—	—	—	—
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	—	—	—	—
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	—	—	ASUSTeK Computer Inc. Representative Lin Che-Wei	ASUSTeK Computer Inc. Representative Lin Che-Wei
NT\$100,000,000 and above	—	—	—	—
Total	7	7	7	7

Note: The content of the remuneration disclosed in this table is different from the principles of income under income tax law. Therefore, the purpose of this form is for information disclosure and not to be used for taxation purposes.

2. Supervisor remuneration: The Company has set up an audit committee, so this is not applicable.

3. Remuneration of General manager and Vice General Manager

December 31, 2023; unit: NTD thousands

Job title	Name	Salary (A)		Retirement pension (B)		Bonuses, special expenses, and so on (C)		Employee compensation amount (D) (Proposed)				The sum of A, B, C, and D and as a percentage of net profit after tax (%)		Receiving remuneration from a subsidiary company or parent company
		The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company		All companies in the financial reports		The Company	All companies in the financial reports	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Lin Che-Wei	21,566	21,566	0	0	105,844	105,844	63,102	0	63,102	0	190,512 8.55%	190,512 8.55%	None
Vice General Manager	Chen Hsi-Kai													
Vice General Manager	Chang Chi													
Vice General Manager	Chuang Ching-Fu													

Remuneration scale

Remuneration levels of the general manager and each vice general manager of the Company	3. Names of General Manager and Vice General Managers	
	The Company	All companies in the financial reports (E)
Less than NT\$1,000,000	—	—
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	—	—
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	—	—
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	—	—
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	—	—
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	Chen Hsi-Kai, Chuang Ching-Fu	Chen Hsi-Kai, Chuang Ching-Fu
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	Chang Chi	Chang Chi
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	Lin Che-Wei	Lin Che-Wei
NT\$100,000,000 and above	—	—
Total	4	4

Note: The content of the remuneration disclosed in this table is different from the principles of income under income tax law. Therefore, the purpose of this form is for information disclosure and not to be used for taxation purposes.

4. Name of the manager who distributes employee compensation and the distribution status

Units: NT\$ thousand, %

	Job title	Name	Stock amount	Cash amount (Proposed)	Total	Ratio of the total to net profit after tax (%)
Manager	General Manager	Lin Che-Wei	0	63,102	63,102	2.83
	Vice General Manager	Chen Hsi-Kai				
	Vice General Manager	Chang Chi				
	Vice General Manager	Chuang Ching-Fu				
	Vice President	Tseng Pao-Shun				
	Vice President	Lin Tien-Chang				
	Vice President	Chen Chia-Hsin				
	Vice President	Tseng Yu-Da				
	Finance and Accounting Officer	Pan Tsung-Hsuan				

5. Amount of compensation paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, president, and vice presidents, and the respective proportion of such compensation to the income after tax referred to in the entity or separate financial statements, as well as the policies, standards, and packages by which it was paid, the procedures through which the compensation was determined, and its association with business performance and future risks.

- (1) The proportion of total remuneration paid to the directors, General Manager, and vice general managers of the Company in the last two years versus net profit after tax

Year (Note)	2022	2023
The proportion of total remuneration paid to directors, the General Manager, and vice general managers to net profit after tax	6.86%	8.55%

Note: Refers to profitable years.

- (2) Remuneration policies, standards and combinations, procedures for determining remuneration, and their correlation with operating performance and future risks

- The remuneration to directors includes the compensation and bonuses to directors. The Company clearly stipulates in Article 24 of the Articles of Incorporation that if there is profit in the year, set aside no less than 1% of the remuneration to employees and no more than 1% of the remuneration to the directors shall be appropriated. The amount of such contribution shall be subject to the review of the Remuneration Committee and then to the Board of Directors for discussion and approval before disbursement, and shall be submitted to the regular shareholders' meeting for report.
- The remuneration procedures for directors, general manager and vice general manager of the Company are based on the "Charter of the Remuneration Committee," "Regulations Governing Performance Evaluation of the Board of Directors," and "Regulations Governing the Salaries and Wages"; These are based on the Company's Articles of Incorporation, in addition to the evaluation results based on the performance evaluation criteria (awareness of the Company's goals and missions, directors' awareness of duties, participation in the Company's operations, internal relationship management and communication, directors' professionalism and continuing education, and internal control). In accordance with Article 21, the Remuneration Committee shall review the participation of each director in the Company's operations and the value of their contributions, link the reasonableness and fairness of the performance risk with the remuneration, and make recommendations based on the Company's operating performance and industry standards, and submit it to the Board of Directors; the Company's general manager and deputy general managers' performance and remuneration were evaluated in accordance with the Company's "Remuneration Policy," and the evaluation items included the absence of moral risk incidents or other adverse effects on the Company's image or goodwill. influence, internal management misconduct, or personnel abuses, taking into account the general level of supply in the industry, and taking into account the results of personal performance evaluations, the time invested, responsibilities, and

achievement of personal goals, based on the achievement of the Company's short-term and long-term business goals performance, the Company's financial status, and more to evaluate the reasonableness of the connection between individual performance and the Company's operating performance and future risks; the content and reasonableness of remuneration are reviewed by the Remuneration Committee and then submitted to the Board of Directors for discussion and approval, and the remuneration will be reviewed in a timely manner in accordance with the operating status and relevant laws and regulations to achieve a balance between the Company's sustainable operation and risk control.

3. The Company's remuneration policy takes into account the Company's current financial position, operating results and future capital utilization needs for overall planning, and future risk assessments are also included in the consideration range to minimize the possibility of risk. As of the date of publication of the annual report, there are no existing matters that may cause the Company to be held responsible or liable in the future.

IV. Corporate governance operations

(I) Operations of the Board of Directors

The Board held 7 meetings [A] in 2023, with the attendance record as follows:

Job title	Name	Actual attendance, B (column)	Number of board members attending	Actual attendance rate (%) 【B/A】 (column)	Remarks
Chairman	A representative of ASUSTeK Computer Inc.: Hsu Shi-Chang	7	0	100.00	
Director	A representative of ASUSTeK Computer Inc.: Shen Cheng-Lai	7	0	100.00	
Director	A representative of ASUSTeK Computer Inc.: Lin Che-Wei	7	0	100.00	
Director	Hsu Chin-Chuan	6	1	85.71	
Independent Director	Chan Hung-Chih	7	0	100.00	
Independent Director	Hsieh Chien-Ping	7	0	100.00	
Independent Director	Wu Ching-Chi	7	0	100.00	

Other matters to be recorded:

- I. If any of the following occurs in the operation of the Board, specify the date, the session, the content of the motion, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:

(I) Circumstances referred to in Article 14-3 of the Securities and Exchange Act

Board of Directors	Proposal content
2023.05.10	Appointment of a "Corporate Governance Officer."
2023.11.08	Amendment to the Company's "Management of the Preparation Process of Financial Statements" and internal audit regulations.
2023.12.20	The Company's subscription of common shares in cash issue of the investee, WT MICROELECTRONICS CO., LTD..
2024.01.24	Proposal for the Company to sell the shares of iCatch Technology.
2024.02.26	The Company's 2023 internal control system statement.
2024.03.01	The Company participated in the issuance of overseas receipts of deposit through cash capital increase by issuing ordinary shares.
2024.03.20	The Company's 2023 employee compensation and director compensation distribution.
2024.04.24	1. The Company participated in the issuance of overseas receipts of deposit through cash capital increase by issuing ordinary shares. 2. The Company participated in the issuance of overseas receipts of deposit through cash capital increase. It is proposed to reserve 10% of the total new shares issued for subscription by employees of the company and to formulate

the "2024 Employee Subscription Method for Cash Capital Increase".

Resolution Result: All directors present agreed to pass the proposal after the chairperson consulted with all attending directors.
 Independent director's opinion: No objection or reservation.
 The Company's handling of the opinions of independent directors: Not applicable.

- (II) In addition to the aforementioned issues, other board meeting resolutions that have faced opposition or reservations by independent directors and that have records or written statements: No such incidents.
- II. Recusal of Directors from motions involving their private interest, specifying the names of the Directors, the content of the motions, the reason for recusal, and the participation in voting: No such incidents.
- III. TWSE / TPEX Listed Companies should disclose the evaluation cycle and period, assessment scope, method, and evaluation content of the board's self (or peer) evaluation, and fill in the implementation of the board of directors evaluation:

Evaluation Cycle	Evaluation period	Scope of Evaluation	Evaluation Method	Evaluation Content
Once a year	January 1, 2023 to December 31, 2023	Board of Directors, individual directors and functional committees	Internal self-evaluation	(1) Board performance evaluation: participation in the Company's operations, improvement of the board's decision-making quality, composition and structure of the board, election and continuing education of directors, and internal control. (2) Individual board member's performance evaluation: mastery of the company's goals and mission, awareness of directors' responsibilities, participation in company operations, internal relationship management and communication, directors' professionalism and continuing education, and internal control. (3) Evaluation of the performance of the functional committees: participation in the Company's operations, awareness of the duties of the functional committees, improvement of the quality of the decisions made by the functional committees, composition of the functional committees and election of its members, internal control.

The Company completed the 2023 performance evaluation of the Board of Directors, members of the Board, Audit Committee, and Remuneration Committee in March 2024, and reported the evaluation results to the Board of Directors in March of the same year. The results of this performance evaluation are all "Excellent", which is sufficient to show that the overall operation of the Company's Board of Directors is still sound and in line with the results of corporate governance.

- IV. Evaluation of targets for strengthening of the functions of the Board during the current and the most recent years, and measures were taken toward achievement thereof:
 - (I) In order to effectively establish the governance of the board of directors and establish a comprehensive supervision function, the Company has formulated the "Code of Procedures for the Board of Directors." Important proposals are announced on the Market Observation Post System in accordance with the law. The head of finance and accounting and the head of auditing also attend the board of directors meetings and issue relevant reports for the directors' reference.
 - (II) To uphold the transparency of operations and protect the rights and interests of shareholders, the Company proactively discloses information such as important resolutions of the Board of Directors on the Company's website, and holds institutional investor conferences every year to improve investors' recognition of the Company.
 - (III) To implement corporate governance and improve the functions of the Board of Directors, set performance targets and strengthen the efficiency of the Board of Directors, the Company internally conducts a self-performance evaluation of the Board of Directors, functional committees and individual board members once a year. The institution or external experts and scholars are engaged once every three years to conduct a performance evaluation.
 The Company appointed an external professional institution, "Corporate Governance Association of Taiwan" to conduct the performance evaluation of the Board of Directors for the year 2022. The association and its executive experts have no business relationship with the Company and are independent. They conducted questionnaires and video interviews on the eight aspects of the Board of Directors respectively to evaluate the performance of the Board of Directors.
 - 1. Summary of the overall evaluation of the evaluation report:
 - (1) The Company respects the opinions of the independent directors. In addition to reporting the audit

results and tracking the improvement status by the internal audit officer to the board of directors and the audit committee, the internal audit officer arranges a separate discussion forum with the independent directors before the formal meeting of the audit committee once every quarter and keep meeting minutes so that independent directors can fulfill their supervisory functions.

- (2) Besides performing their statutory functions and powers, the Company's independent directors also take the initiative to pay attention to important operational and risk-related issues such as information security audits, post-investment management, and salary structure, contribute professionally, express opinions, and exert the role of directors in guiding and supervising the management team.
- (3) The Company attaches great importance to sustainable operation, actively invests in the improvement of ESG-related fields, and develops energy-saving and environmentally-friendly products. Invite external professional consultants to provide guidance and promote related matters, and establish a dedicated team led by the President to actively implement relevant plans. Regularly report the implementation to the Board of Directors, and disclose the results in the sustainability report to clearly convey the company's commitment to ESG promotion and importance attached to them.

2. Assess recommendations and improvement implementation:

- (1) Suggestion: The Company should establish written rules for the "how" to report unexpected material information to independent directors and outside directors in a timely manner, to clarify the reporting procedure and time limit, to ensure that all board members are fully informed of the Company's important conditions to enable directors to fulfill their duties better.
Improvement: At present, notices of are reported to independent directors and outside directors through multiple communication channels (e.g. telephone, communication groups, emails, meetings, etc.). We will further research to develop other reporting mechanisms to ensure that all board members can be fully informed of the important situations of the company and fulfill their responsibilities.
- (2) Suggestion: The Company has not yet appointed a full-time corporate governance officer, and the finance and accounting department will assist in corporate governance and board of directors affairs. In response to the initiative for the establishment of a corporate governance officer under the "Corporate Governance 3.0 - Sustainable Development Blueprint" of the Financial Supervisory Commission, it is recommended that your company establish a corporate governance officer to coordinate corporate governance-related matters and assist the board of directors to perform their duties.
Improvement: The Company set up the position of Corporate Governance Officer in the first half of 2023.

(II) 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 meets at least once per quarter. This committee is responsible for the proper expression of the company's financial reports and the selection (dismissal) of CPAs as well as their independence and performance. It is also responsible for the effective implementation of the Company's internal controls, the Company's compliance with relevant laws and regulations, the management and control of the Company's existing or potential risks, and so on. Its main powers and key annual work are as follows:

- (1) Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- (2) Evaluate the effectiveness of internal control systems.
- (3) In accordance with the provisions of Article 36-1 of the Securities Exchange Law, stipulate or amend the processing procedures for major financial business activities of acquiring or disposing of assets, engaging in derivative commodity transactions, lending funds to others, and endorsing or providing guarantees for others.
- (4) Matters involving directors' interests.
- (5) Major asset or derivative commodity transactions.
- (6) Significant capital loans, endorsements, or guarantees.
- (7) Raising, issuing, or private placement of equity securities.
- (8) Appointment, dismissal, or remuneration of CPAs.
- (9) Appointment and removal of financial, accounting, or internal audit supervisors.
- (10) The annual financial report that is signed or stamped by the chairman of the board, the manager, and the Quarter 2 Financial Statement that must be audited and verified by CPAs.
- (11) Other major matters as specified by the Company or by the competent authority.

1. Operation of the Audit Committee:

The Audit Committee held 5 [A] meetings in 2023, with the attendance of independent directors as follows:

Job title	Name	Actual attendance (B)	Number of board members attending	Actual attendance rate (%) (B/A) (Note)	Remarks
Independent Director	Chan Hung-Chih	5	0	100.00	
Independent Director	Hsieh Chien-Ping	5	0	100.00	
Independent Director	Wu Ching-Chi	5	0	100.00	

Other matters to be recorded:

I. In the event that the operation of the Audit Committee is under any of the following circumstances, specify the meeting date of the Audit Committee meeting, the term of the meeting, the contents of the motions, the independent directors' dissenting opinions, qualified opinions, or major recommendations, the Audit Committee's resolutions, and the Company's Handling of opinions.

(I) Circumstances referred to in Article 14-5 of the Securities and Exchange Act

Issue/Date	Proposal content
The 13 th time of the 2 nd term 2023.05.10	The Company's pre-approved certifying accounting firm and affiliates to provide "non-assurance services" to the Company and the parent company.
The 1 st time of the 3 rd term 2023.08.09	The Company's 2023 Q2 financial statements reviewed by CPAs.
The 2 th time of the 3 rd term 2023.11.08	1. The Company's 2024 audit plan. 2. Amendment to the Company's "Management of the Preparation Process of Financial Statements" and internal audit regulations.
The 3 th time of the 3 rd term 2023.12.20	The Company's subscription of common shares in cash issue of the reinvestee, WT MICROELECTRONICS CO., LTD..
The 4 th time of the 3 rd term 2024.01.24	Proposal for the Company to sell the shares of iCatch Technology.
The 5 th time of the 3 rd term 2024.02.26	1. The Company's 2023 internal control system statement. 2. The Company's 2023 financial report.
The 6 th time of the 3 rd term 2024.03.01	The Company participated in the issuance of overseas receipts of deposit through cash capital increase by issuing ordinary shares.
The 7 th time of the 3 rd term 2024.03.20	1. The Company's 2023 business report. 2. 2023 Profit Distribution of the Company 3. The 2024 CPA appointment and independence assessment of the Company.
The 8 th time of the 3 rd term 2024.04.24	The Company participated in the issuance of overseas receipts of deposit through cash capital increase by issuing ordinary shares.
Dissenting opinions, qualified opinions, or major recommendations of independent directors: None. Resolution of the Audit Committee: The proposal was passed without objection from all attending members after the chair's inquiry. The Company's handling of the Audit Committee's opinions: Not applicable.	

(II) Further to the aforementioned matters, motions rejected by the Audit Committee but passed by the Board at the consent of more than 2/3 of the Directors: No such instance.

II. Recusals of the Independent Directors from motions involving the interest of the Independent Directors: No such instance.

III. Communication between independent directors and internal audit supervisors and accountants (including major issues, methods, and results of communication about the Company's financial and business conditions)

1. The audit supervisor of the company regularly provides audit reports to independent directors. If necessary, he may contact and communicate by phone, letter, and text message at any time, sit in the audit committee as a nonvoting delegate and provide suggestions and explanations when members need relevant information.
2. The accountants of the company explain to independent directors in writing or face-to-face on the review or inspection of financial statements. Independent directors can reply to their opinions in the same way. If necessary, they can communicate fully by phone, letter, and text at any time.
3. The independent directors of the company did not express any particular opinions on the communication between the internal audit supervisor and the accountants.

2. Supervisors' participation in the operations of the board of directors: The Company has set up an audit committee to replace supervisors, so this is not applicable.

(III) Status of corporate governance and deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Assessment item	Operating status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
I. Has the Company prepared and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies?	V		The Company has formulated a code of practice for corporate governance.	No major difference
II. The Company's shareholding structure and shareholders' equity				
(I) Has the Company established its internal operation procedure for responding to the suggestions, queries, disputes, and legal actions of the shareholders in accordance with the procedure?	V		(I) The Company has established a spokesperson and an acting spokesperson, and a dedicated person handles related issues. At the same time, shareholders attending the meeting have appropriate times to speak and discuss, and the company will accept and improve upon any non-controversial and feasible suggestions.	No major difference
(II) Has the Company kept the list of the dominant shareholders that exercise de facto control of the Company and the parties that exercise ultimate control of these dominant shareholders under control?	V		(II) The major shareholders of the Company are the management team. The Company can keep abreast of the list of major shareholders who actually control the company at any time to ensure the stability of management rights and to maintain good communication channels at all times.	No major difference
(III) Has the Company established and exercised risk control and firewall mechanisms with its affiliates?	V		(III) The Company has clearly established and implemented appropriate risk control mechanisms for group enterprise-specific measures for the management of transactions by specific companies and related parties, measures for the supervision of subsidiaries, and measures for related internal operations.	No major difference
(IV) Has the Company instituted internal rules and regulations prohibiting insiders from using undisclosed information in the market for the trading of securities?	V		(IV) The Company has established the "Ethical Corporate Management Best Practice Principles", the "Employee Code of Ethical Conduct" and the "Management Regulations on Prevention of Insider Trading", and at least once a year, educates employees on the compliance of relevant laws and regulations. Furthermore, in line with the 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 by adding that directors shall not trade in the Company's stock for the 30 days prior to the announcement of the annual financial statements, and 15 days prior to the announcement of the quarterly financial statements.	No major difference
III. The composition and responsibilities of the board of directors				
(I) Does the Board of Directors formulate and implement diversity policies, specific management goals?	V		(I) The Company has clearly defined the policy of board diversity in Article 20 of the "Corporate Governance Best Practice Principles," including basic requirements, industrial skills and	No major difference

Assessment item	Operating status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
			<p>experience. Currently, there are 7 directors on the board. All directors are elected in accordance with the Company's Articles of Incorporation using the nomination system. The backgrounds of the members include industrial management, technology R&D, finance and accounting.</p> <p>In view of the rapid changes in the industrial environment, in order to meet the needs of future development trends, the Company has set a target that all directors should take 6 hours of continuing education each year, besides the continuous education required for independent directors every year. Please refer to page 11 for the implementation of diversity of individual board members.</p>	
(II) Has the Company voluntarily established other functional committees further to the establishment of a compensation committee and an audit committee in accordance with the law?	V		(II) The Company has set up a remuneration committee comprising three independent directors. Operating conditions are handled in accordance with the regulations, and other functional committees will be evaluated and set up according to actual operation needs in the future.	No major difference
(III) Has the Company formulated the board's performance evaluation method and evaluation method, conducted performance evaluation annually and regularly, and reported the results of the performance evaluation to the board of directors, and applied it to individual directors' remuneration and nomination renewal?	V		(III) To implement corporate governance and improve the functions of the Board of Directors, in order to set performance targets and strengthen the efficiency of the Board of Directors, the Company has completed the stipulation of the Board of Directors' performance evaluation measures on January 18, 2021, and conducts the evaluation at the beginning of each year. Also, the results of the performance evaluation shall be submitted to the Board of Directors for report.	No major difference
(IV) Has the Company assessed the independence of its CPAs at regular intervals?	V		(IV) The Audit Committee of the Company regularly evaluates the independence of CPAs every year. The relevant evaluation is conducted according to the "Declaration of Independence" and "Audit Quality Indicators (AQIs)" provided by the accounting firm to which the CPAs belong. The independence of the CPAs can be confirmed by the conditions described in the Independence Assessment Checklist. At the same time, according to the AQI indicator information, we confirm that the CPA and the firm meet the quality and standards. After discussion by the Audit Committee, the results of the independence and suitability assessment will be reported to the Board of Directors. (Note 1)	No major difference
IV. 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-	V		On May 10, 2023, the Company's Board of Directors resolved to appoint Pan Tsung-Hsuan, the head of finance and accounting, as the Corporate Governance Officer. The main duties are as follows:	No major difference

Assessment item	Operating status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
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, and producing minutes of board meetings and shareholders' meetings)?			1. Handling matters related to the Board of Directors and Shareholders' Meetings in accordance with the law; 2. Preparation of the minutes of the Board of Directors and Shareholders' Meetings; 3. Assisting the directors in their assumption of office and continuing education; 4. Providing the directors with the information needed to carry out their business; 6. Other matters stipulated in the Company's Articles of Incorporation or contracts.	
V. 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 smooth communication channels with stakeholders, who can contact the company at any time by telephone, letter, fax, and e-mail if necessary. The Company has also set up a questionnaire and whistleblowing system for stakeholders on ESG issues of concern on the Company's website since November 2021.	No major difference
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?	V		The company has appointed the Stock Service Department of KGI Securities Co., Ltd. to handle the affairs of the shareholders meeting.	No major difference
VII. Information disclosure (I) Has the Company installed a website for the disclosure of information on financial position and operation, as well as corporate governance?	V		(I) The Company has Chinese and English versions of the website to disclose the Company's business-related and corporate governance information, including publishing the ESG report on the official website, disclosure of the Company's sustainability implementation information, for the reference of shareholders and the general public. (https://www.asmedia.com.tw)	No major difference
(II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, the appointment of designated persons for the collection and disclosure of information on the Company, the implementation of a spokesman system, and videotaping institutional investor conferences)?	V		(II) The Company has designated a person responsible for the collection and disclosure of company information. From time to time, various related information (including institutional briefings) are immediately disclosed on the "Market Observation Post System" and the Company website. At the same time, the spokesperson system has been implemented in accordance with regulations.	No major difference
(III) Does the Company announce and declare its annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit?	V		(III) The Company publishes and reports its quarterly financial statements and monthly operating status in accordance with Article 36 of the Securities and Exchange Act.	No major difference
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to, employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management	V		(I) Employee rights and employee care: (1) The Company has formulated various operating regulations and methods to protect labor rights and interests and set up an employee welfare committee to enhance employee welfare. In addition to the provision of	No major difference

Assessment item	Operating status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
<p>policies and risk measurements, implementation of customer policy, and maintenance of liability insurance for the Company's directors and supervisors)?</p>			<p>labor and health insurance premiums and pensions in accordance with the law, and providing monthly afternoon tea and quarterly department dinner expenses, it also handles employee health checkups and employee travel activities every year. In addition, necessary assistance is provided for employees to fully express their problems at work through formal and informal channels.</p> <p>(2) The Company regularly organizes course lectures every year and invite lecturers to teach courses in health, management, law, and so on. At the same time, each department also prepares education and training cost budgets to enhance the competitiveness of employees in the workplace. At the same time, the continuing education courses have also been included in the basic employee on-the-job education starting from 2022.</p> <p>(3) EAP employee assistance program, which covers five major aspects: law, finance, psychology, medical care, and management. It provides assistance with professional-related consultations and necessary resource introductions, and maintains the confidentiality of colleagues' privacy in accordance with the law.</p> <p>(II) Investor Relations: The Company has set up a spokesperson and an acting spokesperson to keep in close contact with shareholders at any time. Furthermore, a dedicated person handles various information disclosures on the Market Observation Post system to protect the rights and interests of investors.</p> <p>(III) Supplier relationships: The company maintains good cooperative relations with suppliers. All business transactions will sign relevant cooperation contracts or commissioned OEM contracts, and so on, to protect the rights and obligations of both parties (including suppliers' personal data protection).</p> <p>(IV) Rights of interested parties: Stakeholders can communicate with the Company at any time by telephone, letter, fax, or email if necessary.</p> <p>(V) Continuing education of directors and supervisors: The Company's directors participate in professional training in corporate governance and finance as required by regulations each year.</p> <p>(VI) Implementation of risk management policies and risk</p>	

Assessment item	Operating status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
			<p>measurement standards: The Company upholds conservative and stable operating principles, and does not engage in high-risk or speculative behavior.</p> <p>(VII) Implementation of customer policies: The Company provides customers with high-quality products according to its business philosophy, and maintains good customer relationships.</p> <p>(VIII) Circumstances in which the company purchases liability insurance for directors and supervisors: The Company has clearly stipulated in the Articles of Incorporation for directors to purchase liability insurance-related matters, and indeed implement and submit the report to the board of directors.</p>	
<p>IX. Please specify the status of correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies: For matters that have not yet been improved, they are regarded as under planning for gradual improvements and implementation.</p>				

Note 1: Independence checklist for certified public accountants and affiliated joint accounting firms

Independence		Yes	No	Remarks
1.	The CPA and the professional service personnel of the audit team do not have any investment relationship with the Company or its affiliates.	V		None
2.	The CPA and the professional service personnel of the audit team do not serve as directors, supervisors or managers of the Company or affiliated companies.	V		None
3.	The CPAs do not receive fixed remuneration for regular work in the Company or in affiliated enterprises.	V		None
4.	The CPAs have not provided audit services to the Company or affiliated companies for seven consecutive years.	V		None
5.	There is no business cooperation between the CPA firm and the Company or its affiliates.	V		None
6.	The CPA firm has no litigation relationship with the Company or affiliated enterprises.	V		None
7.	The co-practicing accountant of the CPA firm has neither served as a director, supervisor, or manager of the Company or an affiliated enterprise for one year after resignation, nor is in a position that has a significant impact on the audit.	V		None
8.	Whether the CPA has complied with the requirements of independence under No. 10 of the "Bulletin of the Norm of Professional Ethics" and obtained the "Declaration of Independence" issued by the CPA.	V		None

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

1. In order to implement corporate governance and improve the remuneration system for directors, supervisors, and managers of the Company, on December 28, 2011, the remuneration committee was established in accordance with Article 14-6 of the Securities and Exchange Act and the establishment of the salary and remuneration committees of companies listed or traded in the business premises of a securities firm. The number of members of this committee is three, appointed by resolution of the board of directors. At least one of them is an independent director of the company, and all members elect an independent director to serve as the convener and chairman of the meeting and represent the committee externally. This committee should faithfully perform the following functions and powers with the attention of good managers:

- (1) Review these rules regularly and propose amendments.
- (2) Formulate and regularly review the policies, systems, standards, and structures of the performance evaluation and remuneration of the company's directors and managers.
- (3) Regularly evaluate and determine the remuneration of directors and managers.

2. Information on members of the Remuneration Committee

Prerequisites		Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number concurrently serving as members of salary and compensation committees of other publicly issued companies
Identity	Name			
Independent Director	Chan Hung-Chih	More than 10 years of work experience in commerce, finance, or company operations. Former President of Yuan-Liou Publishing Co., Ltd./Chairman of Cite Publishing Limited At present, he is the Chairman of PChome Online Inc., Chairman of PChome eBay Co., Ltd., Chairman of PCHOMESTORE, Independent Director of Lion Travel Service Co., Ltd., and Independent Director of Sinyi Realty Inc..	The independent director, his spouse, or relatives within 2nd degree of kinship do not serve as a director, supervisor, or employee of the Company or its affiliated companies; do not hold shares in the Company; do not hold positions as a director, supervisor or employee of a designated company that has specified relationship with the Company; There has been no compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years. Not showing any of the circumstances under Article 30 of the Company Act.	2
Independent Director	Hsieh Chien-Ping	At least 10 years of relevant work experience in commerce, finance, accounting or business needs. He has served successively as Chairman/President of Chunghwa Investment Co., Ltd., CFO and Vice President of Chunghwa Telecom, and Vice President and Spokesperson of Mega Financial Holding Co., Ltd. At present, he is a Professor, Institute of Finance, National Taiwan University of Science and Technology, the Chairman of the Foundation for International Cooperation in Higher Education of Taiwan, and an independent director of Polytronics Technology Corporation.	The independent director, his spouse, or relatives within 2nd degree of kinship do not serve as a director, supervisor, or employee of the Company or its affiliated companies; do not hold shares in the Company; do not hold positions as a director, supervisor or employee of a designated company that has specified relationship with the Company; There has been no compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years. Not showing any of the circumstances under Article 30 of the Company Act.	1
Independent Director	Wu Ching-Chi	More than 10 years of work experience required for the Company's business Former Chairman, National Chung Cheng Cultural Center, Professor and Head of the Department of Psychology, National Chengchi University Currently, he is the Chairman of the Creative Education and Management Foundation, Honorary Professor of National Chengchi University/ Host of Creativity Lecture, and Adjunct Professor of MBA/EMBA of National Chengchi University.	The independent director, his spouse, or relatives within 2nd degree of kinship do not serve as a director, supervisor, or employee of the Company or its affiliated companies; do not hold shares in the Company; do not hold positions as a director, supervisor or employee of a designated company that has specified relationship with the Company; There has been no compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years. Not showing any of the circumstances under Article 30 of the Company Act.	None

Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of individual Remuneration Committee members.

Note 2: Independence criteria: Description of the members of the Remuneration Committee meeting the independence criteria, including but not limited to whether the independent director, his/her spouse, and relatives within the second degree of kinship are acting as the director, supervisor or employee of the Company or its affiliated enterprise; The number of shares and percentage held by the independent director, his/her spouse, and relatives within second degree of kinship (or in the name of others); whether the independent director is acting as the director, supervisor or employee of a designated company that has specified relationship with the Company (refer to Subparagraphs 5~8, Paragraph 1, Article 6 of the 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 compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years.

3. Information on the operation of the Remuneration Committee

- (1) There are 3 members of the remuneration committee of the Company.
- (2) The term of office of the current members is from June 19, 2023 to June 15, 2026. The (2023) Remuneration Committee held meetings 3 times (A) in the most recent year. The qualifications and attendance of members are as follows:

Job title	Name	Actual attendance (B)	Number of board members attending	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Chan Hung-Chih	3	0	100.00	None
Committee member	Hsieh Chien-Ping	3	0	100.00	None
Committee member	Wu Ching-Chi	3	0	100.00	None

Other matters to be recorded:

1. If the Board declines to accept or revise the recommendations of the Remuneration Committee, specify the meeting date, the session, the content of the motion, the resolutions of the Board, and the response of the Company to the opinions of the Compensation Committee: No such incident.
2. If a specific member of the Compensation Committee has adverse or qualified opinions on the resolutions of the Compensation Committee on record or in a written declaration, specify the meeting date, the session, the content of the motion, the opinions of all members, and the response to the opinions of the members: No such incident.

- (3) The Company's remuneration committee met in the last year to review and evaluate the company's salary and remuneration information as follows:

Date	Proposal content	Resolution result
2023.01.11	The Company's 2022 performance bonus distribution	All members of the committee agreed to pass the proposal
2023.03.08	The Company's 2022 employee compensation and director compensation distribution.	All members of the committee agreed to pass the proposal
2023.08.09	The Company's 2023 salary adjustment.	All members of the committee agreed to pass the proposal

4. If the Company has a Nomination Committee, its composition, responsibilities and operation shall be disclosed: Currently, the Company has not established a Nomination Committee, and will evaluate the establishment in the future depending on the actual operation needs.

(V) Implementation of sustainable development, and deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Items to be promoted	Implementation status		Summary description	Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons				
	Yes	No						
I. Does the Company establish a governance structure to promote sustainable development, and set up a dedicated (or part-time) unit to promote sustainable development, with senior management authorized by the board of directors to handle, and the situation of the supervision of the board of directors?	V		<p>In 2023, the Company has formally established an ESG sustainable development execution unit to coordinate the implementation of sustainable development-related operations. In addition to formulating sustainable development goals, ESG development strategies and guidelines, the implementation plans are then implemented according to the responsibilities of all relevant departments. Finally, the Sustainability Report is prepared and the implementation results are reported to the Board of Directors at least once a year.</p> <p>The board uses the management team's reports (including ESG reports) to understand and supervise the implementation of the company's sustainable development, and gives timely recommendations to the management team to achieve various ESG goals.</p> <p>The Company has published the "2022 Sustainability Report" in September 2023. Please refer to the Company's website for the related specific promotion plans and implementation results. You can also download the Chinese/English version of the report as a PDF file for viewing.</p>	No major difference				
II. Does the Company follow the principle of materiality, conduct risk assessments on environmental, social, and corporate governance issues related to company operations, and formulate relevant risk management policies or strategies?	V		<p>(I) The Company has formulated relevant operating specifications for various risk factors, such as its "Code of Practice on Corporate Governance," "Code of Ethical Management," and "Code of Ethical Conduct for Employees." Based on this, we will implement risk management and actively promote the implementation of corporate governance to achieve the purpose of enhancing the Company's reputation, strengthening its risk culture, and providing strategic management decision-making recommendations.</p> <p>(II) In accordance with the principle of materiality for sustainable development, the Company conducts risk assessments on environmental, social and corporate governance issues related to the Company's operations. Based on the results of questionnaire surveys on stakeholders' ESG issues, The order of the issues and the management policy are as follows:</p> <table border="1" data-bbox="689 1129 1890 1388"> <thead> <tr> <th>Risk Assessment Items/Topics</th> <th>Risk management policy or strategy</th> </tr> </thead> <tbody> <tr> <td>Corporate governance</td> <td> <ul style="list-style-type: none"> Improve the function of the board of directors, in order to achieve the purpose of improving the company's reputation, strengthening the risk culture, and providing strategic management and decision-making suggestions. Reasonably define and allocate the rights and responsibilities of all shareholders, management team, and stakeholders. </td> </tr> </tbody> </table>	Risk Assessment Items/Topics	Risk management policy or strategy	Corporate governance	<ul style="list-style-type: none"> Improve the function of the board of directors, in order to achieve the purpose of improving the company's reputation, strengthening the risk culture, and providing strategic management and decision-making suggestions. Reasonably define and allocate the rights and responsibilities of all shareholders, management team, and stakeholders. 	No major difference
Risk Assessment Items/Topics	Risk management policy or strategy							
Corporate governance	<ul style="list-style-type: none"> Improve the function of the board of directors, in order to achieve the purpose of improving the company's reputation, strengthening the risk culture, and providing strategic management and decision-making suggestions. Reasonably define and allocate the rights and responsibilities of all shareholders, management team, and stakeholders. 							

Items to be promoted	Implementation status		Summary description	Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
	Yes	No														
			<table border="1"> <tr> <td>Innovative R&D and Product Competitiveness</td> <td> <ul style="list-style-type: none"> ASMedia will continue to invest in cultivating professional R&D technical talents to strive for innovation and progress in high-speed technological products, and maintain close cooperation with international big firms and related supply chains. As a leader in high-speed interfaces, apart from focusing on innovative R&D and grasping the specifications of each generation, we are also actively expanding the market, focusing on the cooperation and development of customized products and the development of markets other than personal computers. </td> </tr> <tr> <td>Customer satisfaction</td> <td> <ul style="list-style-type: none"> The Company provides customers with high-quality products according to its business philosophy, and maintains good customer relationships. </td> </tr> <tr> <td>Risk management</td> <td> <ul style="list-style-type: none"> The Company operates in a conservative and prudent manner and does not engage in high-risk and speculative behaviors. Identify common risks and formulate risk management strategies to avoid losses to the Company. </td> </tr> <tr> <td>Business performance</td> <td> <ul style="list-style-type: none"> Maintain close cooperation with international big firms and related supply chains to enable the Company to perform more outstandingly in business operations, product development and application. Improve operational performance and pursue sustainable development goals. </td> </tr> <tr> <td>Supply chain management</td> <td> <ul style="list-style-type: none"> On the business dealings with the suppliers, in addition to listing the existence of records that affect the environment and society as an important inspection item, the provision of all products must comply with laws and environmental protection standards. In case of violation of the contract or the laws and regulations, the Company will be liable for compensation depending on the severity of the circumstances. </td> </tr> <tr> <td>Legal compliance</td> <td>Based on the concept of integrity, transparency, and responsibility, considering the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations 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.</td> </tr> </table>	Innovative R&D and Product Competitiveness	<ul style="list-style-type: none"> ASMedia will continue to invest in cultivating professional R&D technical talents to strive for innovation and progress in high-speed technological products, and maintain close cooperation with international big firms and related supply chains. As a leader in high-speed interfaces, apart from focusing on innovative R&D and grasping the specifications of each generation, we are also actively expanding the market, focusing on the cooperation and development of customized products and the development of markets other than personal computers. 	Customer satisfaction	<ul style="list-style-type: none"> The Company provides customers with high-quality products according to its business philosophy, and maintains good customer relationships. 	Risk management	<ul style="list-style-type: none"> The Company operates in a conservative and prudent manner and does not engage in high-risk and speculative behaviors. Identify common risks and formulate risk management strategies to avoid losses to the Company. 	Business performance	<ul style="list-style-type: none"> Maintain close cooperation with international big firms and related supply chains to enable the Company to perform more outstandingly in business operations, product development and application. Improve operational performance and pursue sustainable development goals. 	Supply chain management	<ul style="list-style-type: none"> On the business dealings with the suppliers, in addition to listing the existence of records that affect the environment and society as an important inspection item, the provision of all products must comply with laws and environmental protection standards. In case of violation of the contract or the laws and regulations, the Company will be liable for compensation depending on the severity of the circumstances. 	Legal compliance	Based on the concept of integrity, transparency, and responsibility, considering the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations 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.	
Innovative R&D and Product Competitiveness	<ul style="list-style-type: none"> ASMedia will continue to invest in cultivating professional R&D technical talents to strive for innovation and progress in high-speed technological products, and maintain close cooperation with international big firms and related supply chains. As a leader in high-speed interfaces, apart from focusing on innovative R&D and grasping the specifications of each generation, we are also actively expanding the market, focusing on the cooperation and development of customized products and the development of markets other than personal computers. 															
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III. Environmental issues (I) Does the company establish an appropriate environmental management system according to its industry characteristics?	V		<p>The Company promises to implement and comply with the relevant codes of conduct of the RBA, to assume environmental responsibilities in terms of environmental issues, to minimize the adverse impact on society, the environment and natural resources during the manufacturing process, while at the same time protect the health and safety of the public.</p> <p>In accordance with the "CFSP Conflict-Free Minerals Smelter Program," "Responsible Business Alliance (RBA)," and "Global Enabling Sustainability Initiative (GeSI) for digitization", the Company has started to conduct conflict mineral investigations since 2021, and requires suppliers to submit the “non-conflict minerals declaration statement” to certify that the substances used in their products do not come from conflicted areas showing support through actions and the persistence in not using conflicted minerals adhering to the social responsibility concept. Customers in the transaction jointly sign a declaration of non-use of hazardous substances; use safe materials and parts certified by environmental protection specifications; and comply with standards such as RoHS, PFOS, Halogen Free, and REACH SVHC.</p> <p>The Company has disclosed information and policies regarding environmental responsibility on its official website and in the Sustainability Report.</p>	No major difference
(II) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		<p>(I) The Company spares no effort to promote the protection of environmental resources, and to fulfill its corporate social responsibility and promote economic, social and environmental progress, the four major sustainability strategies are: low-carbon mission, recycling, social inclusion and value co-creation, and principle of sustainable manufacturing. ASMedia jointly promotes the principle of promoting environmental protection affairs with business partners and stakeholders, including suppliers, contractors, customers, related parties and communities.</p> <p>(II) Striving to pursue sustainable care for the environment and the friendly coexistence of all things, we have incorporated the concept of sustainability from the product design stage, through the upgrade of production processes, specifications, technologies upgrade, and energy-saving management software to achieve our commitment to environmental friendliness. In the design stage for chip circuit, a lower supply voltage is used to reduce chip power consumption, and customized design is used to assist customers in meeting industry standard requirements (e.g. California energy regulations) and compliance with industry power-saving design standards (e.g. Microsoft Modern Standby). Furthermore, the Company has obtained ISO 14001 certification in 2023 and is expected to obtain ISO 14064-1 certification in 2024, hoping to achieve the goal of green design through optimization of product manufacturing processes.</p> <p>(III) Electricity is the main energy source for the Company's offices. The product design process requires extensive use of computers and software testing, as well as other electronic equipment such as emulators and analyzers. Therefore, a</p>	No major difference

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			<p>high proportion of electricity consumption is used for research and development. The Company continues to promote various measures on energy reduction and lowering environmental impacts. Priority will be given to the purchase of energy-saving certified products to help build a green workplace.</p> <p>The Company's office energy management is mainly divided into two plans: the office air conditioners and lamps are gradually replaced with energy-saving certified products, and short-medium-term goals are set to track the progress and results.</p>											
(III) Does the Company evaluate the potential risks and opportunities posed by climate change to the Company at present and in the future, and take relevant countermeasures?	V		<p>The Company is committed to responding to the current global trend of energy conservation and carbon reduction in order to fulfill the responsibility of global citizens to protect the environment. In response to the business risks posed by climate change to the industry, each department will conduct an inventory of the climate-related risks involved in their own business scope, and then report to the general manager for consolidation. The Company referenced the Task Force on Climate-related Financial Disclosures (TCFD) framework, through the four core elements of "governance," "strategy," "risk management," and "indicators and goals," to identify potential climate change risks and opportunities, and grasp the impact on the company's operations and to formulate relevant strategies and measures in advance to prevent the risks and damages caused by climate change.</p> <p>Climate change management framework:</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Management strategies and actions</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Governance</td> <td>Board of Directors: Supervises the sustainable development of economy, environment and society.</td> </tr> <tr> <td>All departments: Inventory the climate-related risks and opportunities in the scope of power and responsibility, and report the relevant implementation results.</td> </tr> <tr> <td rowspan="2">Strategy</td> <td>Climate-related risks and opportunities, strategies and financial plans are summarized in the tables "TCFD Climate-related Risks and Financial Impacts (Transition Risk)," "TCFD Climate-Related Risks and Financial Impacts (Physical Risks)" and "TCFD Climate-Related Opportunities and Financial Impacts" .</td> </tr> <tr> <td>The Company will consider the identified risks: physical (immediate, long-term), transition risks (policy and laws and regulations, technology, market, reputation), and formulate relevant response strategies and measures in advance.</td> </tr> <tr> <td>Risk management</td> <td>In accordance with the risk management procedures, each responsible unit shall review the process every year and perform data analysis to determine the priority of project risks and propose a management plan. The Company has also formulated a</td> </tr> </tbody> </table>	Category	Management strategies and actions	Governance	Board of Directors: Supervises the sustainable development of economy, environment and society.	All departments: Inventory the climate-related risks and opportunities in the scope of power and responsibility, and report the relevant implementation results.	Strategy	Climate-related risks and opportunities, strategies and financial plans are summarized in the tables "TCFD Climate-related Risks and Financial Impacts (Transition Risk)," "TCFD Climate-Related Risks and Financial Impacts (Physical Risks)" and "TCFD Climate-Related Opportunities and Financial Impacts" .	The Company will consider the identified risks: physical (immediate, long-term), transition risks (policy and laws and regulations, technology, market, reputation), and formulate relevant response strategies and measures in advance.	Risk management	In accordance with the risk management procedures, each responsible unit shall review the process every year and perform data analysis to determine the priority of project risks and propose a management plan. The Company has also formulated a	No major difference
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(IV) Has the Company kept statistics on the amount of greenhouse gas emission, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		<p>The Company has implemented management policies for greenhouse gases, water resources, and waste. The detailed measures are as follows:</p> <ol style="list-style-type: none"> The Company has approved the timetable for the completion of greenhouse gas inventory and verification at the board meeting in accordance with the "Roadmap for Sustainable Development for Listed Companies". The Company has also used 2017 as the benchmark to effectively track the emissions reduction performance and targets, and has planned to complete the greenhouse gas inventory and verification before the end of 2024. The Company mainly uses water for office use and water for employees' livelihood. The Company has implemented water-saving measures, including installing water-saving devices in the basins and toilets, and regularly promoting water-saving measures, in order to reduce the wastage of water resources. Striving to achieve the goal of effective waste management and reduction, the Company has formulated an office waste reduction plan and is committed to the reduction of domestic waste. Waste is classified into general waste management and toxic waste management: <table border="1"> <thead> <tr> <th>Year</th> <th>Hazardous waste</th> <th>General waste</th> <th>Total (tons)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>3.053</td> <td>16.817</td> <td>19.87</td> </tr> <tr> <td>2023</td> <td>0.016</td> <td>22.151</td> <td>22.167</td> </tr> </tbody> </table> <p>Hazardous waste includes batteries, waste chips, test boards, and computer peripherals. To implement waste management more effectively, professional environmental protection companies are commissioned to dispose the toxic waste generated from operations to reduce direct impact on the environment.</p> The Company encourages the production and use of green products while reducing the negative impact on the environment through the green procurement system. The Company gives priority to the purchase of products with lesser impact on the environment - low energy consumption, non-toxic, recyclable and environmentally 	Year	Hazardous waste	General waste	Total (tons)	2022	3.053	16.817	19.87	2023	0.016	22.151	22.167	No major difference
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			certified office supplies, such as energy-saving lamps, Energy Star certified notebook computers, eco-friendly toner cartridges, and eco-friendly photocopy paper. To strengthen employees' understanding of green products and to consciously give priority to the purchase of green office supplies, the Company has integrated the green procurement system into the EIP system in 2023. When employees submit application requirements, the system will feed back green procurement priorities and related information. It is hoped that through continuous reminders, employees will be more aware of and willing to purchase green products, and everyone can contribute to environmental friendliness.	
IV. Social issues (I) Has the Company established related policies and procedures in accordance with applicable legal rules and the International Convention on Human Rights?	V		<p>The Company respects human rights and personal privacy, and has formulated human rights protection policies and personal data protection management policies with reference to the "United Nations Universal Declaration of Human Rights," "Responsible Business Alliance Code of Conduct," "Labor Standards Act" and "Personal Data Protection Act". Since 2021, the RBA corporate self-assessment questionnaire has reduced the risk to a low level, demonstrating the Company's determination to fulfill its corporate social responsibility.</p> <p>In terms of policies, the Company has formulated management policies and procedures such as "Employee Work Rules" and "Sexual Harassment Prevention Measures, Complaints and Disciplinary Measures", and is committed to creating a quality work environment to protect the rights and benefits of employees, ensure non-discrimination and prohibit inhumane treatment regardless of race, color, gender, age, disability, marital status, political affiliation or religious belief in the recruitment process, and fair treatment of all employees free from discrimination or harassment.</p> <p>In terms of implementation, the main specific measures include the following: 27 training sessions have been conducted to advocate illegal abuse in the workplace; the Company continues to promote workplace diversity and equal opportunities for promotion, and build a gender-friendly workplace. In addition, in terms of communication mechanism with the employees, the Company values the voices of all employees and has established management and complaint channels to prevent violence. A complaint channel (#asmedia885@asmedia.com.tw) has also been established to protect employees' rights and interests and enhance workplace safety.</p>	No major difference
(II) Has the Company formulated and implemented reasonable employee welfare measures (including salary, vacation, and	V		<p>(1) The Company complies with the "Labor Standards Act" and related laws and regulations to establish various employee compensation and benefit measures. In addition to the Company's vacation system that exceeds the requirements of the Labor Standards Act, it also provides labor and health insurance, appropriation of labor pensions, group accident insurance, and regular health checks for employees in accordance with the law. There are also travel subsidies, employee travel subsidies, year-end celebration parties, and year-end bonuses.</p> <p>On the other hand, the Company pays out rewards with reference to the market, the government's salary adjustment</p>	No major difference

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other benefits, etc.), and appropriately reflects business performance or results in employee compensation?			<p>standards, the Company's overall operational performance, and the performance of departments and individuals. Salaries are adjusted annually based on market mechanisms and the Company's operational performance.</p> <p>(2) Other welfare measures: birthday gifts, Labor Day gift certificates, Mid-Autumn Festival gift certificates, implementation of employee stock option certificates, and issuance of new employee restricted shares. There is also a welfare committee that provides subsidies for marriage, funerals, hospitalization, and childbirth. To promote the physical and mental health of employees, a number of sports-related clubs have been created to reduce employees' work pressure. Subsidies are awarded every six months. In 2023, the proportion of employees participating in clubs accounted for 62%.</p> <p>(3) Weekly massage service to relieve the pressure of time pressure for employees to work on various projects. In the spirit of social support, we arrange for the visually impaired to provide massage services at specific time of the company.</p>									
(III) Has the Company provided a safe and healthy work environment for the employees and related education on occupational safety and health for employees at regular intervals?	V		<p>1. The Company does not have a factory. Its offices comprise floors in a portion of a leased commercial building in an urban area, with each floor having a strict security system. In addition to the access control for personnel entering and exiting, it also has a complete fire protection system. We also conduct regular fire-fighting equipment maintenance and drills once every half a year to maintain the safety of employees' working environment. At the same time, employees' health checks and group insurance are provided regularly every year, and external lecturers are arranged to give lectures on health or safety courses.</p> <p>To thoroughly implement occupational safety and health management and comprehensively prevent the occurrence of occupational diSATAters, the Company will focus its efforts on the following seven major aspects:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">7 Aspects of Occupational Health and Safety Management</th> <th style="text-align: center;">Managed items</th> </tr> </thead> <tbody> <tr> <td>Safety and Health Management</td> <td> <ul style="list-style-type: none"> • Main entrance and elevator are equipped with access control • Implement visitor registration • 24-hour security system • Comprehensive fire safety system • Smoke-free environment </td> </tr> <tr> <td>Health and safety education and training</td> <td> <ul style="list-style-type: none"> • Online education platform - DiSATAters prevention/first aid videos </td> </tr> <tr> <td>Standard operating procedures and work safety</td> <td> <p>1. Test board welding:</p> </td> </tr> </tbody> </table>	7 Aspects of Occupational Health and Safety Management	Managed items	Safety and Health Management	<ul style="list-style-type: none"> • Main entrance and elevator are equipped with access control • Implement visitor registration • 24-hour security system • Comprehensive fire safety system • Smoke-free environment 	Health and safety education and training	<ul style="list-style-type: none"> • Online education platform - DiSATAters prevention/first aid videos 	Standard operating procedures and work safety	<p>1. Test board welding:</p>	No major difference
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	Yes	No		
			<p>perform weekly massages for employees. By the end of 2023, the program had served a total of 2,935 employees.</p> <p>b. EAP employee assistance program: The EAP employee assistance program was introduced in 2021 to provide employees with consultation in five major areas: legal, financial, psychological, medical, and management. Currently, the current consulting and cooperation unit is Shiuhli Cultural and Educational Foundation. The average number of EAP inquiries in 2023 was 31%.</p> <p>c. Unscheduled physical and mental health activities and lectures: The Company will organize health education promotions from time to time to strengthen employees' knowledge on health protection and improve their health status. By 2023, the accumulative number of advocacy sessions was 113 times.</p> <p>(3) LOHAS Life:</p> <p>a. Club activities and subsidies: Diversified club activities enable employees to revisit the passionate youth of their student days. Subsidies are awarded every six months. As of 2023, 62% of the Company's employees have participated in the clubs, including the Yoga Club, Movie Club, Jogging Club, Basketball Club, Softball Club, and Badminton Club. The accumulated subsidies amounted to NT\$2,749,169.</p> <p>b. Employee travel: The Company organizes an employee trip every year to build the cohesiveness of the Company's employees. In 2023, the employee travel participation rate was 60.2%, and allowances for employees' dependents accounted for 83.6%.</p>	
(IV) Has the Company developed an effective career development training program for its employees?	V		<p>The Company attaches great importance to the diversified training of employees. In addition to planning professional courses for employees according to their functions, employees' self-development is also one of the focuses of the Company. Education and training is divided into three aspects. For new employees, the emphasis is on understanding the corporate culture and specific professional courses; the junior team values functional development and LOHAS learning, and offers comprehensive seminars on industry trends, social and corporate responsibility topics to body, mind, and soul, to help colleagues keep abreast of the rapidly changing industry status. In addition, it also helps employees to achieve work-life balance; for the management team, it is to improve management competency training, strengthen the group ability of integration and synergy, and improve management skills to lead the team to achieve operational goals. The annual course content is planned according to the employees' learning needs, and an education and training satisfaction survey is conducted every year to understand the employees' learning status and feedback after the course, so that the employees can grow together with ASMedia.</p>	No major difference

Items to be promoted	Implementation status		Summary description	Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant policies and complaint procedures to protect consumers' or customers' rights and interests?	V		The Company's marketing and labeling of products and services are not only handled in accordance with domestic laws and regulations, but also in accordance with the relevant laws and regulations of the country where the customer is located. This includes environmental protection requirements of various products and compliance with product patent rights. At the same time, the Company has always valued customers' opinions and feedback, and maintained good communication with customers. There are customer communication channels and response methods (including customer satisfaction survey and customer complaint handling) on the Company's official website, as well as a dedicated unit to deal with customer opinions to ensure the best service performance to customers and to achieve the purpose of rights protection.	No major difference
(VI) Has the Company formulated supplier management policies, where suppliers are required to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor, and their implementation?	V		The Company has strict internal evaluation and investigation procedures for suppliers. In addition to listing the existence of records that affect the environment and society as an important inspection item, the provision of all products must comply with laws and environmental protection standards. And in the contract, the product and the production process must meet the requirements of environmental protection regulations, and no harmful substances should be used. If there is a violation of the content of the contract or laws and regulations, and depending on the seriousness of the circumstances, the supplier shall be liable for compensation in order to fulfill corporate social responsibility. The Company has disclosed the supply chain management policies in the ESG report: a. Suppliers are evaluated annually and audited from time to time in accordance with the supplier management procedures. The Quality Assurance department conducts evaluations and audits based on delivery quality, engineering capability, and ESG sustainability criteria. All suppliers in 2023 are of 100% compliance with the Company's supplier management policy. b. We require suppliers not to purchase or use conflict minerals. We have implemented the following principles: The Conflict-Free Smelter Program (CFSP), Responsible Business Alliance (RBA), and Global Enabling Sustainability Initiative (GeSI) for digitization, and conduct conflict mineral surveys to ensure that all suppliers comply with the Company's philosophy of no use of conflict minerals.	No major difference
V. Does the Company prepare	V		Besides issuing sustainability reports using the Task Force on Climate-related Financial Disclosures (TCFD) framework,	No major

Items to be promoted	Implementation status			Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
reports disclosing the Company's non-financial information, such as the Sustainability Report, with reference to international reporting standards or guidelines? Did the preliminary report obtain the confidence or assurance opinion of the third-party verification unit?			the Company also complies with the latest GRI Sustainability Reporting Standards (2021 and 2016 versions), and has advocated for 17 United Nations Sustainable Development Goals (SDGs) promote sustainable corporate management. The report is prepared in accordance with the principles of inclusiveness, sustainability, materiality, and integrity, as well as the quality principles of accuracy, balance, clarity, comparability, and timeliness. So far, this report has not been certified or guaranteed by a third-party verification unit.	difference
VI.If the Company has established its own sustainability principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the current practices and any deviations from the Best-Practice Principles: The Company has not yet formulated its own sustainable development best-practice principles. However, the Company is committed to the implementation of corporate social responsibility in its daily operations, including active participation in environmental protection, social emergency relief, social welfare activities, etc. The relevant information of relevant operations is disclosed in the annual report.				
VII. Other important information helpful to understand the status of implementation of sustainable development:				
(I) Environmental protection:				
1. Our Company is a professional IC design firm, with independent research and development and design as its primary operating activities, Our main products are all produced by outsourcing, which falls under the fabless IC design industry. 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 "Product Restricted Substance Control Procedures" stipulated by the Company. In addition to not using hazardous substances, safety materials that meet international standards are specified. In addition, the Company obtains laboratory reports provided by the supplier in a timely manner and checks the supplier on related matters. ASMedia and its suppliers jointly sign a declaration of non-use of hazardous substances; use safe materials and parts certified by environmental protection specifications; and comply with standards such as RoHS, PFOS, Halogen Free, and REACH SVHC.				
2. The company has always advocated energy conservation and resource recovery. This includes practical measures such as the implementation of garbage classification, the full use of energy-saving lamps, savings from turning off lights, and air-conditioning timing and temperature controls expected in 2026. Short-, medium-, and long-term goals related to environmental protection policies have been formulated. In addition to strengthening the promotion of energy and water conservation for each employee, reducing office resource consumption is also listed as an important indicator item.				
3. The Company continues to promote the paperless movement, and internal procedures and other forms and documents are controlled by online electronic sign-off. This				

Items to be promoted	Implementation status		Summary description	Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			is done to reduce paper waste and to continue to contribute to the environmental protection of the Earth.	
			4. Responding to environmental protection activities: Turn off the lights for one hour, Kenting Manzhou Beach cleaning activity and sponsor the "Kuroshio Ocean Education Foundation" to carry out cetacean conservation work.	
			(II) Social welfare and services:	
			1. Charity activities: By providing resources and opportunities to work with social welfare organizations and public welfare groups, and planning and executing charity activities, the Company helps disadvantaged or marginalized people to participate in the development of society by enhancing their abilities and confidence, in order to improve their living conditions and environment.	
			a. Improving the quality of life of the elders in remote villages: The Company joins hands with elder care groups to protect the happy retirement of the elders in remote villages. Through the concern and support of the company, the social welfare organizations help the elders to obtain daily life care and nutrition consultation services, improve the elder's physical and mental health, and delay the aging process, so that each elder can live with dignity and hope.	
			b. Assisting people with disabilities to live independent lives: The Company has been supporting organizations for persons with disabilities in ordering charity gift boxes for a long time, hoping to provide condolences to employees for their hard work, while at the same time providing work training and employment opportunities for the disadvantaged.	
			c. Resource recycling, sharing and common good: The Company has long been committed to bridging the digital gap between urban and rural areas in Taiwan, providing second-hand computers to help students in rural areas learn; participating in the "used shoes to save lives" campaign launched by Care Ministries International and donating second-hand shoes in good condition; The Company held the "Second-hand Market - Treasure Digging" at the end of the year to give new life to old items.	
			2. Industry-academia cooperation: The Company is enthusiastic about public welfare and spares no effort. Every year, the Company sponsors research funds for unspecified colleges and universities, charity ball games, and medical institutions. The Company actively negotiates industry-academia cooperation projects with various schools to provide students with the professional technical knowledge of the industry during their studies, and expand the horizons of domestic students by sponsoring overseas competitions and organizing international seminars. The Company hopes to establish a campus in-depth cultivation program so that students can have more relevant experience and give back what they have learned to the workplace after graduation or further education. The Company is well aware of the importance of broadening students' international horizons. Apart from emphasizing how science and engineering students can improve their technical knowledge through industry-academia collaboration, the Company has also sponsored the "Overseas Study Multiplier Program" offered by the School of Science and Management, Tsinghua University to encourage students to participate in international exchange studies projects, internships, international competitions, seminars and volunteer work to cultivate students' international outlook.	
			3. Medical promotion: Through the sustainable operation of the donation recipient medical institutions and foundations, we will improve the quality and environment of medical care in the society of our country; in order to raise the awareness of cancer prevention and treatment among our citizens, we have been promoting national health education with non-profit medical institutions, and sponsoring the instruments and equipment needed in the promotion of medical research projects to improve the quality and efficiency of medical care.	

Items to be promoted	Implementation status		Summary description	Deviation from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
4.			DiSATAter relief: The Company has been caring for major diSATAters at home and abroad for many years, and has made timely donations to rescue the injured and their families, and work together to overcome the difficulties.	
(III)			Consumer Rights: The Company upholds the principle of honest management and professional services. There is also a service procedure for handling customer opinions with a dedicated unit to ensure the best service performance for customers and to achieve the purpose of protecting rights. The Company has set up a Stakeholders Section on its official website and provides an exclusive e-mail address for communication and contact with stakeholders. Regarding major issues, if you have any questions, suggestions or even complaints, there is a violation of business ethics reporting system in place for report by internal and external persons. All violations may be reported, and the mailbox announced on the official website is maintained to facilitate smooth and good interactions.	
(IV)			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 DiSATAter Relief,” and so on.	
(V)			Safety and health: 1. Our company is an IC design company and has not established 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 diSATAter prevention drills and maintenance of fire equipment regularly once every half a year to enhance personnel diSATAter response capabilities and reduce diSATAter 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. There is no smoking in the Company's office area. We are committed to promoting workplace health through active implementation of smoke-free measures, and have	

Items to be promoted	Implementation status			Deviation from "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
<p>obtained the Healthy Workplace Self-certification - Health Promotion Badge issued by the National Health Bureau establishing a working environment without the harm of second-hand smoke.</p> <p>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.</p> <p>(VI) 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.</p>				

(VI) The Company's performance of ethical management and the differences between the Company and the listed company ethical management code and the reasons for these departures
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 when performing business.

Assessment Items	Operating status			Deviation from Ethical Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
<p>I. Formulate honest management policies and plans</p> <p>(I) Has the Company specified its policy and method for the implementation of ethical corporate management in its internal rules and regulations and external documents, and have the Board and the management of the Company promised to pursue the policy of ethical corporate management?</p> <p>(II) Has the company established an assessment mechanism for the risk of dishonesty, regularly analyzing and evaluating business activities with a high risk of dishonesty in the business scope, and formulated a plan to prevent dishonesty, and cover at a minimum the preventive measures for various acts under Article 7, Paragraph 2 of "Ethical Corporate Management Best Practice</p>	V		<p>(I) The Company has formulated the "Ethical Management Code" and the "Ethical Management Operation Procedures and Behavior Guidelines," and the audit unit regularly checks the compliance with the preceding system and reports to the board of directors.</p> <p>(II) 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</p>	<p>No major difference</p> <p>No major difference</p>

Assessment Items	Operating status			Deviation from Ethical Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
Principles for TWSE/GTSM Listed Companies?"			a clear and effective reward, punishment, and appeal system.	
(III) Does the company specify the operating procedures, behavior guidelines, disciplinary penalties, and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?	V		(III) The Company has formulated various preventive measures in accordance with the ethical management operating procedures and behavior guidelines and has a dedicated unit for implementation and supervision. At the same time, there is a reward, punishment, and appeal system. Any violation of regulations shall be handled by the human resources, legal affairs and other relevant units in accordance with the law.	No major difference
II. Implementation of Ethical Management				
(I) Does the Company assess a trading counterpart's ethical management record and expressly state the ethical management clause in the contract to be signed with the trading counterpart?	V		(I) 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 major difference
(II) Has the Company set up a special unit under the board of directors to promote corporate ethical management, and regularly reports (at least once a year) to the board of directors on its ethical management policies and plans to prevent dishonesty and supervision and implementation?	V		(II) 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 reporting to the board of directors once a year.	No major difference
(III) Has the Company made policies for the prevention of the conflict of interest, and provided the channels for expressions, and has it properly implemented this system?	V		(III) The company has formulated its "Ethical Operation Procedures and Guidelines." 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 major difference

Assessment Items	Operating status			Deviation from Ethical Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
(IV) Has the Company established an effective accounting system for the implementation of ethical management, internal control system, and the evaluation result of the risk of dishonesty by the internal audit unit, to formulate relevant audit plans, and check the compliance with the plan to prevent dishonesty, or entrusted an accountant to perform the audit?	V		(IV) 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 major difference
(V) Has the Company provided internal and external training on topics of ethical corporate management at regular intervals?	V		(V) The Company organizes education and training on integrity management at least once a year or sends 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.	No major difference
III. Operation of the Company's reporting system				
(I) Has the Company established substantive systems for reporting and rewards for facilitating the reporting of unethical practices and appointed designated persons for dealing with the persons being reported?	V		(I) The Company has formulated specific reporting and reward systems in the "Work Rules," "Code of Ethical Conduct for Employees," and "Code of Ethical Management," and established convenient reporting channels. Furthermore, depending on the circumstances of the report, management will assign a special unit to handle it.	No major difference
(II) Has the Company established standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?	V		(II) The Company has specified operating procedures and related confidentiality mechanisms in the "Code of Ethical Conduct for Employees" and "Code of Ethical Management."	No major difference
(III) Has the Company taken measures to protect whistle-blowers from retaliation due to reporting?	V		(III) The Company prudently handles the identity of the informant and the content of the report and keeps it confidential.	No major difference
IV. Strengthening Information Disclosures				
(I) Has the Company disclosed the contents and implementation effectiveness of the Ethical Corporate Management Best Practice	V		(I) The Company has formulated a code of practice for ethical management and discloses the job title, name,	No major difference

Assessment Items	Operating status		Summary description	Deviation from Ethical Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No		
Principles on its website and the Market Observation Post System?			date of violation, the content of violation, and handling of violations on the Company's internal website.	
V. If the Company has established its own ethical corporate management best-practice principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: No major differences.				
VI. Other information that enables a better understanding of the Company's ethical corporate management: (e.g. review and amendments on the ethical corporate management best-practice principles established by itself): None.				

(VII) 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 area of the Market Observation Post System in accordance with relevant regulations.

(VIII) Other important information that is sufficient to enhance the understanding of corporate governance and operation conditions may be disclosed together

1. Company director participation in training related to corporate governance in the most recent year and as of the publication date of the annual report

Job title	Name	Training date	Organizer	Course title	Training hours
Chairman	Hsu Shih-Chang	2023.05.12	Taiwan Corporate Governance Association	Sustainable Governance Practices for Corporate Inheritance and Transformation	3.0
		2023.07.19		Impacts and opportunities of AI on the industry	3.0
Director	Shen Cheng-Lai	2023.04.14	Taiwan Corporate Governance Association	Legal Risks and Countermeasures of Corporate Investment and Financing - From the Perspective of Corporate Directors' Responsibilities	3.0
		2023.11.22	Securities and Futures Institute	2023 Insider Equity Transaction Legal Compliance Education Seminar	3.0
Director	Lin Che-Wei	2023.10.13	Securities and Futures Institute	2023 Insider Trading Prevention Conference	3.0
		2023.10.26		Shareholders' Meeting, Governance and Shareholding Strategy	3.0
Director	Hsu Chin-Chuan	2023.11.15	Securities and Futures Institute	2023 Insider Equity Transaction Legal Compliance Education Seminar	3.0
		2023.12.15	Accounting Research and Development Foundation	Corporate ethics and sustainable development	3.0
Independent Director	Chan Hung-Chih	2023.10.13	Taiwan Academy of Banking and Finance	Fair Customer Treatment Principles, Friendly Service Principle and Financial Exploitation	3.0
				On the Sustainability Report and the importance of TCFD	3.0
Independent Director	Hsieh Chien-Ping	2023.07.11	Taiwan Corporate Governance Association	Risks are everywhere. How can they be effectively managed?	3.0
		2023.08.22		Sustainability and digital dual-axis transformation	3.0
Independent Director	Wu Ching-Chi	2023.10.27	Taiwan Corporate Governance Association	Family Charter and Family Office	3.0
		2023.11.17		Corporate Governance Officer - Compliance in Practice	3.0

2. Participation of the Company's managers (including the General Manager, vice general managers, accounting, finance, and auditing supervisors, etc.) in training related to corporate governance in the most recent year and as of the printing date of the annual report

Job title	Name	Training date	Organizer	Course title	Training hours
General Manager	Lin Che-Wei	2023.10.13	Securities and Futures Institute	2023 Insider Trading Prevention Conference	3.0
		2023.10.26		Shareholders' Meeting, Governance and Shareholding Strategy	3.0

(IX) Implementation status of internal control system:

1. Statement of Declaration of internal control:

ASMedia Technology Inc.

Statement of Declaration of the internal control system

Date: February 26, 2024

Based on the results of self-assessment, the Company's internal control system for 2023 is hereby declared as follows:

- I. 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 bylaws, are achieved.
- II. 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. Notwithstanding, the internal control system of the Company contains self-oversight mechanisms, and actions are taken to correct deficiencies as they are identified.
- III. 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.
- IV. 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.
- V. Based on the evaluation result of the preceding item, regarding the Company's Internal Control System on December 31, 2023 (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.
- VI. 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.
- VII. This Statement of Declaration was approved by the Company's board of directors on February 26, 2024. Among the seven directors present, none had objections and all agreed with the content of this Statement of Declaration.

ASMedia Technology Inc.

Chairman: Hsu Shih-Chang

General Manager: Lin Che-Wei

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

(X) 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: No such situation.

(XI) 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. Contents of important resolutions of the shareholders' meeting

Time	Important issues	Implementation status
2023.06.16	<ol style="list-style-type: none"> Recognition of the Company's 2022 financial statements. Recognition of the Company's 2022 earnings distribution proposal. 	The ex-dividend base date was set on August 7, 2023, and cash dividends were distributed on August 25, 2023.

2. Contents of important resolutions of the board of directors

Time	Important issues
2023.05.10	<ol style="list-style-type: none"> Approved the company's financial statements for the first quarter of 2023. Approved the appointment of a "Corporate Governance Officer." Approved the motion for the Company to apply for renewal of credit line at Mega International Commercial Bank.
2023.08.09	<ol style="list-style-type: none"> Approved the company's financial statements for the second quarter of 2023. Approved the motion for the Company to apply for renewal of credit line at Cathay United Bank. Approved the cancellation of the new restricted employee shares recovered by the Company in 2023 Q2. Approved the Company's Employee Restricted Stock Awards Rules in 2023.
2023.11.08	<ol style="list-style-type: none"> Approved the company's financial statements for the third quarter of 2023. Approved the amendment to the Company's Employee Restricted Stock Awards Rules in 2023. Approved the establishment of the Company's "Rules Governing Operations in relation to Finance and Business between Related Parties". Approved the establishment of the Company's "Corporate Governance Best-Practice Principles". Approved the 2024 audit plan of the Company. Approved the amendments to the "Management of the Preparation Process of Financial Statements" of the Company.
2023.12.20	Approved the Company's subscription of common shares in cash issue of the reinvestee, WT MICROELECTRONICS CO., LTD..
2024.01.24	<ol style="list-style-type: none"> Approved the motion for the Company to apply for renewal of credit line at Shanghai Commercial and Savings Bank. Approved the Company to sell the shares of iCatch Technology.
2024.02.26	<ol style="list-style-type: none"> Approved the Company's 2023 internal control system statement. Approved the Company's 2023 financial report. Approved the authorization of the Company's 2024 investment transaction quota.
2024.03.01	<ol style="list-style-type: none"> Approved the Company participated in the issuance of overseas receipts of deposit through cash capital increase by issuing ordinary shares. Approved the matters related to convene the first extraordinary shareholders' meeting in 2024.
2024.03.20	Approved the Company's 2023 business report.

Time	Important issues
	2. Approved the Company's 2023 employee compensation and director compensation distribution. 3. Approved the Company's 2023 earnings distribution proposal. 4. Approved the 2024 CPA appointment and independence and suitability assessment of the Company. 5. Approved the matters related to the 2024 shareholders' annual general meeting.
2024.04.19	1. Election of additional independent directors. 2. Nomination and review of independent director candidates. 3. Approved the lifting of the non-compete restrictions on the newly elected directors. 4. Addition of the reasons for convening the 2024 annual general meeting of the Company and related matters.
2024.04.24	1. The Company participated in the issuance of overseas receipts of deposit through cash capital increase by issuing ordinary shares. 2. The Company participated in the issuance of overseas receipts of deposit through cash capital increase. It is proposed to reserve 10% of the total new shares issued for subscription by employees of the company and to formulate the "2024 Employee Subscription Method for Cash Capital Increase".

(XII) In the most recent year and up to the date of publication of the annual report, the major contents of the opposition to or qualified opinions expressed by directors or supervisors about the significant resolutions passed by the Board of Directors that have been noted in the records or declared in writing: No such incidents.

(XIII) A summary of the resignation and dismissal of the Company's chairman, general manager, accounting supervisor, internal audit supervisor, and R&D supervisor in the most recent year and as of the printing date of the annual report: No such situation.

V. Information on the professional fees of the attesting CPAs (external auditors)

Unit: NT\$ thousand

Name of accounting firm	Name of CPA	Audit period	Audit fee	Non-audit fee	Total	Remarks
PricewaterhouseCoopers, Taiwan	Yu Shu-Fen	2023.01.01~ 2023.12.31	2,120	80	2,200	Non-audit fees are mainly due to the audit of concurrent business operators.
	Chang Shu-Chiung					
KPMG Taiwan	Chang Chi	2023.01.01~ 2023.12.31	0	217	217	Non-audit expenses are mainly the transfer pricing report and change registration.

(I) If the accounting fees paid during the year when the accounting firm is replaced are less than the previous year, the reduction amount and ratio of the audit fees before and after the replacement, and the reasons for reduction shall be disclosed: No such incident.

(II) When the audit fee decreases by more than 10% compared with the previous year, the amount, proportion, and reasons for the reduction of public audit fees should be disclosed: No such incident.

VI. Replacement of CPAs: None.

VII. The chairman, general manager, or the manager responsible for financing or accounting affairs, who has worked for the accounting firm to which CPAs belong or the affiliated enterprises in the past year, shall disclose of name, job title, and the period of employment in the firm of the certified public accountant or its affiliated company

VIII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent

(I) Changes in equity:

Unit: Shares

Job title	Name	2023		As of March 31 of the current year	
		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: Hsu Shih-Chang	0	0	0	0
Director	ASUSTeK Computer Inc. Representative: Shen Cheng-Lai	0	0	0	0
Director	ASUSTeK Computer Inc. Representative: Lin Che-Wei	0	0	0	0
Director	Hsu Chin-Chuan	0	0	0	0
Independent Director	Chan Hung-Chih	0	0	0	0
Independent Director	Hsieh Chien-Ping	0	0	0	0
Independent Director	Wu Ching-Chi	0	0	0	0
General Manager	Lin Che-Wei	0	0	0	0
Vice General Manager	Chen Hsi-Kai	(6,000)	0	0	0
Vice General Manager	Chang Chi	0	0	0	0
Vice General Manager	Chuang Ching-Fu	16,066	0	0	0
Vice President	Tseng Pao-Shun	1,980	0	0	0
Vice President	Lin Tien-Chang	0	0	0	0
Vice President	Chen Chia-Hsin	(900)	0	0	0
Vice President	Tseng Yu-Da	1,050	0	0	0
Finance and Accounting Officer	Pan Tsung-Hsuan	0	0	0	0

(II) 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:

April 20, 2024; Unit: Shares; %

Name	Shares held personally		Spouse, minor Shares held by children		Total shares held in the names of others		Disclosure of information on related parties, those of spousal relationship or relations within the second degree of kinship, among top ten shareholders, including their names or designations, and relationships.		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name (or person's full 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	-
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	-

Name	Shares held personally		Spouse, minor Shares held by children		Total shares held in the names of others		Disclosure of information on related parties, those of spousal relationship or relations within the second degree of kinship, among top ten shareholders, including their names or designations, and relationships.		Remarks
	Number of shares	Shareholding ratio	Number of shares	Sharehold ing ratio	Number of shares	Sharehold ing ratio	Name (or person's full name)	Relationship	
								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	4,500,000	6.49%	0	0	0	0	None	None	-
New Labor Pension Fund	2,938,420	4.24%	0	0	0	0	None	None	-
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	-
Investment Account of Central Bank of Norway managed by Citibank	1,272,000	1.83%	0	0	0	0	None	None	-
Old Labor Pension Fund	939,700	1.35%	0	0	0	0	None	None	-
Lin Che-Wei	785,761	1.13%	0	0	0	0	None	None	-
Allianz Taiwan Technology Fund Account	753,000	1.09%	0	0	0	0	None	None	-
HSBC (Taiwan) Commercial Bank Co., Ltd. Trusted Custody Account	730,000	1.05%	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.

Four. Capitalization

I. Capital and Shares

(I) Type of equity

Unit: Shares

Type of shares	Approved share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common stock	69,363,518	50,636,482	120,000,000	All are listed ordinary shares

(II) Equity formation process

1. Changes in equity in the last five years and up to the date of publication of the annual report

Year Month	Issue price (NT\$)	Approved share capital		Paid-in capital		Remarks		
		Number of shares (Shares)	Amount (NT\$)	Number of shares (Shares)	Amount (NT\$)	Source of equity	Issue of shares for consideration other than cash	Other
2004.03	10	20,000,000	200,000,000	20,000,000	200,000,000	Created equity	—	—
2007.05	10	30,000,000	300,000,000	30,000,000	300,000,000	Cash capital increase of NT\$100,000,000	—	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 capital increase of NT\$100,000,000	—	Note 3
2011.06	10	60,000,000	600,000,000	42,486,000	424,860,000	Increase in employee stock options by NT\$24,860,000.	—	Note 4
2011.09	25	60,000,000	600,000,000	47,486,000	474,860,000	Cash capital increase of NT\$50,000,000	—	Note 5
2012.09	10	60,000,000	600,000,000	51,284,880	512,848,800	Capital increase of NT\$37,988,800 from retained earnings	—	Note 6
2012.12	62	60,000,000	600,000,000	56,387,880	563,878,800	Cash capital increase of NT\$51,030,000	—	Note 7
2015.03	10	60,000,000	600,000,000	57,119,880	571,198,800	New employee restricted shares of NT\$7,320,000	—	Note 8
2015.08	10	60,000,000	600,000,000	57,090,880	570,908,800	Cancellation of employee restricted shares of NT\$290,000	—	Note 9
2015.12	10	60,000,000	600,000,000	57,086,880	570,868,800	Cancellation of employee restricted shares of NT\$40,000	—	Note 10
2016.08	10	60,000,000	600,000,000	57,084,780	570,847,800	Cancellation of employee restricted shares of NT\$21,000	—	Note 11
2016.11	10	60,000,000	600,000,000	57,070,780	570,707,800	Cancellation of employee restricted shares of NT\$140,000	—	Note 12
2017.08	10	60,000,000	600,000,000	57,070,180	570,701,800	Cancellation of employee restricted shares of NT\$6,000	—	Note 13
2017.09	10	90,000,000	900,000,000	60,037,861	600,378,610	Capital increase 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	Changed the Articles of Incorporation to increase the total capital by NT\$300,000,000	—	Note 15
2020.05	10	120,000,000	1,200,000,000	69,222,861	692,228,610	Capital increase and issuance of new employee restricted shares, 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 employee restricted shares of NT\$22,200	—	Note 17
2021.12	10	120,000,000	1,200,000,000	69,218,051	692,180,510	Cancellation of employee restricted shares of NT\$25,900	—	Note 18
2022.06	10	120,000,000	1,200,000,000	69,215,524	692,155,240	Cancellation of employee restricted shares of NT\$25,270	—	Note 19
2022.09	10	120,000,000	1,200,000,000	69,365,524	693,655,240	Issued new restricted employee shares with total capital of NT\$1,500,000	—	Note 20
2022.12	10	120,000,000	1,200,000,000	69,364,774	693,647,740	Cancellation of employee restricted shares of NT\$7,500	—	Note 21

2023.08	10	120,000,000	1,200,000,000	69,363,518	693,635,180	Cancellation of employee restricted shares of NT\$12,560	—	Note 22
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Note 1: 2007.5.14 Fujian Shangzi No. 09684324300
Note 2: 2008.4.15 Jingshou Zhongzi No. 09732085830
Note 3: 2009.5.13 Jingshou Zhongzi No. 09832232630
Note 4: 2011.07.13 Jingshou Zhongzi No. 1005041100
Note 5: 2011.10.6 Beifu Jing Dengzi No. 1005063117
Note 6: 2012.09.13 Jingshou Shangzi No. 10101191140
Note 7: 2012.12.27 Jingshou Shangzi No. 10101264710
Note 8: 2015.03.11 Jingshou Shangzi No. 10401033430
Note 9: 2015.08.25 Jingshou Shangzi No. 10401178550
Note 10: 2015.12.01 Jingshou Shangzi No. 10401251170
Note 11: 2016.08.12 Jingshou Shangzi No. 10501197100
Note 12: 2016.11.29 Jingshou Shangzi No. 10501276090
Note 13: 2017.08.28 Jingshou Shangzi No. 10601121810
Note 14: 2017.09.13 Jingshou Shangzi No. 10601129810
Note 15: 2020.02.26 Jingshou Shangzi No. 10901030460
Note 16: 2020.05.21 Jingshou Shangzi No. 10901071830
Note 17: 2020.06.23 Jingshou Shangzi No. 11001096420
Note 18: 2021.12.02 Jingshou Shangzi No. 11001218320
Note 19: 2022.06.07 Jingshou Shangzi No. 11101089940
Note 20: 2022.09.30 Jingshou Shangzi No. 11101184180
Note 21: 2022.12.01 Jingshou Shangzi No. 11101226720
Note 22: 2023.08.23 Jingshou Shangzi No. 11230164960

2. Information relevant to the aggregate reporting policy: None.

(III) Shareholder structure

April 20, 2024

Shareholder structure Quantity	Government agency	Financial institution	Other juristic persons	Individual	Foreign institutions and foreign individuals	Total
Number of people (Individuals)	—	14	175	5,900	402	6,491
Number of shares held (Shares)	—	530,427	47,717,914	5,159,091	16,956,086	69,363,518
Shareholding ratio (%)	—	0.76	67.35	7.45	24.44	100.00

(IV) Diversified ownership

Par value per share of NT\$10; April 20, 2024

Held Shares Portion Level	Number of shareholders	Number of shares held	Shareholding ratio	
1 to 999	4,737	261,561	0.38%	
1,000 to 5,000	1,312	2,235,639	3.22%	
5,001 to 10,000	131	1,011,214	1.46%	
10,001 to 15,000	56	720,803	1.04%	
15,001 to 20,000	40	693,446	1.00%	
20,001 to 30,000	54	1,310,921	1.89%	
30,001 to 40,000	31	1,075,069	1.55%	
40,001 to 50,000	17	773,260	1.11%	
50,001 to 100,000	44	3,237,238	4.67%	
100,001 to 200,000	29	4,024,712	5.80%	
200,001 to 400,000	20	5,184,213	7.47%	
400,001 to 600,000	9	4,452,246	6.42%	
600,001 to 800,000	4	2,957,761	4.26%	
800,001 to 1,000,000	1	939,700	1.35%	
NT\$1,000,001 and above	6	40,485,735	58.38%	
Total	Total	6,491	69,363,518	100.00%

(V) List of major shareholders: the names, amounts, and proportions of the top ten shareholders or those holding more than 5% of equity

April 20, 2024

Name of major shareholder	Number of shares	Shareholding
ASUSTeK Computer Inc.	24,457,660	35.26%
Huacheng Venture Capital Co., Ltd.	4,918,014	7.09%
WT Microelectronics Co., Ltd	4,500,000	6.49%
New Labor Pension Fund	2,938,420	4.24%
Huamin Investment Co., Ltd.	2,399,641	3.46%
Investment Account of Central Bank of Norway managed by Citibank	1,272,000	1.83%
Old Labor Pension Fund	939,700	1.35%
Lin Che-Wei	785,761	1.13%
Allianz Taiwan Technology Fund Account	753,000	1.09%
HSBC (Taiwan) Commercial Bank Co., Ltd. Trusted Custody Account	730,000	1.05%

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

Units: NT\$ thousand, Thousand shares

Item		Year	2022	2023	Current year through March 31, 2024 (Note 8)
		Market price per share (Note 1)	High		2,065.00
Low			546.00	669.00	1,620.00
Average			1,161.17	1,157.49	2,018.66
Net value per share (Note 2)	Before distribution		221.45	282.99	277.01
	After distribution		201.39	262.94	—
Earnings per share	The weighted average number of shares		69,141	69,211	69,221
	Earnings per share (Note 3)	Before adjustment	37.86	32.19	12.80
		After adjustment	37.86	32.19	—
Dividend per share	Cash dividends		20.00	20.00	—
	Stock dividends	Stock dividends from capitalization of retained earnings	0	0	—
		Stock dividend from capital surplus	0	0	—
	Accumulated unpaid dividends (Note 4)		—	—	—
ROI analysis	Price-earnings ratio (Note 5)		30.67	35.96	157.71
	Price to dividend ratio (Note 6)		58.06	57.87	—
	Cash dividend yield (Note 7)		1.72%	1.73%	—

Note 1: Please identify the highest and lowest market price per share of common stock for each fiscal year and calculate each fiscal year's average market price based on the trading value and trading volume of each year.

Note 2: Please apply the number of the outstanding issued shares at the end of the year as the basis and specify it based on the distribution resolved by the board of directors or the shareholders' meeting of next year.

Note 3: If retroactive adjustment is needed due to the allocation of stock bonuses, please identify the earnings per share before and after the adjustment.

Note 4: If the equity securities issue terms and conditions require that the stock dividends undistributed in the year may be accumulated and distributed until the year in which earnings are generated, please disclose the stock dividends accumulated and undistributed until the end of the year separately.

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

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

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share for the current year.

Note 8: For the sake of accuracy, the information will only be listed through March 31, 2024 as of the printing date of the annual report.

(VII) The Company's dividend policy and implementation status

1. Company dividend policy:

If there is a surplus in the Company's annual final accounts, it should first be used to pay 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 surplus 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 surplus reserve is listed or converted, if there is a remaining balance and the undistributed surplus 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 of the shareholder's meeting.

If the Company is to distribute all or part of its dividends and bonuses or statutory surplus reserve and capital reserve 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 surplus may be retained at discretion or distributed in stock or cash. It is expected that the dividend distribution quota will be maintained between 10% and 100% of the available surplus for the current year. However, the proportion of cash dividend distribution shall not be less than 10% of the total dividend.

2. Status of the dividend distribution proposal to be made at the shareholders meeting:
 - (1) The Company's net profit after tax was NT\$2,228,182,185 in 2023. After adding the undistributed earnings of NT\$3,489,124,911 and retained earnings adjustment of NT\$11,391,586 at the beginning of the period, and provided legal reserve of NT\$223,957,377, the 2023 earnings available for distribution totaled NT\$5,504,741,305, and the proposed distribution of cash dividends to shareholders was NT\$20 per share, totaling NT\$1,387,270,360.
 - (2) After the proposal was submitted to the annual shareholders' meeting, the chairman was authorized to set the ex-dividend date and other related matters.
 - (3) Earnings distribution table:

Unit: NT\$

Item	Amount	Remarks
Undistributed earnings at the beginning of the period	3,489,124,911	
Add: Adjusted retained earnings for 2023	11,391,586	
Undistributed earnings at the beginning of the adjustment period (accumulated loss)	3,500,516,497	
Add: 2023 net profit after tax	2,228,182,185	
Less: Legal reserve	(223,957,377)	
Add (Deduct): Reversal of (provision for) special surplus reserve	0	
Distributable surplus at the end of the period	5,504,741,305	
Assigned items:		
Cash dividend	1,387,270,360	NT\$20 per share
Undistributed earnings at the end of the period	4,117,470,945	

3. Any major changes in dividend policy expectations: No such situation.

(VIII) The impact of stock dividends planned to be paid in the Shareholders Meeting of this year on the operation performance and earnings per share of the Company:

The Company has not disclosed its financial forecast, so this is not applicable.

(IX) Remuneration of employees and directors

1. The percentage or scope of remuneration to the employees and the Directors as stated in the Articles of Incorporation.

If the company makes a profit during the year, it shall allocate no less than 1% for employee compensation and no more than 1% for director compensation. However, when the company still has accumulated losses, it shall reserve the compensation amount in advance.

The employee compensation in the preceding paragraph is issued in stocks or cash, and the recipients of the issuance include employees of controlling or affiliated companies who meet certain conditions.

2. The accounting of the difference between the amounts calculated based on the estimation of the remuneration to the employees and the Directors, the calculation of shares for paying stock dividends to the employees as remuneration, and the actual amount of payment.

The Company's estimated amount of compensation for employees and directors is calculated in accordance with the provisions of the company's articles of association. If there is a difference between the actual distribution amount and the estimated amount, it will be regarded as a change in accounting estimates. The difference shall be recognized as a profit or loss of the actual distribution year.

3. Information on remuneration distribution approved by the board of directors approved for 2023, etc.:

- (1) The amount of employee compensation and directors' compensation distributed in cash or stocks.

Item	Amount
Employee compensation	164,482,526
Directors' remuneration	8,224,126

If there is any difference from the estimated amount recognized in the year of expense, the amount of the difference, the reason for the difference and the treatment status should be disclosed: After the approval of the 2024 annual general meeting, it is deemed as a change in accounting estimate and recognized as profit or loss in 2024.

- (2) The amount of employee compensation distributed by stocks and the proportion of the total amount of individual or individual financial reports after tax and total employee compensation for the current period:

This is not applicable because the company has no employee remuneration distributed by stocks in the current period.

4. Regarding the actual distribution of remuneration for employees, directors, and supervisors of the Company in 2022 (including the number of shares distributed, amount and stock price), If there are differences between the remuneration of employees, directors and supervisors, the number of differences, reasons and handling circumstances should be stated:

- (1) The distribution of remuneration for employees, directors, and supervisors during the year is as follows:

Employee compensation: NT\$185,929,938

Employee compensation: NT\$ 9,296,497

- (2) Regarding the above amount, if there is a difference in the remuneration of employees, directors and supervisors, the number of differences, reasons and handling circumstances should be stated: No difference.

(X) Status of Company share buybacks: No such situation.

II. Status of corporate bonds

(I) Information on corporate bonds: No such situation.

(II) Information on convertible corporate bonds: No such situation.

(III) Information on exchangeable corporate bonds: No such situation.

(IV) Summary information on the issuance of corporate bonds: No such situation.

(V) Information on corporate bonds with warrants: No such situation.

III. Status of preferred shares: None.

IV. Status of overseas depository receipts: No such situation.

V. Status of employee stock option certificates: No such situation

VI. Handling of new employee restricted shares

(I) Any new employee restricted shares that have not yet reached the vesting conditions

Types of new employee restricted shares	2021
Effective date of declaration	October 13, 2021
Issue date	September 15, 2022
Issued number of new employee restricted shares	150,000 shares
Issue price	Issue price NT\$0
Ratio of issued new employee restricted shares to total issued shares	0.22%
Vested conditions of employee restricted shares	<ol style="list-style-type: none"> 1. Proportion of vested shares one year after the issuance date of new employee restricted shares for those who are still working in the Company: 30%. 2. Proportion of vested shares two years after the issuance date of new employee restricted shares for those who are still working in the Company: 40%. 3. Proportion of vested shares three years after the issuance date of new employee restricted shares for those who are still working in the Company: 30%.
Rights restrictions of employee restricted shares	<ol style="list-style-type: none"> 1. Employees are allocated new employee restricted shares (including their stock dividends) according to the following method. Before the vesting conditions are fulfilled, the shares shall first be delivered to the institution designated by the Company for safekeeping, and the Company shall cooperate with the signing of all procedures and related documents. 2. In addition to the storage restrictions in the preceding paragraph, employees are allocated new employee restricted shares (including their stock dividends) in accordance with the following method. With regard to shares that have not yet fulfilled the vesting conditions, employees shall not sell, put up for collateral, transfer, gift, pledge, or otherwise dispose of shares except for inheritance due to this method. 3. New employee restricted shares are allocated to employees in accordance with this method before the vesting conditions are met. Other rights include but are not limited to dividends, dividends, and capital reserve allocation rights, cash capital increase options and voting rights, etc., the same as the issued ordinary shares of the company. 4. All proposals, speeches, voting rights, and other matters related to shareholders' rights and interests made by employees at the company's shareholders meeting before the employees meet the vesting conditions are entrusted to the trust custodian to exercise them on their behalf. 5. During the vesting period, if the company handles a capital reduction not due to statutory capital reduction, new employee restricted shares shall be canceled according to the proportion of capital reduction. In addition, if the Company handles a cash capital reduction, the cash returned by the company must be delivered to the trust and only deliver to employees after fulfilling the vesting conditions. However, if the employee does not meet the acquired conditions, The company will recover the cash.
Safekeeping of new employee restricted shares	The new employee restricted shares must be delivered to the trust immediately after the issuance. The cash dividends of new employee restricted shares do not need to be delivered to the trust for safekeeping before the vesting conditions are met. After employees meet the vesting conditions, they will follow the agreement of the trust custody contract. The allocated stock will be transferred from the trust account to the employee's personal collective security account.
Dealing with employees who fail to meet vesting conditions after being allocated or subscribed for new shares.	<ol style="list-style-type: none"> 1. For new employee restricted shares that have not reached the vesting conditions, 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 will take back its shares at no charge (including stock dividends) and handle the cancellation. 2. Those who have died or who were killed or injured due to a workplace incident,

Types of new employee restricted shares	2021
	<p>new employee restricted shares that have not vested shall be handled in the following manner:</p> <ol style="list-style-type: none"> <li data-bbox="676 338 1366 450">(1) For employees who are unable to continue their employment due to physical disability due to occupational incidents, and their new employee restricted shares have not yet vested, all vesting conditions shall be deemed to have been fulfilled from the effective date of employee resignation. <li data-bbox="676 450 1366 591">(2) Employees who died due to occupational incidents and their new employee restricted shares have not yet vested, all vesting conditions are deemed to have been achieved on the day of the employee's death. It is up to the heirs to complete the necessary statutory procedures and provide relevant supporting documents in order to apply to receive the inheritable shares. <li data-bbox="676 591 1366 757">(3) For employees who have died for reasons other than occupational incidents and whose new employee restricted shares have not yet vested, all vesting conditions are deemed to have been achieved on the day of the employee's death. It is up to the heirs to complete the necessary statutory procedures and provide relevant supporting documents in order to apply to receive the inheritable shares. <ol style="list-style-type: none"> <li data-bbox="638 792 1366 934">3. Regarding employees who have been approved by the Company to apply for leave without pay, and whose new employee restricted shares have not reached the vesting conditions, their rights and interests can be restored after reinstatement. However, the vesting period of the allocated new employee restricted shares shall be deferred according to the period during which the employee is not paid. <li data-bbox="638 965 1366 1131">4. Due to the Company's operational needs, employees of the Company are required to be transferred to affiliated companies of the Company upon request and approval of the Company. If it complies with other vesting conditions specified in Article 5 of these Measures, the chairman of the board of directors or his authorized supervisors may approve the ratio and time limit for achieving vesting conditions within the time schedule specified in Article 5 of these Measures. <li data-bbox="638 1162 1366 1442">5. The employee or his or her heirs shall receive the new shares restricted to the rights of employees that have been obtained by fulfilling the acquired conditions, in accordance with these Measures and the trust agreement in Paragraph 1 of Article 6. If the employee or his or her heirs need to cooperate in the handling of share collection due to the company's operational needs, the employee or his or her heirs shall cooperate with the relevant operating procedures of the stock collection within one year from the date when the Company notified the collection in accordance with these Measures. Failure to cooperate within the time limit shall be deemed as the employee or his or her heirs refusing to accept these terms, and the Company shall have the right to withdraw its shares at no charge and cancel them.
Number of shares of new employee restricted shares that have been recovered or purchased	1,933 shares
Number of shares whose rights restrictions have been lifted	44,760 shares
Number of shares whose rights restrictions have not been lifted	103,307 shares
Ratio of the number of shares whose rights restrictions have not been lifted to the total number of issued shares (%)	0.15 %
Impact on shareholders' equity	Has not yet caused a significant impact on shareholders' equity

(II) Names and statuses of managers and the top ten employees who have obtained new employee restricted shares through the printing date of the annual report

May 8, 2024

	Job title	Name	Number of new employee restricted shares obtained	Ratio of the number of new employee restricted shares to the total number of issued shares	Rights restrictions that have been lifted			Rights restrictions that have not yet been lifted				
					Number of shares whose restrictions have been lifted	Issue price	Issued amount	Ratio of the number of shares whose restrictions have been lifted to the total number of issued shares	Number of shares whose restrictions have not been lifted	Issue price	Issued amount	Ratio of the number of shares whose restrictions have not been lifted to the total number of issued shares
Managerial Officer	Vice President	Tseng O-Shun	7,200	0.01%	2,160	0	0	0.003%	5,040	0	0	0.007%
	Vice President	Chen O -Hsin										
	Vice President	Tseng O -Da										
Employee	Department Head	Wu O -Tsung	18,000	0.03%	5,400	0	0	0.01%	12,600	0	0	0.02%
	Department Head	Wang O -Jie										
	Department Head	Huang O -Jih										
	Department Head	Lin O -Yu										
	Deputy Department Head	Lin O -Quan										
	Deputy Department Head	Lin O -Chih										
	Senior Manager	Wu O -Yan										

VII. Circumstances for handling mergers and acquisitions or accepting shares issued by other companies:

(I) Those who have completed mergers and acquisitions or transferred shares of other companies to issue new shares in the most recent year and up to the most recent year and as of the publication date of the annual report:

1. The evaluation opinion issued by the lead securities underwriter who acquired or transferred shares of another company to issue new shares in the latest quarter: None.
2. The execution of the new share issuance of other companies completed in the latest quarter: None.

(II) 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 status of fund utilization plans

As of the quarter before the publication date of the annual report, previous issuances or private placements of securities that have not been completed or that have been completed within the last three years and where the benefits have not yet manifested: Not applicable.

Five. Operations Overview

I. Business content

(I) Business scope

1. Main content of the business.

- (1) F119010 Electronic materials wholesale industry.
- (2) I501010 product design industry.
- (3) F118010 Information software wholesale industry.
- (4) I301010 Information software service industry.
- (5) I301030 Electronic information supply service industry.
- (6) F401010 International trade industry.
- (7) I301020 data processing service industry.
- (8) In addition to the licensing business under ZZ99999, can also operate businesses that are not prohibited or restricted by law.

2. Sales contributions of main products

Units: NT\$ thousand, %

Main products	Year	2022		2023	
		Amount	%	Amount	%
High speed interface controller		4,014,212	76.49	4,761,931	74.39
High speed device controller		1,234,117	23.51	1,639,336	25.61
Total		5,248,329	100.00	6,401,267	100.00

3. The company's current products (services) by item

The company's main business is the design and development, sales, and technical services of high-speed Switch IC, PCIe bridge IC, and USB3.2/ USB4 control IC. The main commodity items are listed as follows:

- USB controller IC
 - ASM4242- USB4 Gen2x2 Host
 - ASM3242- USB3.2 Gen2x2 Host
 - ASM3241-USB3.2 Gen2x2 Host
 - ASM3142-USB3.2 Gen2x1 Host
 - ASM3042-USB3.2 Gen1 Host
 - ASM2464PD- USB4 Gen2x2 to PCIe NVMe
 - ASM2464PDX- USB4 Gen2x2 to PCIe
 - ASM2364-USB3.2 Gen2x2 to PCIe NVMe
 - ASM2362-USB3.2 Gen2x1 to PCIe NVMe
 - ASM235CM-USB3.2 Gen2x1 to SATA
 - ASM1352R-USB3.2 Gen2x1 to SATA
 - ASM1156-USB3.2 Gen1 to SATA
 - ASM225CM-USB3.2 Gen1 to SATA
 - ASM1153E-USB3.2 Gen1 to SATA
 - ASM1153-USB3.2 Gen1 to SATA
 - ASM1074-USB3.2 Gen1 Hub
 - ASM2074-USB3.2 Gen2x1 Hub
 - ASM3074-USB3.2 Gen2x2 Hub
 - ASM2074C-USB3.2 Gen2x1 Hub

- PCIe bridge controller
 - 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 controller IC
 - 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 Switch controller IC
 - 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-USB3.1 Gen 2 Re-Timer
- Specific integrated chip
 - Customized chip solution - ASIC

4. New Products Planned for Development

- New-generation USB4 host, device IC and USB hub IC
- Fourth and fifth generation PCI Express bridge controller chips
- Sixth generation PCI Express technology
- PD controller
- Low-power physical layer development for IO Hub
- Introduction of new process technology
- Introduction of new packaging technology

(II) Industry Overview

(1) Industry status and development

A. Integrated circuit design industry

According to the World Semiconductor Trade Statistics (WSTS) report in November 2023, the global semiconductor revenue in 2023 is estimated to reach US\$520 billion, down 9.4% from the same period in 2022. Due to the better performance in the next two quarters, WSTS has slightly raised its forecast and pointed out that some end markets have improved. Driven by power semiconductors, discrete semiconductors are expected to grow by 5.8% year-over-year. However, all IC categories, including analog, micro, logic and memory, are expected to decline by 8.9% year-over-year. Although the decline is significant, it is slightly smaller than the forecast in early May 2023. In 2023, only the European market is expected to grow, by 5.9%. Markets in other regions are expected to decline, of which the Americas are expected to decline by 6.1%, the Asia Pacific region to decline by 14.4%, and Japan to decline by 2.0%.

The World Semiconductor Trade Statistics (WSTS) expects that the global semiconductor market will have a strong growth prospect in 2024. The market is expected to grow by 13.1%, reaching a valuation of US\$588 billion. This growth is expected to be mainly driven by memory products, and will soar to about US\$130 billion in 2024, an increase of more than 40% compared to 2023. Other major items, including discrete, sensor, analog, logic and micro, are also expected to grow significantly.

According to the MIC forecast, the output value of Taiwan's semiconductor industry in 2023 is NT\$3.77 trillion. It is expected that the output value will reach NT\$4.29 trillion in 2024, with a growth rate of 13.7%, and each industry is expected to grow by 10% to 20% in 2024, among which the wafer OEM is still the main growth driver, especially for the advanced manufacturing part. Although the first quarter is expected to encounter the traditional off-season, it is better than the same period in 2023 and resumed growth, coming out of the four consecutive quarters of recession compared to the same period last year status. For the memory industry, as the international memory manufacturers continue to reduce production, the price of short-term memory has returned to competitiveness, and the supply and demand are expected to return to stability. The IC design and packaging and testing industry is more related to end consumer electronic products, and it is more difficult to obtain the production value benefit from advanced manufacturing processes like foundry services.

B. The personal computer industry (hereinafter referred to as PC)

According to the Gartner report, the global PC shipment in 2023 will drop by 14.8% compared to that in 2022, which is the first time that it is less than 250 million units since 2006.

Preliminary estimate of unit shipments of global PC suppliers in the fourth quarter of 2023
(Unit: thousand)

Company	Shipment volume in Q4 2023	2023 Q4 market share (%)	Shipment volume in Q4 2022	2022 Q4 market share (%)	2022Q4 - 2023Q4 growth rate (%)
Lenovo	16,213	25.6%	15,713	24.9%	3.2%
HP	13,954	22.0%	13,220	20.9%	5.6%
Dell	9,983	15.8%	10,884	17.2%	-8.3%
Apple	6,349	10.0%	5,925	9.4%	7.2%
ASUS	4,405	7.0%	4,864	7.7%	-9.4%
Acer	3,987	6.3%	3,589	5.7%	11.1%
Others	8,479	13.4%	8,982	14.2%	-5.6%
Total	63,370	100%	63,177	100%	0.3%

Source: Gartner (January 2024)

According to the IDC report, in 2023, the overall demand for personal computing devices remained sluggish in both the consumer and commercial sectors. Inflation and rising interest rates have reduced purchasing power, while changes in consumer spending priorities will affect demand. In 2024, the traditional PC shipment in the Asia Pacific region is expected to increase by only 0.4%. The PC market is expected to remain weak in the first half of 2024, with growth in China and Japan in the second half of the year.

Maciek Gornicki, senior research manager of IDC Asia Pacific region, said: "While 2024 is expected to be a challenging year for the PC industry, artificial intelligence (AI) and other new technologies, as well as the expected rebound in consumer demand and the increase in commercial renewal, it is expected that there will be a 7.9% growth in 2025." Maciek-Gornicki concluded: "While the concept of AI PC has brought a lot of heated discussion and enthusiasm to the market, under the circumstances of economic uncertainty, enterprises and end users may gradually replace their equipment; in the next few years AI-enabled PCs will slowly replace existing devices. The market may experience rather moderate growth, driven by the upcoming commercial renewal, education projects, and recovery of household demand." Source: IDC(2024/3/18)

According to the Institute of Industry Intelligence (MIC), Taiwan's desktop computer in the third quarter of 2023 reached 9,392 thousand units, an increase of approximately 1.1% compared to the shipment in the second quarter. This figure has decreased by 9.1% compared to the same period in 2022. Compared to the second quarter, the decline in the third quarter narrowed, indicating that the desktop computer market showed signs of improvement. It was observed that the inventory conditions of the brands and distributors were also improving, but the demand recovery from the consumer and enterprise ends was limited.

C. Storage equipment

According to TrendForce, a global market research organization, the significant reduction of production by suppliers in the third quarter of 2023 has caused the SSD price of enterprise to stabilize. The rebound of contract price in the fourth quarter has attracted buyers to actively purchase goods. In addition, demand from server brand owners has also increased as the capital expenditure outlook of enterprises in 2024 is better than that of last year, which will increase the order momentum.

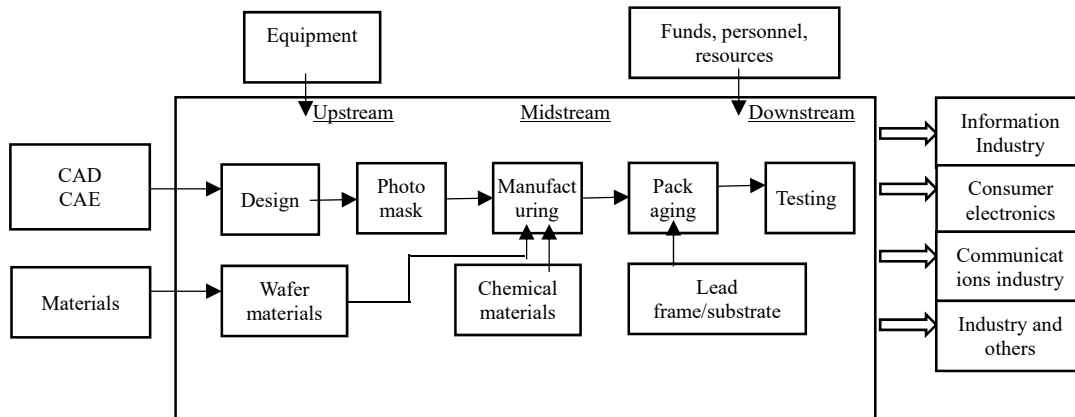
(2) Relevance of the industry's up, middle, and downstream

The Company is a leading IC design company with the R&D capability of high-speed transmission interface PCIe, USB, and SATA. It is mainly engaged in the development, design and sales of high-speed transmission interface control IC for the host and device, such as USB controller IC, PCIe bridge controller, SATA controller, high-speed Switch Research controller chip, special integrated chips, Known Good Device (KGD) and Product Development Kit (PDK).

The source of IC products comes from IC design. IP is the intellectual property rights of IC design. The IP development process includes IP design and IP verification. In IC design, reuse of IP core can effectively shorten the product development cycle and reduce costs. IC designs nowadays have greatly increased many functions. Therefore, existing certified and effective IP components must be used to meet the requirements of the time to market. However, due to the differences in functional requirements and technical process, each company has to provide too many types of IP, so there are companies specializing in IP design. Using auxiliary tools such as CAD to design ICs, the specifications and functions of products developed by customers or self-developed are expressed in IC through circuit design. It is the process of how to convert the function of a piece of chip from logic design to wafer design. IC can be divided into two categories: analog IC and digital IC. After the global IC design industry shifted its focus from computer computing to the mobile device sector, it has further moved toward the fields of IoT and artificial intelligence, entering an era dominated by the United States, Taiwan, and China.

The process of IC manufacturing is to print the basic pattern of the circuit on the finished wafer with a photomask, and then use oxidation, diffusion, CVD, etching, ion implantation and other methods to produce the circuit and the components on the circuit for the wafer. Since the circuit design on an IC is a layered structure, it takes many repeated procedures such as mask input, pattern production, formation of lines and components and more, in order to produce a complete integrated circuit. Taiwan's IC manufacturers are still leading the pack under the development of TSMC's advanced process technology.

IC packaging is to cover the processed wafer and the diced chips with plastic, ceramic or metal to protect the chip from pollution, which is easy for assembly, and achieve the electrical connection and heat dissipation between the chip and the electronic system. IC testing can be divided into two stages. One is wafer testing before packaging, which mainly tests the electrical properties. The other is IC product testing, which tests whether IC functions, electrical properties and heat dissipation are normal to ensure quality. Taiwan's IC assembly and testing industry is firmly ranked first in the world. With the rise of IoT applications, Taiwan's IC assembly and testing companies continue to deploy high-end packaging and heterogeneous integration technology to widen the gap with the competitors. Here is a diagram of the relevance of upstream, midstream, and downstream industries to the Company:



Source: IT IS project of the Economic Capital Center of the Industrial Technology Research Institute; compiled by Yuanta Securities

(3) Survey of product development trends

A. Switch IC technology

High-speed Switch ICs and PCIe bridge ICs are being widely used. Under the trend of major CPU chipset manufacturers improving performance and reducing costs, chipsets cannot be designed to support multiple signal transmission specifications; and with the popularization of high-speed interfaces, the resulting design restrictions have increased. High-speed Switch ICs and PCIe bridge ICs have become the main solutions for motherboard manufacturers and related application products to meet the requirements of supporting multiple signal transmission specifications at the same time. Through the high-speed Switch IC and PCIe bridge IC, the main transmission signal of the hard disk SATA and the main transmission signal of the external device USB can be converted into the PCIe signal mainly supported by the chipset. The chipset can support multiple applications and external high-speed signals transmission at a lower cost. The diversified functions of the Automotive HPC platform will be expanded and increased. Switch IC and PCIe bridging IC can meet the needs of various signal transmission specifications.

B. New USB technology

USB may be regarded as the most successful PC transmission interface in history. The product application of USB is quite diversified, and can satisfy almost any device function. Common USB peripherals include mouse, keyboard, hard drive (storage device), DVD player, printer, speaker and digital camera. USB is also suitable for data acquisition, control system or special design applications. Its uses are not only reliable, fast, versatile, and low in price, but also supported by mainstream operating systems. In the new USB4 specification, the USB Standards Association (USB-IF) mentioned that the vision of USB

is to use a simple connection interface to connect various forms of electronic products, from mobile phones, computers to monitors, to support USB Type-C (referred to as USB-C) terminal; another key point is that USB should catch all kinds of transmission requirements "sound, video, data, and power transmission". In short, it used to require power cable, sound source cable, video transmission cable, and network signal cable. Now, only a USB-C cable can be used. In the future, USB4 alone will be able to provide a maximum transmission speed of 40Gb/s, and it will be able to transmit 8K images when connected to a monitor. It will even support USB-PD for fast charging of notebooks without the need for USB power cables.

USB version specifications

USB official version name	Former name	Theoretical maximum transmission rate	Official market code	Time of launch
USB 2.0	USB1.0	1.5Mbps	Low-Speed	January 1996
	USB1.1	12Mbps	Full-Speed	September 1998
	USB2.0	480Mbps	High-Speed	April 2000
USB 3.2	USB3.1 Gen1	5Gbps	SuperSpeed USB	November 2008
	USB3.1 Gen2	10Gbps	SuperSpeed USB 10Gbps	June 2013
	USB3.2 Gen 2x2	20Gbps	SuperSpeed USB 20Gbps	September 2017
USB4	USB4 Gen 2x2	40Gbps	USB4 40Gbps	August 2019
USB4 v2.0	USB4 Gen 3x2	80Gbps	USB4 v2.0	October 2022

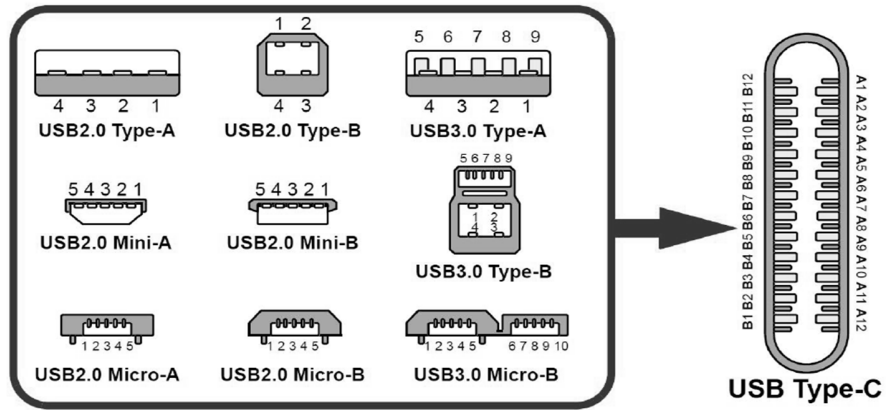
Source: USB-IF Association

The main reason why the USB-IF chose USB Type-C as the only official standard for the USB3.2 standard is that the 24 definable pins of USB-C are much more than USB-A and USB-B. Higher speeds require the support of more channel bandwidths. Only with more definable pins can the channel bandwidth be effectively increased. Among them, the USB3.2 GEN2x2 uses a total of 8 pins of Tx/Rx x2 channels to make the transmission bandwidth reach 20Gbps.

A few years ago, VESA and USB-IF launched the "DisplayPort over USB-C" program to enable the USB-C interface to have the DP video transmission function. When Intel released the Thunderbolt 3 standard, in addition to increasing the speed to 40Gbps, another obvious change is that the previous mini DP interface is replaced by the USB-C interface, which can support dual 4K output. Apple's Macbook that uses the USB Type-C interface also performs DP output through the USB-C interface. The adaptor can also be connected to realize the output of VGA, HDMI and other interfaces.

The advantage of the USB Type-C interface supporting USB 3.2/4 is that it can be plugged in or out of the interface, and its transmission speed can theoretically reach 20 Gbps to 40 Gbps per second. Furthermore, the USB Type-C interface is significantly smaller in length and width than the old Micro USB interface. For handheld mobile devices, USB Type-C is obviously a better standard. In terms of charging, unlike the old ports that only supported 5V in the past, USB Type-C can provide up to 20V of voltage and 5A of current output, and the maximum output power can reach 100W, while supporting fast bi-directional power supply. Smartphones can be used as the charging medium, temporarily charging other devices, which enables USB Type-C to meet the charging requirements of most handheld and mobile devices on the market.

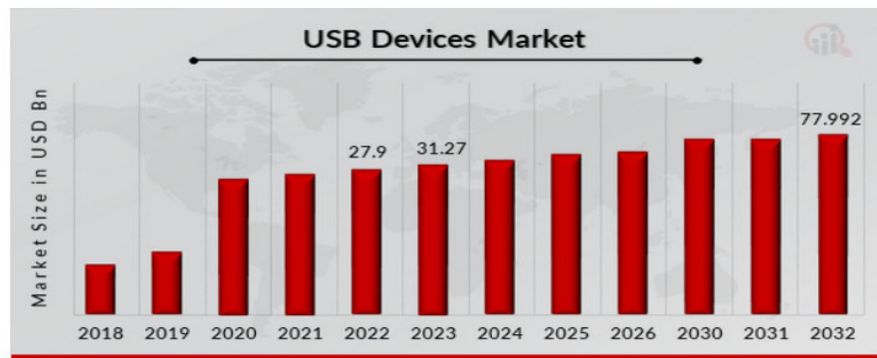
Source: USB-IF Association



The USB4 can only be certified and sold after passing the certification. Therefore, the USB-IF has launched a certification program and strengthened security principles to ensure that USB4 can perform data transmission and power transmission through the Type-C port. Under such a system of certification and compatibility, only companies that have the resources to develop their own USB4 PHY IP can launch USB 4 controller ICs.

As the new platform integrating USB4 and Thunderbolt 4 promoted by Intel, a high-speed transmission platform that spans mobile phones and computers and connects hundreds of millions of devices is about to enter the market. Inheriting the experience in the development of USB product lines and solving problems in the past, the Company is actively launching the research and development of the next-generation USB4 in order to bring better product performance and user experience to consumers and customers of all generations.

In 2023, the Company's R&D department has invested a lot of resources in the development and testing of USB4 technology to ensure that products meet industry standards and customer needs. At the same time, we also cooperated with the USB-IF and passed the USB4 certification, which will help us improve the market competitiveness of our products. These products will become an important source of our revenue in 2024. The Company will continue to work hard to promote marketing and sales strategies to ensure that the business opportunities brought by USB4 technology can be fully utilized.



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Source: Secondary Research, Primary Research, MRFR Database and Analyst Review

C. PCIe Gen 4/5 technology

PCI-Express (PCIe) is the slot design with the fastest bandwidth for computer buses at present. It is used for data transmission between different components of the computer system. For example, the data transmission between CPU and GPU or other accelerated processors relies on this PCIe Express.

PCIe 4.0 has been widely used in various application scenarios. The Company actively invests in the research and development of PCIe Gen5 IP to meet the increasing demand for high-speed data transmission in the market. With the increasing popularity of big data applications and the demand for higher performance, the launch of PCIe 5.0 will provide higher bandwidth and performance to further meet the market demand, such as artificial intelligence, enterprise servers, automobiles, cloud service systems, Personal computers (PCs), mobile devices, and storage devices.

The PCIe Gen6 specification will also be launched in 2022. The Company will actively invest in the PCIe Gen6 IP R&D project, aiming to continue to cultivate the high-speed IC market and provide faster and more reliable data transmission solutions in various application fields.

Comparison of PCIe specification evolution

PCIe Specification	Data Rate per lane	Encoding	x16 bandwidth (GB/s)	Specification ratification year
1.x	2.5	8b/10b	4	2003
2.x	5	8b/10b	8	2007
3.x	8	128b/130b	15.75	2010
4.0	16	128b/130b	31.5	2017
5.0	32	128b/130b	63	2019
6.0	64	PAM4/FLIT	128	2022

Source: PCI-SIG

(4) Market competition

The Company's core competitiveness lies in the development and application of high-speed transmission interface technology. Due to the difficulty in cultivating specialized R&D knowledge and the high complexity of developing products that must be backward compatible, there are fewer domestic manufacturers engaged in related R&D and production. Our main competitors for our key products include foreign manufacturers such as Diodes, Broadcom, Microchip, Texas Instruments, etc., while domestic manufacturers include VIA Labs, JMicron, Genesys Logic, Realtek Semiconductor, and others.

The Company's USB4 products are currently the fastest controller chips on the market that can support the device end and host respectively. The USB4 device chip has successfully entered mass production and is well received by customers. The mass production will begin in 2024. In order to consolidate the competitive advantage, the Company will continue to launch new products, continue to optimize performance and enhance compatibility, and invest in research and development in related fields to maintain the leading position in the market.

(III) Overview of technology and R&D

1. Investments in research and development expenditures in the most recent year and up to the date of publication of the annual report

Units: NT\$ thousand, %

Item	2023	Current year through March 31, 2024
Research and development expenditures	1,389,021	387,897
Net operating income	6,401,267	1,948,193
Percentage of revenue (%)	21.70%	19.91%

2. Technologies or products successfully developed in the most recent year and as of the date of publication of the annual report

Year	R & D results	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 the signal level of non-HDMI/DVI to HDMI/DVI level
2009	ASM1051	SuperSpeed USB to SATA Bridge Controller	Convert USB3.0 signal to SATA signal
	ASM1052	USB3.0 / eSATA to SATA	Convert USB/eSATA signal to SATA signal
	ASM1443	1:2 HDMI/DVI Switch Level Shifter	The signal level can be upgraded to HDMI/DVI level and can be switched to output the original signal or HDMI/DVI level signal
	ASM1445	HDMI/DVI 3.3V Mux/DeMux Switch	Can be used for signal path switching or signal selection. Supports 3.3 volts
	ASM1452	4 Different 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 USB3.0 super high speed USB3.0 host control chip
	ASM1051E	SuperSpeed USB to SATA Bridge Controller	USB3.0 to SATA6G device control chip
	ASM1051U	SuperSpeed USB to SATA Bridge Controller	USB3.0 to SATA3G UASP device control chip
	ASM1054	SuperSpeed USB to SATA Bridge Controller for Ultra Slim Form Factor	The world's smallest USB3.0 to SATA 3G controller chip
	ASM1061	PCI Express 2.0 to SATA 6Gbps Controller	PCIe to SATA6G bridge chip

Year	R & D results	Product features	Main function
	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 chip
	ASM1085	PCI Express to PCI Bridge	5-port PCIe to PCI controller chip
	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	USB3.0 Switch	Can be used for signal path switching or signal selection
	ASM1053	SuperSpeed USB to SATA Bridge Controller with UAS	USB3.0 to SATA6G+UAS control chip with integrated power control function
	ASM1463	SATA II Re-Driver	SATA3G signal shaper
	ASM1464	USB3.0 Re-Driver	USB3.0 signal shaper
	ASM1465	USB3.0 Re-Driver	USB3.0 signal shaper
	ASM1466	SATA III Re-Driver	SATA 6G signal shaper
	ASM107X	USB3.0 Hub Controller	USB3.0 hub
	ASM103X	Flash Disk Controller	USB3.0 flash drive control chip
2011	ASM1051A	SuperSpeed USB to SATA Bridge Controller with Security	USB3.0 to SATA controller chip with encryption function
	ASM1053	SuperSpeed USB to SATA Bridge Controller with UAS	USB3.0 to SATA6G+UAS control chip with integrated power control function
	ASM1054	SuperSpeed USB to SATA Bridge Controller with UAS	USB3.0 to SATA6G+UAS control chip with integrated power control function
	ASM107X	USB3.0 Hub Controller	USB3.0 hub
	ASM103X	Flash Disk Controller	USB3.0 flash drive control chip
2012	ASM1182	PCIe Packet Switch	PCIe expansion chip
	ASM1187	PCIe Packet Switch	PCIe expansion chip
	ASM1184	PCIe Packet Switch	PCIe expansion chip
	ASM1092	SATA Port Multiplier	SATA expansion chip
	ASM1092R	SATA Port Multiplier	SATA expansion chip
	ASM1442K	4K/2K Support Level Shifter	Support 4K/2K level converter
	ASM1042A	xHCI Supporting Host	xHCI USB3.0 host chip
2013	ASM1153	Next Generation USB3.0 Device Controller	New generation USB3.0 device side control chip
	ASM1154	Next Generation USB3.0 Device with Slim Package	Streamlined package of new generation USB3.0 device control chip
	10G/8G PHY	10G/8G PHY Test Chip	10G/8G physical layer test chip
	ASM1090R	SATA Port Multiplier	SATA expansion chip

Year	R & D results	Product features	Main function
	ASM1090	SATA Port Multiplier	SATA expansion chip
	ASM1424	Thunderbolt and Display Port Switch	Can be used for signal path switching or signal selection
2014	ASM1062R	SATA Express Controller IC	PCIe to SATA bridge chip with additional hardware disk acceleration
	ASM1142	xHCI1.1 Supporting Host	USB3.1 host control chip
	ASM1141	xHCI1.1 Supporting Host	USB3.1 host control chip
	ASM1352R	USB3.1 to SATA RAID Chip	USB3.1 to SATA RAID controller chip
	ASM1351	USB3.1 to SATA Bridge Chip	USB3.1 to SATA bridge chip
2015	ASM1543	USB3.1 Type-C Switch	USB3.1 Type-C signal conversion chip
	ASM1562	USB3.1 Gen2 Re-Timer	USB3.1 Gen2 timing reforming circuit chip
	ASM1542	USB3.1 Passive Switch	USB3.1 signal passive conversion chip
2016	ASM235CM	USB3.1 to SATA Bridge Chip (type C integrated)	USB3.1 to SATA bridge chip
	ASM2351	USB3.1 to SATA Bridge Chip (type C integrated)	USB3.1 to SATA bridge chip
	ASM2142	xHCI1.1 Supporting Host	A new generation of USB3.1 host control chip
2017	ASM3142	xHCI1.1 Supporting Host (Support Multiple Ins)	A new generation of USB3.1 host controller chip (supports Multiple Ins function)
	ASM18XX	PCIe Gen2 Packet Switch	PCIe second-generation expansion chip
	ASM28XX	PCIe Gen3 Packet Switch	PCIe third-generation expansion chip
2018	ASM2362	USB3.2 Gen2 to PCIe Bridge Chip	USB3.1 Gen2 to PCI e bridge chip
	ASM100X	USB3.1 Gen2 Re-driver	USB3.1 Gen2 signal shaper
2019	ASM324X	USB3.2 Gen2x2 Host Controller	USB3.2 Gen2x2 20G main control chip
	ASM2364	USB3.2 Gen2x2 Device Controller	USB3.2 Gen2x2 to PCIe device chip
	ASM1062A	PCIe Gen3 to SATA Bridge Controller	The third-generation PCIe to SATA multi-port expansion chip
	ASM1064		
	ASM1164		
	ASM1165		
ASM1166			
2022	28nm	Test Chip	28nm process test chip
	ASM1552	Power Delivery	Power Delivery (PD) controller IC
2023	ASM4242	USB4 Gen2x2 Host Controller	USB4 Gen2x2 20G host chip
	ASM2464PD	USB4 Gen2x2 to PCIe NVMe Chip	USB4 Gen2x2 to PCIe NVMe device chip
	ASM2464PDX	USB4 Gen2x2 to PCIe Bridge Chip	USB4 Gen2x2 to PCIe device chip
	ASM3074C	USB3.2 Gen2x2 Hub Controller	USB3.2 Gen2x2 hub
	ASM3074	USB3.2 Gen2x2 Hub Controller	USB3.2 Gen2x2 hub
	ASM2074	USB3.2 Gen2x1 Hub Controller	USB3.2 Gen2x1 hub

Year	R & D results	Product features	Main function
	PCIe Gen5	Test Chip	PCIe Gen5 test chip

(IV) Long-term and short-term business development plans

1. Short-term development plan

- (1) Market expansion: Actively expand the market and find new application fields and customer groups. Apart from the traditional computer and storage equipment markets, the Company is also looking for opportunities to enter emerging markets such as AI, IoT, and in-vehicle systems to increase revenue.
- (2) Enhance customer service quality: Ensure the competitive advantage, provide fast and high-quality technology and purchase equipment in its own laboratory to perform verification services for specific customers and make suggestions for improvement; increase the value of the company and expand the difference with competitors.
- (3) Establish company reputation: The Company actively participates in international exhibitions, such as CES and Computex, to showcase the latest products and technologies. Through cooperation with major system manufacturers, the Company increases the company's reputation and attracts new customers.
- (4) Develop new business models: By integrating or optimizing the Company's current self-owned technology, it cooperates with domestic and foreign customers to develop specific ICs to activate IP utilization and increase customer retention.
- (5) Collaborate with international giants: To strengthen our services to brand manufacturers and establish trust, thereby enabling us to enter the supply chain of these global industry leaders.

2. Long-term development plan

- (1) Technological innovation: The Company will continue to invest in research and development to continuously improve its core competitiveness in the field of high-speed transmission interface technology. Including the development of higher speed and higher performance products, improvement of product stability, reliability and security, technological innovation in reducing power consumption, and exploration of new technological directions.
- (2) Strengthening personnel training and establishing corporate culture: In addition to continuously cultivating professional R&D technical talents to respond to the company's future business goals, it also responds to the Company's continuous growth in the future. We cultivate organization members' recognition of corporate culture, in order to establish an organizational culture of common values, and achieve the common vision of sustainable operation.
- (3) Continue to optimize management and operation: Establish an effective management team and operational mechanism to continuously improve the Company's management level and operational efficiency. Optimize internal processes and improve the overall efficiency of product development, production and sales.
- (4) Social responsibility and sustainable development: Commit to social responsibility and sustainable development, and consider environmental protection and social benefits during product design and production processes. Strengthen corporate social responsibility management and promote sustainable development strategies to achieve synergistic growth of economic, social and environmental benefits.

II. Overview of markets and production

(I) Market analysis

1. Sales regions for the main products

Units: NT\$ thousand, %

Region \ Year		2022		2023	
		Sales Amount	%	Sales Amount	%
Domestic sales		1,520,977	28.98	1,404,941	21.95
Exports	Americas	2,555,740	48.70	3,253,626	50.83
	Asia	1,093,380	20.83	1,630,719	25.47
	Other	78,232	1.49	111,981	1.75
	Subtotal	3,727,352	71.02	4,996,326	78.05
Total		5,248,329	100.00	6,401,267	100.00

2. Market share

In 2023, the Company's total shipment of high-speed transmission controller chips exceeded 82.94 million units. Among them, the cumulative shipment of high-speed device-side control chips is approximately 34.77 million, indeed making it a leading manufacturer among similar companies. Since the establishment of the company, and under the continuous improvement of its research and development technology, it has become an excellent model for the balanced development of compatibility, stability, and cost in the global industry, and has been highly recognized by customers in Europe and the United States.

In addition, the Company's business performance in recent years has had a brilliant high growth performance. In the future, a series of product development and combination, with excellent product quality and high price competitiveness. This will enable the company to maintain considerable room for growth in the future.

3. Future supply and demand conditions and market growth

In terms of new technology development, the Company's USB4 device IC and host controller IC have passed the USB-IF Association certification, and mass production is expected in the first half of 2024. Subsequently, it is expected to become the main USB4 main control IC supplier for motherboards and personal computers. Well-known OEM factories or motherboard manufacturers will become the main customers, so in the future, USB4 will also inject business energy.

The Company has invested in the R&D of PCIe Gen5 and expects mass production in the first half of 2025. Looking forward to 2024, with the rapid development of global technology, especially the rise of high-performance computing and AI industries, the market demand for high-speed computing chips will continue to grow, which is expected to bring upgrade opportunities for high-speed and high-performance chips for peripheral transmission. The growth in sales of mobile devices, artificial intelligence, self-driving and electric vehicles, data centers, and personal computers has boosted the demand for chips, and chip-related topics continue to be the focus of the industry's attention. As Taiwan's leading semiconductor manufacturers have international competitive advantages in high-end processes, Taiwan's overall semiconductor industry will be able to maintain stable growth. However, there are still many uncertainties such as war, inflation, and overall demand, which are the main risks affecting the prospect of the industry, and continuous attention is required.

4. Competitive niche

(1) Experienced R&D team

The company has a seasoned and technically proficient R&D team , with over 80% composed of professional R&D personnel, including digital logic design, analog design, software R&D, system R&D, and physical design teams. In addition, senior R&D personnel and management have more than 10 years of experience in high-speed transmission interface IC design in the semiconductor industry, and have extensive professional knowledge and practical experience. Through the division of labor and cooperation to upgrade the technical level, we will establish high-quality personnel and an efficient R&D team, so that the Company can provide high-quality IC to meet the needs of customers.

(2) Maintain good relationship with customers and partners

The Company provides customers with complete product development services, and can meet customer needs in a timely manner in terms of product quality, delivery (effective inventory management and sales management), yield rate and after-sales service, and attaches great importance to the cooperation with customers and partners relationship, and strive to maintain a long-term and stable partnership. Integrate resources and expand vertical application markets for related products. At the same time, we also provide self-certification services for specific customers using novel and precision instruments and equipment in our laboratory, provide quality products and services, respond to customer needs and feedback in a timely manner, and work closely with partners to jointly develop the market and create value. The Company is able to maintain good cooperative relations with customers and partners, which is beneficial to the Company's future operation and development.

(3) Diversified product portfolio

For applications such as personal computers, industrial control and data storage devices, the Company provides USB4 host, USB3.2 Gen2x2 Host, USB3.2Gen2x1 Host, USB4 to PCIe, USB3.2 Gen2x2 to PCIe NVMe, USB3.2 Gen2x1 to SATA; PCIe Gen3 Packet Switch, PCIe Gen2 Packet Switch, PCIe to PCI Bridge Controller; SATA RAID Controller, PCIe to SATA Controller; high speed Switch controller USB switch, Type C Mux; customized chip solution ASIC, the diversified product portfolio also enables the Company to better respond to market changes and changes in customer needs, improve the Company's ability to resist risks, and maintain long-term stable development.

(4) Capable of high-speed physical layer research

The Company has the ability to develop high-speed physical layer (PCIe Gen2/Gen3/Gen4/Gen5, SATA 6Gbps, USB2.0/3.0/3.1/3.2 Gen2X2/USB4) PHY technology in-house, which can reduce compatibility problems and improve the development speed and better mastery of technology. In addition, the Company also possesses the core technology of System-on-Chip and high-efficiency Analog Circuit Design, which makes it highly competitive in the face of diverse and timely needs in the market.

(5) Leading technology quality certification

In 2023, the Company became the first in the industry to successfully pass the USB-IF USB4 device-side chip certification. As a model student in the USB3.1/3.2 field, the Company is ranked No. 1 in the world for UASP certification and testing standard device KGD (Known Good Device) and Product Development Kit (PDK). In 2014, after launching the world's first USB3.1 solution, the Company continues to lead the way in USB host and device end chips. Currently, the Company will continue to adhere to the spirit of market leadership and production innovation, and actively develop diversified and high value-added niche products.

- (6) Accumulated customer experience and excellent product quality
After 10 years of hard work and management, the company's products have assisted many customers in developing products smoothly. In addition, we have cooperated with international manufacturers to apply high-speed IO chips designed and produced by our Company, and we have accumulated many successful experiences. We meet the mainstream market demand through specification differentiation to enrich the Company's product line. The Company continues to optimize its products and improve the quality, and has won the trust and support of customers. However, the Company must continue to innovate and launch new products to help customers gain a leading position in the market.

5. Favorable and Unfavorable Development, and Countermeasures

A. Favorable factors:

- (1) High-speed interface products have higher entry barriers
The high-speed transmission interface IC sold by our company needs to integrate the design capabilities of digital and analog ICs in the product development stage. The required technical level is higher, so the entry barrier is higher than that of ordinary ICs. It can avoid the situation of competing investment and bargaining competition in the same industry, and also protect the company's profitability.
- (2) Good relationships with upstream foundries and packaging and testing vendors
The Company's colleagues have been in the IC design industry for a long time, and have a long and favorable relationship with upstream wafer foundries and packaging and testing manufacturers. The Company can thus obtain abundant and flexible capacity support.
- (3) Long and favorable relationships with customers
The computer industry's motherboard and notebook computer manufacturers constitute our long-term customers, and we maintain good customer relationships. As for consumer electronics products, they are adopted by major domestic and foreign brands in the external hard drive market, with good business results. Customers' evaluation and satisfaction are extremely high, and they are willing to use our products for long-term business cooperation.
- (4) The product line has sufficient depth and breadth, so it can improve product compatibility and provide customers with diverse changes.
- (5) Possessing a complete understanding of the PC industry.
- (6) Our main competitors are mostly American companies, and the shift in chip procurement strategies in Mainland China has given rise to market opportunities.
- (7) The demand for high-speed transmission technology is increasing, driven by the rapid development of emerging applications such as artificial intelligence, Internet of Things, and autonomous driving. The Company has rich experience and technological advantages in high-speed transmission interface technology. Continuously launching competitive new products and solutions will help expand market share.

B. Unfavorable factors and countermeasures:

- (1) Material cost and price competition
The Company's product design and quality require high standards, so the OEM production is entrusted to the leading domestic wafer OEMs. Compared with other wafer OEMs, the cost is higher. However, based on the considerations of product quality, reliability and customer satisfaction, the Company still chooses the leading wafer OEM manufacturers and strengthens R&D and design to rationalize costs and increase profit margins.
- (2) Higher investment costs for R&D products and rising costs for professionals
Research and development products systematically analyze the product market and its forward-looking nature, so that the return on investment of all projects meets expectations. In addition, through the establishment of company culture, it takes care of the needs of colleagues and cultivates their identities.
- (3) Long periods for training professional R&D personnel
Through a complete recruitment plan and personnel training to avoid personnel gaps, and through the matching and cooperation of senior employees and new employees, and strengthening the professional training of R&D personnel, the effect of passing on experience has been achieved. The Company will actively recruit outstanding R&D and design talents at home and abroad and conduct campus recruitment to recruit outstanding

- new personnel.
- (4) The rise of China's IC design industry
The Company will continue to enhance the competitiveness of its own brands and strengthen research and development capabilities.
 - (5) Frequent mergers and acquisitions
If small and medium-sized IC design companies have no niche products, their bargaining space (cost and selling price) will be compressed. The Company will continue to strengthen research and development capabilities and continue to develop niche products.
 - (6) China's chip procurement strategy transforms business opportunities
China is highly regional and requires the investment of considerable human resources to find reliable agents to cooperate for the sake of reducing regional distribution and support costs, and to reduce associated variables.

(II) Important uses and production processes of main products

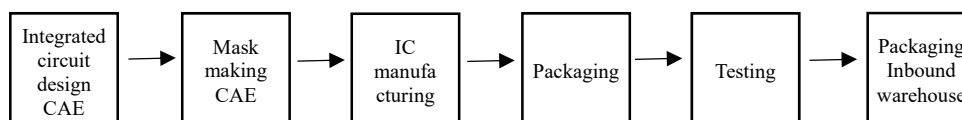
1. Important applications:

The Company is a high-speed transmission IC designer. Its products have the advantages of high-efficiency transmission, diversified compatibility, and complete specifications. We provide customers with more complete solutions, and can easily upgrade product performance to reduce waiting time for consumers improving work efficiency and life quality. The following are the main products.

- (1) USB controller chip: enable the device and the host to have the USB3.2/USB4 transmission function.
- (2) PCIe bridging controller: Allow customers to expand the PCIe interface according to their needs.
- (3) SATA controller: Allow customers to expand the SATA interface according to their needs.
- (4) High-speed Switch controller chip: Provides signal enhancement and switching for different interfaces.
- (5) Specific integrated chips: Provide customized integrated chips according to customer needs.

2. Production process:

The wafer process is produced by the foundry. The chips produced by the fab are sent to the packaging and testing plant to complete the packaging and inspection work, that is, put into storage for sale. The following is a diagram of the product manufacturing process:



(III) Supply status of main raw materials

Raw material name	Supplier	Supply status
Wafer	Company A	Good

(IV) A list of those that accounted for more than 10% of total purchases and sales in the last two years

1. Major suppliers in the last two years

Units: NT\$ thousand, %

Item	2022				2023			
	Name	Amount	Percentage of annual net purchases	Relationship with the issuer	Name	Amount	Percentage of annual net purchases	Relationship with the issuer
1	Company A (Note 1)	1,212,109	99.92	Non-related person	Company A (Note 1)	993,891	100.00	Non-related person
2	Other	925	0.08	Non-related person	Other	0	0	Non-related person
	Net purchases	1,213,034	100.00		Net purchases	993,891	100.00	

Note 1: List the names of suppliers with more than 10% of the total purchases in the last two years and their purchase amounts and proportions. However, if the name of the supplier shall not be disclosed due to contractual agreement or if the counterparty is an individual and not a related party, a code name can be used.

Note 2: Explanation of the reason for the increase or decrease: It was caused by the adjustment of the purchasing strategy. Company A and Company B are the only two purchase manufacturers of this company. This is in line with the characteristics of the IC design industry.

2. Major sales customers in the last two years

Units: NT\$ thousand, %

Item	2022				2023			
	Name	Amount	Percentage of annual net sales	Relationship with the issuer	Name	Amount	Percentage of total annual net sales	Relationship with the issuer
1	Customer A (Note 1)	2,544,277	48.48	None	Customer A (Note 1)	3,253,363	50.82	None
2	Customer B (Note 1)	563,714	10.74	Related person	Customer B (Note 1)	563,345	8.80	Related person
2	Other	2,140,338	40.78	—	Other	2,584,559	40.38	—
	Net sales	5,248,329	100.00		Net sales	6,401,267	100.00	

Note 1: List the names of customers with more than 10% of the total sales in the last two years and their sales amounts and proportions. However, if the name of the customer shall not be disclosed due to contractual agreement or if the counterparty is an individual and not a related party, a code name can be used.

Note 2: Reason for the change: Mainly due to the increase in customer demand.

(V) Output value of the last two years

Unit: Thousands, NT\$ thousand

Production value Major products	Year	2022			2023		
		Capacity	Yield	Output value	Capacity	Yield	Output value
High speed interface controller		—	60,520	1,872,539	—	80,215	2,139,102
High speed device controller		—	50,359	829,016	—	25,918	686,854
Total		—	110,879	2,701,555	—	106,133	2,825,956

(VI) Sales volume in the last two years

Unit: Thousands, NT\$ thousand

Sales volume and value Major products	Year	2022				2023			
		Domestic sales		Exports		Domestic sales		Exports	
		Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
High speed interface controller		10,473	372,257	61,618	3,641,955	7,180	221,799	75,760	4,540,131
High speed device controller		2,891	92,134	29,966	1,141,983	2,288	79,061	32,482	1,560,276
Total		13,364	464,391	91,584	4,783,938	9,468	300,860	108,242	6,100,407

III. Employees in the most recent two years and as of the printing date of the annual report

Units: Individuals, Age, Year, %

Year		2022	2023	Up to 2024 Through March 31
Number of employees (Individuals)	Direct	0	0	0
	Indirect	271	294	298
	Total	271	294	298
Average age (years)		39.8	39	40
Average years of service (Years)		8.04	8.17	8.24
Education distribution ratio (%)	Ph.D.	1.1	1.02	0.68
	Master's degree	52.8	54.76	55.70
	Junior college	46.1	44.22	43.62
	High school	0	0	0
	Below high school	0	0	0

IV. Information on environmental protection expenditures

In the most recent year and as of the printing date of the annual report, give the total amount of losses (including compensation) and sanctions suffered due to environmental pollution, and explain future countermeasures (including improvement measures) and possible expenses (including the estimated amount of loss, punishment, and compensation that may occur if countermeasures are not taken): No such incident.

V. Labor relations

(I) List employee welfare measures, further education, training, retirement system, and its implementation status, as well as the agreement between labor and management and various employee rights protection measures

1. Employee welfare measures

- (1) In addition to the Company's vacation system that exceeds the requirements of the Labor Standards Act, it also provides labor and health insurance, appropriation of labor pensions, group accident insurance, and regular health checks for employees in accordance with the law. There are also travel subsidies, employee travel subsidies, year-end celebration parties, and year-end bonuses.
- (2) Other welfare measures: birthday gifts, Labor Day gift certificates, Mid-Autumn Festival gift certificates, implementation of employee stock option certificates, and issuance of new employee restricted shares. There is also a welfare committee that provides subsidies for marriage, funerals, hospitalization, and childbirth, as well as diversified subsidies for club activities to reduce the work pressure of employees and care for their lives.
- (3) Health and safety aspects:
 - a. The Company is an IC design company and has not established a factory. The office premises are located in 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 an elevator to each floor. Furthermore, building security staff registers visitors to prevent non-company personnel from entering and leaving at will. At the same time, there is a security system that is connected to the security company 24 hours a day to protect the safety of company personnel and property.
 - b. The office building where the company is located is equipped with a complete fire safety system and conducts various disaster prevention drills regularly to enhance personnel disaster response capabilities and reduce disaster losses.
 - c. The Company regularly handles environmental disinfection, water dispenser water quality testing, and air conditioning system inspection, and places air purifiers in the office to provide employees with a good working environment.
 - d. There is no smoking in the Company's office area. We are committed to promoting

workplace health through active implementation of smoke-free measures, and have obtained the Healthy Workplace Self-certification - Health Promotion Badge issued by the National Health Bureau establishing a working environment without the harm of second-hand smoke.

2. Employee education and training

The Company has set up "education and training management procedures" for employees to cultivate their knowledge and skills, enable them to perform their functions, increase work efficiency, ensure work quality, and achieve the goal of creating a competitive advantage. In order to strengthen employees' complete training and further education channels, and in addition to the education and training of new recruits to quickly integrate newcomers into the organization team, the heads and employees of various departments can also meet the needs of the project in accordance with the work needs and the company's current operating conditions, in line with the internal and external environmental trends of the company by planning participation in training courses, seminars, etc., at home and abroad, to enhance the professional competence and core competitiveness of employees.

3. Employee retirement system and its implementation

In accordance with the provisions of the "Labor Standards Act," the Company allocates a retirement reserve of 2% of the total salary paid every month. The special account is stored in Taiwan Bank for safekeeping and use. Since July 1, 2005, in line with the implementation of the Labor Pension Regulations (new system), employees who originally applied to the 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 a portion in determining the retirement payment method based on a rate of not less than 6% of an employee's monthly wages and assigned to the special employee retirement account of the Labor Insurance Bureau.

4. Agreements between labor and management and various employee rights protection measures

The Company's various regulations are based on the Labor Standards Act as the guidelines for compliance. Employees have clear communication channels to make suggestions and communicate with the Company on various systems and working environment issues. Up to now, the labor-management relationship is harmonious, and there is no need to coordinate due to labor disputes.

5. Establishing employee behavior or ethical rules

The Company has formulated its "Work Rules," "Code of Ethical Conduct for Employees," and "Code of Ethical Management," letting employees clearly know their rights and the code of conduct that should be followed.

6. Major information processing procedures

The company has formulated measures such as "Operating Procedures and Behavior Guidelines for Honest Business Operations" and "Management Measures for Preventing Insider Transactions." It also promotes and asks all colleagues in the Company to comply with them to avoid violations or insider trading.

(II) In the last two years and up to the date of publication of the annual report, any losses suffered by the Company due to labor disputes and disclosure of current and future estimated amounts and possible measures:

Since the establishment of the company, the labor-management relationship has been harmonious, and there has been no loss due to labor disputes. It is estimated that the possibility of loss due to labor disputes in the future is extremely low.

VI. Cyber security management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Cyber security risk management framework

To improve the management of information security and at the same time meet the requirements of the Financial Supervisory Commission, the Company has appointed a dedicated information security supervisor and one dedicated information security officer at the end of 2023 to effectively manage the information security governance policies and information security

management operations of each unit of the Company, hoping to construct a comprehensive information security protection mechanism and enhance the employees' good information security awareness through the management, planning, supervision and implementation of the professional information security unit.

In 2022, the Company will actively promote the ISO27001 certification, formulate various management policies and related control measures in accordance with the ISMS standards, and implement them accordingly and for continuous improvement. In the fourth quarter of 2022, the Company obtained ISO/IEC 27001:2013 information security management system (ISMS) international standard certification. The certificate is valid from 2022 to 2025.

2. Cyber security policy

The Company's information security objectives are to ensure the confidentiality, integrity and availability of important and core systems. In addition, the quantitative indicators of information security performance are defined and measured according to each level and function to confirm the implementation status of the information security management system and whether the information security objectives are achieved.

Striving to achieve the Company's mission and objectives and the top management's expectations and requirements for information security, and ensure the security of the Company's information assets, the information security policy is set as follows:

- 2.1. Ensure the confidentiality of the Company's business-related information and prevent leakage or loss of the Company's confidential information and personal information.
- 2.2. Ensure the integrity and availability of the Company's business-related information for the proper execution of the Company's operations and business.
- 2.3. Ensure the compliance of the Company's relevant business information and prevent the Company from violating laws, regulations and contracts.

3. Specific management plans

A dedicated information security unit has been established to coordinate, manage, and supervise all of the Company's information security operations. There is also an information security engineer dedicated to the handling of information security tasks, and regularly conducts vulnerability scanning, social engineering drills, and protection system effectiveness checks and others, and provide related information security awareness promotion and education and training courses. Although we do not purchase information security insurance for the time being, we will, through the operation of the information security dedicated unit and the implementation of information security policies, provide a safe information security environment and protect the Company's information security of our services. The follow-up goal is to complete the information security expert system to strengthen the information security protection network and strengthen the information security joint defense mechanism. At present, the Company has joined the Taiwan Computer Emergency Response Team (TWCERT), and the personnel in the information security dedicated unit have also obtained the information security certificate from the International Information System Security Certification Consortium (ISC2). There are future plans for continuous expansion of information security talents through the planning of training and certification to make the Company's information security more complete and trustworthy in terms of manpower and capabilities.

In terms of information security management, in order to prevent the supply chain and our systems from hacking, data leakage and other operational impacts and information security risks, the Company has introduced Business Continuity Planning (BCP), so that the risk management of enterprises is more effective. In addition to improving the adaptability, it also reduces the impact on the Company's operations when an event occurs, and shortens the recovery time to achieve the goal of business continuity. For example, in order to prevent suppliers from being hacked and make them impossible to operate, and thus affecting the Company's failure to ship goods as scheduled, a Business Continuity Planning (BCP) with the theme of supply chain interruption has been formulated and executed.

In terms of business continuity management, for information security, in addition to the existing computer room's uninterruptible power supply (UPS), we have also built independent computer room generators to improve the reliability of the computer room; we are also evaluating the installation of UPS network server rack on each floor. The staff's main computer have been

changed from desktop computers to notebook computers to increase the flexibility in emergency crises.

4. Invest resources in cyber security management

Since 2020, under the influence of COVID-19, major domestic and foreign enterprises have adopted the split work model to sustain their operations, which has greatly increased the number of employees working from home. This new work model presents different risks to enterprises. For example, the remote connection operations performed by employees working from home have exposed enterprises to even greater information security risks and vulnerabilities. According to the "BCI Horizon Scanning Report", among the most challenging threats to enterprise operations in the future, information and communications interruption and network attacks are ranked top two, and the direct and indirect property losses to enterprises are considerable. During the pandemic, risk management has become a higher priority item for enterprises to take into consideration.

In response to this risk and challenge, the Company has formulated relevant management measures for the information security of remote connections, in order to prevent various attacks from network hackers, reduce the possibility of operation interruption, and further enhance the organizational resilience of ASMedia. With respect to the information security of external remote connections, Mobile One Time Passport (MOTP) is mainly used as the primary condition for virtual private network (VPN) access for home workers. Utilizing the characteristic of constant changing of MOTP, it can effectively solve the problem of account and password theft and improve the Company's security protection in the use of the Internet; moreover, the Company has also established security rules and firewalls for VPNs to control inbound and outbound traffic and effectively block malicious attack from the internet and implement the Company's information security policy.

In response to the impact of COVID-19 over the past two years, the Company has taken appropriate measures for the information security of hybrid work or remote work. In the post-pandemic era, the Company will also continue to provide remote connection information security management solutions and measures to establish a stronger information security wall to protect the information security of the Company and its employees, so as to strengthen the operational resilience of ASMedia.

- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Important contracts:

Contract nature	Person in charge	Contract date	Main content	Restriction clauses
Lease contract	Zhengan Construction Co., Ltd.	2022/9/20-2025/9/30	Office lease	—
Credit contract	Shanghai Commercial Savings Bank	2024/1/20-2025/1/20	Short-term credit loans	—
Credit contract	Mega International Commercial Bank	2023/6/8-2024/6/7	Short-term credit loans	—
Credit contract	Cathay United Bank	2023/8/15-2024/8/15	Short-term credit loans	—
Technology license agreement	Company M	2010/8/16-Termination of the agreement between the two parties	License the use of driver a software	Privacy policy
Technology license agreement	Company M	2013/8/22-Termination of the agreement between the two parties	License the use of driver b software	Privacy policy
Technology license agreement	TT Company	2020/1/12-Termination of the agreement between the two parties	Authorize the use of transmission and reception of IP source code	Privacy policy

Contract nature	Person in charge	Contract date	Main content	Restriction clauses
Product agent distribution contract	Company Q	2023/9/1-2026/8/31	Customers who agree 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.	Privacy policy
Product agent distribution contract	Company W	2023/1/1-2023/12/31	Customers who agree 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.	Privacy policy
Product agent distribution contract	Company U	2021/11/1-2024/10/31	Customers who agree 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.	Privacy policy
Product agent distribution contract	Company BW	2022/7/1-2025/6/30	The company agrees to authorize the company to only sell the company's products in the agreed authorized market to customers who the company agrees to be responsible for distribution.	Privacy policy
Product agent distribution contract	Company Z	2023/6/1-2027/5/31	The company agrees to authorize the company to only sell the company's products in the agreed authorized market to customers who the company agrees to be responsible for distribution.	Privacy policy
Product agent distribution contract	Company N	2022/6/1-2026/5/31	The company agrees to authorize the company to only sell the company's products in the agreed authorized market to customers who the company agrees to be responsible for distribution.	Privacy policy
Product agent distribution contract	Company C	2022/7/1-2025/6/30	The company agrees to authorize the company to only sell the company's products in the agreed authorized market to customers who the company agrees to be responsible for distribution.	Privacy policy
Basic purchase and sale agreement	Company A	2014/10/29-Termination of the agreement between the two parties	If product 1 contains the seller's intellectual property rights, the seller hereby authorizes the buyer, according to the terms of this contract, on the premise of the intellectual property rights in the seller's product 1. Authorization is granted to exclusive, permanent, irrevocable, royalty-free, global, and paid licenses to use, import, and reproduce for the sale and distribution of product 1.	Privacy policy
Product agent distribution contract	Company J	2023/10/16-2026/10/15	The company agrees to authorize the company to only sell the company's products in the agreed authorized market to customers who the company agrees to be responsible for distribution.	Privacy policy

Six. Financial Overview

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

Unit: NT\$ thousand

Year		Financial information for the most recent 5 years					Financial information for the current year through March 31, 2024
		2019	2020	2021	2022	2023	
Item							
Current assets		2,820,403	4,665,637	5,037,195	5,770,153	4,594,900	5,169,271
Property, plant and equipment		227,746	251,156	297,664	497,937	570,754	517,792
Intangible assets		97,852	90,270	211,431	135,402	68,432	54,598
Other assets		305,088	10,683,466	12,388,519	11,391,173	16,415,079	16,680,518
Total assets		3,451,089	15,690,529	17,934,809	17,794,665	21,649,165	22,422,179
Current liabilities	Before distribution	844,312	1,563,695	1,637,798	2,443,378	2,041,829	3,225,084
	After distribution	1,672,834	3,225,044	3,437,467	3,830,673	3,429,099	3,225,084
Non-current liabilities		25,289	25,257	14,393	39,885	21,547	21,864
Total liabilities	Before distribution	869,601	1,588,952	1,652,191	2,483,263	2,063,376	3,246,948
	After distribution	1,698,123	3,250,301	3,451,860	3,870,558	3,450,646	3,246,948
Equity attributable to owners of the parent company		2,581,488	14,101,577	16,282,618	15,311,402	19,585,789	19,175,231
Capitalization		600,379	692,229	692,181	693,648	693,635	693,635
Capital reserve		450,995	8,401,988	8,468,973	8,488,784	9,613,449	8,780,537
Retained earnings	Before distribution	1,533,537	3,632,927	5,285,362	6,114,116	6,966,393	7,418,040
	After distribution	705,015	1,971,578	3,485,693	4,726,821	5,579,123	7,418,040
Other rights and interests		(3,423)	1,374,433	1,836,102	14,854	2,312,312	2,283,019
Treasury shares		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total equity	Before distribution	2,581,488	14,101,577	16,282,618	15,311,402	19,585,789	19,175,231
	After distribution	1,752,966	12,440,228	14,482,949	13,924,107	18,198,519	19,175,231

Note: Financial information has been verified by an accountant.

2. Condensed parent company only statement of comprehensive income

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

Item	Year	Financial information for the most recent 5 years					Financial information for the current year through March 31, 2024
		2019	2020	2021	2022	2023	
Operating income		3,746,124	6,987,470	6,009,012	5,248,329	6,401,267	1,948,193
Operating margin		1,864,969	3,628,141	3,210,404	2,714,786	3,534,264	1,153,288
Operating profit and loss		1,169,191	2,472,712	1,937,712	1,300,633	1,822,590	672,013
Non-operating income and expenses		(7,556)	872,207	1,628,704	1,609,375	746,079	344,192
Net profit before tax		1,161,635	3,344,919	3,566,416	2,910,008	2,568,669	1,016,205
Current net profit from continuing operations		965,207	2,927,912	3,193,148	2,617,361	2,228,182	885,755
Losses from discontinued operations		0	0	0	0	0	0
Net profit for the period (loss)		965,207	2,927,912	3,193,148	2,617,361	2,228,182	885,755
Other comprehensive profit and loss for the period (net after-tax)		8,417	1,434,283	541,114	(1,732,594)	2,248,840	917,240
Total comprehensive profit and loss for the current period		973,624	4,362,195	3,734,262	884,767	4,477,022	1,802,995
Net profit attributable to owners of the parent company		965,207	2,927,912	3,193,148	2,617,361	2,228,182	885,755
Net profit attributable to non-controlling interests		0	0	0	0	0	0
Total comprehensive profit and loss attributable to the owners of the parent company		973,624	4,362,195	3,734,262	884,767	4,477,022	1,802,995
Total comprehensive profit and loss attributable to non-controlling interests		0	0	0	0	0	0
Earnings per share (NT\$)		16.08	44.16	46.23	37.86	32.19	12.80

Note: Financial information has been verified by an accountant.

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

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

Year	Accounting firm	Name of CPA	Audit Opinion
2019	PricewaterhouseCoopers, Taiwan	Chang Shu-Chiung, Lin Chun-Yao	Unqualified opinion
2020	PricewaterhouseCoopers, Taiwan	Weng Shih-Rung, Lin Chun-Yao	Unqualified opinion
2021	PricewaterhouseCoopers, Taiwan	Weng Shih-Rung, Lin Chun-Yao	Unqualified opinion
2022	PricewaterhouseCoopers, Taiwan	Yu Shu-Fen, Lin Chun-Yao	Unqualified opinion
2023	PricewaterhouseCoopers, Taiwan	Yu Shu-Fen, Chang Shu-Chiung	Unqualified opinion

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

In order to cooperate with the internal rotation mechanism of the CPA firm, starting from the first quarter of 2023, the company's certified public accountants Yu Shu-Fen and Lin Chun-Yao of PwC Taiwan were replaced by accountants Yu Shu-Fen and Chang Shu-Chiung.

II. Financial analysis for the most recent five years:

(I) Financial analysis

1. Individual financial analysis-International Financial Reporting Standards

Analysis Item (Note 3)		Financial analysis for the most recent five years (Note 1)					Current year through March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio	25.20	10.13	9.21	13.96	9.53	14.48
	Percentage of long-term assets in property, plant and equipment	1,144.60	5,624.72	5,474.97	3,082.98	3,435.34	3,707.49
Solvency (%)	Current ratio	334.05	298.37	307.56	236.15	225.04	160.28
	Quick ratio	298.18	210.33	177.80	156.50	191.84	137.82
	Interest coverage ratio	2,234.91	2,535.03	2,587.23	328.08	415.64	1,645.34
Management capacity	Turnover rate of accounts receivable (times)	5.46	14.37	12.64	7.66	6.74	6.38
	Average cash collection days	67	25	29	48	54	57
	Inventory turnover rate (times)	4.54	4.55	2.09	1.97	3.34	5.06
	Payable turnover rate (times)	8.30	11.07	8.09	11.65	15.34	10.71
	Average sales days	80	80	175	185	109	72
	Property, plant and equipment turnover rate (times)	19.52	29.18	21.90	13.19	11.98	14.32
	Total asset turnover (times)	1.12	0.73	0.36	0.29	0.32	0.35
Profitability	Return on assets (%)	28.96	30.60	19.00	14.69	11.32	16.09
	Return on equity (%)	39.32	35.10	21.02	16.57	12.77	18.28
	Ratio of net profit before tax to paid-in capital (%)	193.48	483.21	515.24	419.52	370.32	586.02
	Net profit rate (%)	25.77	41.90	53.14	49.87	34.81	45.47
	Earnings per share (NT\$)	16.08	44.16	46.23	37.86	32.19	12.80
Cash flow	Cash flow ratio (%)	172.43	150.28	92.38	81.12	169.04	—
	Allowable cash flow ratio (%)	144.91	137.29	116.10	104.20	111.04	Not applicable
	Cash reinvestment ratio (%)	25.42	41.80	-3.58	4.33	38.97	—
Leverage	Operating leverage	1.83	1.23	1.55	2.34	2.25	1.53
	Financial leverage	1.00	1.00	1.00	1.01	1.00	1.00

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

1. Debt to asset ratio: Due to the Company's long-term investment plan and participation in the cash capital increase of the reinvestment company, the total assets increased, resulting in a decrease in the debt to asset ratio and an increase in the quick ratio.
2. Inventory turnover, average sales days: Due to the increased market demand and the rapid disposal of inventory, inventory turnover increased and inventory turnover days decreased.
3. Payable turnover rate: Mainly due to the Company's sufficient inventory in the last year, resulting in a decrease in the purchase volume, which in turn leads to a decrease in average payables, and an increase in the ratio.
4. Return on assets, return on equity, net profit margin: The ratio decreased due to the decrease in net income in the current year.
5. Cash flow ratio, cash reinvestment ratio: The ratio has increased due to the increase in cash inflow from operating activities in the current year.

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

Note 2: Financial data for the first quarter of 2024 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) Debt to assets ratio = total liabilities/total assets.
 - (2) The ratio of long-term funds 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) Interest coverage ratio = net profit before income tax and interest expense/interest expense in the current period.
3. Management capacity
 - (1) Accounts receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales/average receivables in each period (including accounts receivable and notes receivable due to business) balance.
 - (2) Average cash collection days = 365/receivable turnover rate.
 - (3) Inventory turnover rate = cost of goods sold / average inventory value.
 - (4) Accounts payable (including accounts payable and bills payable due to business) turnover rate = cost of goods sold / average payables in each period (including accounts payable and bills payable due to business) balance.
 - (5) Average sales days = 365 / inventory turnover rate.
 - (6) Turnover rate of property, plant and equipment = net sales/average net property, plant and equipment.
 - (7) Total asset turnover ratio = net sales/average total assets.
4. Profitability
 - (1) Return on assets = (after-tax profit and loss + interest expense × (1-Tax rate)]/Average total assets.
 - (2) Return on equity = profit and loss after tax/average total equity.
 - (3) Net profit rate = profit and loss after tax/net sales.
 - (4) Earnings per share = (Profit and loss attributable to owners of the parent company-special dividends) / Weighted average number of issued shares.
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
 - (2) Net cash flow allowable ratio = net cash flow from operating activities in the last five years / the last five years (Capital expenditure + inventory increase + cash dividend)
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities-cash dividends)/(Gross property, plant and equipment + long-term investment + other non-current assets + working capital).
6. Leverage:
 - (1) Operating leverage = (Net operating income-variable operating costs and expenses) / Business profit.
 - (2) Financial leverage = operating profit /(Business profit-interest expense).

III. Audit committee review report for financial reports of the most recent year: Please refer to page 90.

ASMedia Technology Inc.
Audit Committee Review Report

The Company's board of directors has prepared various forms such as the 2023 business report, financial statements, and earnings distribution proposals, Among them, the financial statements were entrusted by the board of directors with PwC Taiwan accountants Yu Shu-Fen and Chang Shu-Chiung to review this serious matter, and they issued an unqualified opinion as part of their audit report. The above-mentioned business report, financial statements, and earnings distribution proposal have been reviewed by this audit committee and it is found that there is no discrepancy. According to the relevant provisions of the Securities and Exchange Act and the Company Act, the report is given above. Submitted for your review

Sincerely

The 2024 shareholders' meeting of the Company

Convener of the Audit Committee: Hsieh Chien-Ping

March 20, 2024

IV. The most recent annual financial reports: Please refer to pages 101-164.

V. Impact on the Company's financial status from any financial difficulties on the part of the Company or its affiliates:
No such situation.

Seven. Financial Status and Financial Performance Review Analysis

I. Financial status

The primary origins and effects of major changes in assets, liabilities, and equity in the last two years

Unit: NT\$ thousand

Item	Year	2023 (Note)	2022 (Note)	Difference	
				Amount	%
Current assets		4,594,900	5,770,153	(1,175,253)	(20.37)
Property, plant and equipment		570,754	497,937	72,817	14.62
Intangible assets		68,432	135,402	(66,970)	(49.46)
Other assets		16,415,079	11,391,173	5,023,906	44.10
Total assets		21,649,165	17,794,665	3,854,500	21.66
Current liabilities		2,041,829	2,443,378	(401,549)	(16.43)
Non-current liabilities		21,547	39,885	(18,338)	(45.98)
Total liabilities		2,063,376	2,483,263	(419,887)	(16.91)
Capitalization		693,635	693,648	(13)	0.00
Capital reserve		9,613,449	8,488,784	1,124,665	13.25
Retained earnings		6,966,393	6,114,116	852,277	13.94
Other equity interest		2,312,312	14,854	2,297,458	15,466.93
Non-controlling interests		0	0	0	—
Total shareholders' equity		19,585,789	15,311,402	4,274,387	27.92
<p>1. Description of major changes (where the change from the beginning and ending periods is more than 20% and the absolute amount of change attains NT\$10 million)</p> <p>(1) Current assets: Due to the increase in market demand and the rapid depletion of inventories.</p> <p>(2) Intangible assets: This is mainly due to the yearly amortization of software and equipment purchased.</p> <p>(3) Other assets: Due to the Company's long-term investment plan, and participation in the cash capital increase of the reinvestment company.</p> <p>(4) Non-current liabilities: Mainly due to the annual amortization of the rent payable for leased offices and business vehicles.</p> <p>(5) Other equities: Mainly due to the increase in unrealized valuation gains and losses of equity instrument investments measured at fair value through other comprehensive income.</p> <p>2. If the financial status changes in the last two years have a significant impact, the future response plan should be explained: The above changes are normal business changes. There is no significant impact on the company's financial status.</p>					

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

II. Financial performance

(I) Primary reasons for major changes in operating income, operating net profit, and pre-tax net profit in the last two years

Unit: NT\$ thousand

Item	Year	2023 (Note)	2022 (Note)	Difference	
				Amount	%
Net operating income		6,401,267	5,248,329	1,152,938	21.97
Operating costs		2,867,003	2,533,543	333,460	13.16
Operating margin		3,534,264	2,714,786	819,478	30.19
Operating expenses		1,711,674	1,414,153	297,521	21.04
Operating profit		1,822,590	1,300,633	521,957	40.13
Non-operating income and expenses		746,079	1,609,375	(863,296)	(53.64)
Net profit before tax		2,568,669	2,910,008	(341,339)	(11.73)
Income tax expense		340,487	292,647	47,840	16.35
Net profit after tax		2,228,182	2,617,361	(389,179)	(14.87)
Other comprehensive income		2,248,840	(1,732,594)	3,981,434	(229.80)
Total comprehensive profit and loss for the current period		4,477,022	884,767	3,592,255	406.01
Description of major changes (where the change from the beginning and ending periods is more than 20% and the absolute amount of change attains NT\$10 million):					
1. Net operating profit: Mainly due to the increase in shipments during the period.					
2. Non-operating income and expenses: Mainly due to the decrease in investment income recognized under equity method in the current period.					
3. Other comprehensive income: This is mainly due to the large fluctuation in the fair value of financial assets measured at fair value through other comprehensive income and the share of other comprehensive income of affiliates and joint ventures recognized under the equity method.					

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

(II) 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 foreign market conditions, and corporate development strategies, the Company predicts that the overall business target for 2024 will be slightly higher than the sales for 2023. The Company will continue to develop new products and new markets, and establish long-term partnerships with customers to expand market share in the expectation of increasing the Company's profitability.

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

III. Cash flows:

(I) Analysis and explanation of changes in cash flow in the most recent year

Units: NT\$ thousand, %

Year \ Item	2023	2022	Amount Increase (Decrease)	Rate of change
Business activities	3,451,574	1,108,456	2,343,118	211.39
Investment activity	(1,366,915)	239,400	(1,606,315)	(670.98)
Fundraising activity	(2,212,597)	(723,193)	(1,489,404)	205.95

Analysis of changes:

- (1) Operating activities: Mainly due to the increase in market demand and the increase in shipments, resulting in a decrease in inventory compared to the previous year, and a net cash inflow from operating activities.
- (2) Investing activities: Due to the Company's long-term investment plan, the Company participated in the cash capital increase of the reinvestment company, resulting in net cash outflow from investing activities.
- (3) Financing activities: Net cash outflow from financing activities was due to the increase in borrowings for the flexible use of funds last year, and the repayments this year.

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

(III) Analysis of cash liquidity in the coming year (2024)

Unit: NT\$ thousand

Beginning cash balance (1)	Estimated annual net cash flow from operating activities (2)	Cash flow from investment and financing activities throughout the year (3)	Estimated ending cash balance (1)+(2)-(3)	Remedial measures for an expected cash shortage	
				Investment plan	Financing plan
2,230,750	680,484	(624,710)	2,286,524	NA	NA

(1) Analysis of expected cash flow changes

- A. Business activities: It is expected that revenue will continue to grow, which will generate net cash 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, we will continue to increase the capital expenditure for production masks, generating a net cash outflow from investment activities.
- C. Fund-raising activities: It is expected that the distribution of cash dividends will generate net cash outflow from financing activities.

(2) Remedial measures and flow analysis of expected cash shortage: No such situation.

IV. The impact of major capital expenditures on financial operations in the most recent year:

The Company estimates that the main capital expenditures in 2024 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 year, the main reason for its profit or loss, and improvement plan and investment plan for the coming year

(I) Reinvestment policy for the most recent year:

The Company currently has "Standards for Acquiring or Disposing of Assets" for the management and control of reinvestment businesses, to grasp the financial and business status of these businesses. In addition, the internal control system stipulates the relevant standards of "Supervision and

Management of Subsidiaries." This is done in order to supervise and encourage all subsidiaries to formulate relevant operating procedures for major financial and business matters, and supervise their implementation or handling in accordance with the law, and establish a subsidiary operating risk management mechanism to maximize operating performance.

- (II) Primary 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	Recognized investment gains in 2023	Main reason for profit or loss	Improvement plan	Investment plan for the coming year
WT MICROELECTRONICS CO., LTD.		675,926	Mainly due to good operating performance	None	-

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

VI. Risk issues and assessment in the most recent year and up to the date of publication of the annual report

- (I) The impact of interest rates, exchange rate changes, and inflation on the company's profit and loss and future countermeasures

1. The impact of interest rate changes on the company's profit and loss and future countermeasures
The net interest income of the company in 2023 after deducting financial expenses is NT\$26,664 thousand, accounting for 0.42% of net operating income and 1.04% of net profit before tax. Therefore, the impact of interest rate changes on the company's operating income and pre-tax net profit is still limited.

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

2. The impact of interest rate changes on the Company's profit and loss and future countermeasures
The company's sales are quoted in U.S. dollars, and the main raw materials are also paid in U.S. dollars. Therefore, part of the purchase and sale of US dollars can be taken as natural hedging. The net exchange profit in 2023 was NT\$13,976 thousand, accounting for 0.22% of net operating income and 0.54% of net profit before tax. Considering the large exchange rate fluctuations in recent years, in order to effectively reduce the impact of exchange rate changes on revenue and profits, we continue to observe the impact of the overall economic situation on the exchange rate and then decide whether to take a hedging action in the form of a 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 on the Company's profit and loss and future countermeasures
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 the cost of raw materials. In addition, we 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 operations.

- (II) Policies for engaging in high-risk, high-leverage investments, fund loans to others, endorsements and derivatives trading, the main reasons for profit or loss, and future countermeasures

1. Engaging in high-risk, high-leverage investments
The Company focuses on the operation of the industry and 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 has it engaged in highly leveraged investments.

2. Engaging in fund loans to others, endorsement guarantees, and derivative commodity transactions

The Company's capital loans to others, endorsements, and derivatives transactions are based on its "Procedures for Acquiring or Disposing of Assets," "Procedures for Loaning Funds to Others," "Endorsement Guarantee Operation 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, 2023, the Company has no capital loans or endorsement guarantees.

(III) Future R&D plans and estimated R&D expenses

In terms of product development, the Company uses existing IP for high-level integration and power consumption optimization. In response to the development needs of high-speed IP, the Company invests in the development of new processes: such as IO hub product line, USB 4, Type-C, PCIe Gen4/Gen5 related products.

As for the acquisition of new technologies, the Company also continues to develop many forward-looking technologies. In terms of technology, in addition to continuing to develop ultra-high-speed physical layers, in the future we will introduce energy-saving and low-power functional design, improve product reliability and develop advanced manufacturing processes. This will be done in order to facilitate future high-speed product development and increase the possibility of connecting with international manufacturers.

In terms of patent application and intellectual property protection, we will strengthen the protection of technological innovation, increase patent applications, and protect the Company's technological achievements and commercial interests.

The Company's estimated investment in research and development expenses is gradually compiled according to the progress of new products and new technology development. With the growth of turnover in the future, the annual R&D expenses will be gradually increased. It is estimated that in 2024, it will continue to invest about NT\$1,100,000 thousand in research and development expenses. This will support future R&D plans and increase the company's market competitiveness.

(IV) The impact of important domestic and foreign policy and legal changes on the Company's financial business and corresponding measures

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 closely pay 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 policy and legal changes on the company's financial business.

(V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response.

The Company has accumulated considerable depth in R&D technology and is also recognized by customers. The company's management and supervisors regularly pay attention to the market and technological changes and evaluate their risks and their impact on ASMedia's product layout, to reduce all risk factors and create maximum benefit for shareholders. In addition, it actively participates in the activities and discussions of the Specification Development Association, hoping to get 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. So far, there has been no change in technology and industry matters that affect the Company's financial operations.

In response to cyber security risks, the Company has introduced a business continuity management plan to prevent hacking, data leakage and other operational impacts and information security risks within the supply chain and within itself. The information security personnel will be responsible for the information security work covering regular vulnerability scans, social engineering drills, protection system effectiveness checks, and other related information security tests, while providing relevant information security promotion and education and training courses, to ensure that the Company's business operation impacts and risks caused by cyber security abnormalities are minimized.

- (VI) The impact of corporate image change on corporate crisis management and countermeasures
Abiding by laws and regulations, attaching importance to the rights and interests of employees and shareholders, and fulfilling its due social responsibilities are the Company's requisite duties. As of the printing date of the annual report, the Company has not experienced any changes in its corporate image requiring corporate crisis management.
- (VII) Expected benefits, possible risks, and countermeasures of M&A: No such situation.
- (VIII) Expected benefits, possible risks, and countermeasures of plant expansion: No such situation.
- (IX) Risks faced through purchase or sales concentration and corresponding measures
1. Purchase concentration
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 to ensure delivery. In addition, the Company's long-term cooperation with the procurement of wafers is a leading global foundry manufacturer. Its 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. Sales concentration
The Company's product lines are numerous and its main sales customers are international brand manufacturers. Although there is occasional sales concentration, we 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 purpose of diversifying risk.
- (X) Regarding directors, supervisors, or major shareholders holding more than 10% of shares, the impact, risks, and countermeasures of massive transfers or replacement of equity on the Company:
No such situation.
- (XI) The impact, risks, and countermeasures of changes of management rights on the Company: No such situation.
- (XII) Litigation or non-litigation events
1. Give litigation, non-litigation, or administrative litigation events faced by the Company that has been determined by judgment or are currently in process in the last two years and as of the date of publication of the annual report, and where the result of which may have a significant impact on shareholders' equity or securities prices. Also, the facts in dispute, the amount of the subject matter, the date of the commencement of the lawsuit, the main parties involved in the lawsuit, and the current handling situation should be disclosed: No such situation.
 2. Give litigation, non-litigation, or administrative litigation events faced by the Company's directors, supervisors, general managers, substantive persons in charge, major shareholders, and affiliated companies with a shareholding ratio of more than 10%, that have been determined by judgment or are currently in process in the last two years and as of the date of publication of the

annual report, and where the result of which may have a significant impact on the Company's shareholders' equity or securities prices. Also, the facts in dispute, the amount of the subject matter, the date of the commencement of the lawsuit, the main parties involved in the lawsuit, and the current handling situation should be disclosed:

- (1) ASUS computer monitors and projectors were subject to patent litigation or investigation in the United States. Although it is not yet possible to judge its possible outcome, ASUSTeK has estimated the possible losses in its accounts.
- (2) ASUSTek personal computers and mobile phones, LEDs for mobile phone products, wireless network products supporting the IEEE 802.11ac communication standard, after-sales services, various products using LVDS processors, MU-MIMO supported routers, wireless base stations, pens, mobile phones, routers supporting Wi-Fi 6, notebook computers, desktop computers, motherboards, Mini PCs, and mobile phone products, notebook computers and displays with backlight displays, mobile phone products supporting LTE functions, and pens with built-in AMD CPU. 264, H.265 and screen rotation related products, products supporting the Bluetooth function, notebooks using POWERFLEX MOS devices, Flip series computers, routers and notebooks, Western Digital's notebook products, desktop and notebook products with MP3 function, mobile phone products with AMOLED, computer products with smart screen displays, related products supporting Wi-Fi 4 and Wi-Fi 5, and supporting Wi-Fi 6 Products, motherboards supporting MU-MIMO, routers, wireless base stations, notebooks and mobile phones, with 802.11ax (Wi-Fi 6/6E), Wake on Wireless Lan (WoLAN) technology, Touchpad diagonal scrolling or the hinge mechanism that enables 360-degree rotation of the notebook screen, products supporting HEVC, products using Windows 10/11 and supporting Windows Search Bar/ Windows Search function, and handheld products with multimedia wireless transmission function, respectively, are under patent litigation or investigation in USA, Japan, Brazil, Italy, and Germany. It is not yet possible to determine their possible outcome and impact.

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.

(XIII) Other important risks and corresponding measures: No such situation.

VII. Other important matters: No such situation.

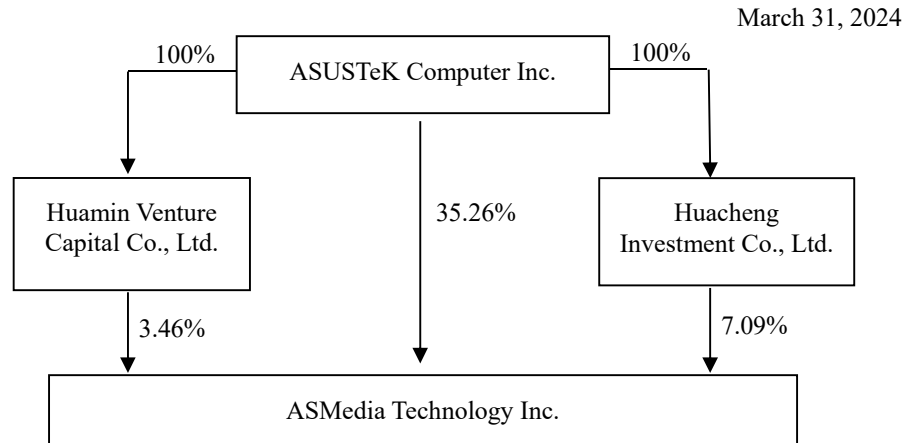
Eight. Special Disclosures

I. Summary of affiliated companies

(I) Affiliated business merger report for the most recent year

1. Overview of affiliated enterprises

(1) Organization Chart of Affiliated Enterprises



(2) Relationship with related companies, mutual shareholding ratio, shares, and actual investment amounts

March 31, 2024 Unit: NTD; 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%
Huacheng Venture Capital Co., Ltd.	Other related parties	4,918,014	49,180,140	7.09%
Huamin Investment Co., Ltd.	Other related parties	2,399,641	23,996,410	3.46%

(3) According to Article 369-3 of the Company Act, relevant information about persons who are presumed to have a relationship between controlling and subordinate companies: None.

(4) Industries covered by the business of the overall relationship company: IC design and holding (investment) industry.

(5) The names of the directors, supervisors, and general managers of the affiliated companies and their shareholding status: None.

(6) Overview of operations of related companies: None.

(II) Financial statements of related companies: Not applicable.

(III) Relationship report: Not applicable.

II. Private placement of securities in the most recent year and up to the date of publication of the annual report: No such situation.

- III. The holding or disposition of the shares of the Company by subsidiaries in the most recent year to the day this report was printed: No such situation.
- IV. Other supplementary matters: No such situation.
- V. In the most recent year and as of the printing date of the annual report, occurrences of matters that have a significant impact on shareholders' equity or the price of securities as stipulated in Article 36, Paragraph 3, Section 2 of the Securities and Exchange Act: No such situation.

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, 2023 and 2022, 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 material 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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 2023 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 2023 financial statements are stated as follows:

Existence of revenues from customers

Description

Refer to Note 4(25) for accounting policy on revenue recognition.

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

How our audit addressed the matter

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

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

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of individual 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.

Yu, Shu-Fen

Chang, Shu-Chiung

For and on Behalf of PricewaterhouseCoopers, Taiwan
February 26, 2024

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,230,750	10	\$ 2,358,688	13
1110	Financial assets at fair value through profit or loss - current	6(2)	621,590	3	614,508	3
1170	Accounts receivable, net	6(3)	930,224	4	697,573	4
1180	Accounts receivable - related parties	6(3) and 7	133,358	1	137,770	1
1200	Other receivables		1,220	-	15,443	-
130X	Inventory	6(4)	564,584	3	1,157,943	7
1410	Prepayments	6(5) and 7	113,174	-	788,228	4
11XX	Total current assets		<u>4,594,900</u>	<u>21</u>	<u>5,770,153</u>	<u>32</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income-non- current	6(7)	867,927	4	712,345	4
1550	Investments accounted for using equity method	6(6)	13,657,281	63	10,488,290	59
1600	Property, plant and equipment	6(8)	570,754	3	497,937	3
1755	Right-of-use assets	6(9)	44,357	-	63,232	-
1780	Intangible assets	6(10)	68,432	-	135,402	1
1840	Deferred income tax assets	6(26)	141,353	1	101,535	1
1900	Other non-current assets	6(11), 7 and 8	1,704,161	8	25,771	-
15XX	Total non-current assets		<u>17,054,265</u>	<u>79</u>	<u>12,024,512</u>	<u>68</u>
1XXX	Total assets		<u>\$ 21,649,165</u>	<u>100</u>	<u>\$ 17,794,665</u>	<u>100</u>

(Continued)

ASMEDIA TECHNOLOGY INC.
INDIVIDUAL BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 300,000	2	\$ 1,100,000	6
2130	Current contract liabilities	6(19)	2,065	-	29,158	-
2170	Accounts payable		263,785	1	111,279	1
2200	Other payables	6(13)	958,250	5	972,239	6
2220	Other payables - related parties	7	1,333	-	929	-
2230	Current income tax liabilities		228,378	1	146,008	1
2280	Lease liabilities - current	6(9)	24,045	-	24,361	-
2300	Other current liabilities	7	263,973	1	59,404	-
21XX	Total current liabilities		<u>2,041,829</u>	<u>10</u>	<u>2,443,378</u>	<u>14</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(26)	28	-	28	-
2580	Lease liabilities - non-current	6(9)	21,417	-	39,251	-
2640	Net defined benefit liability, non-current	6(14)	102	-	606	-
25XX	Total non-current liabilities		<u>21,547</u>	<u>-</u>	<u>39,885</u>	<u>-</u>
2XXX	Total liabilities		<u>2,063,376</u>	<u>10</u>	<u>2,483,263</u>	<u>14</u>
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(16)	693,635	3	693,648	4
Capital surplus						
3200	Capital surplus	6(17)	9,613,449	44	8,488,784	47
Retained earnings						
3310	Legal reserve	6(18)	1,237,694	6	974,852	6
3350	Unappropriated retained earnings		5,728,699	26	5,139,264	29
Other equity interest						
3400	Other equity interest		2,312,312	11	14,854	-
3XXX	Total equity		<u>19,585,789</u>	<u>90</u>	<u>15,311,402</u>	<u>86</u>
Significant contingent liabilities and unrecorded contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 21,649,165</u>	<u>100</u>	<u>\$ 17,794,665</u>	<u>100</u>

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

ASMEDIA TECHNOLOGY INC.
INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19) and 7	\$ 6,401,267	100	\$ 5,248,329	100
5000	Operating costs	6(4)(24) and 7	(2,877,606)	(45)	(2,537,273)	(48)
5900	Gross profit		3,523,661	55	2,711,056	52
5910	Unrealised profit from sales		(11,665)	-	(22,268)	-
5920	Realised profit from sales		22,268	-	25,998	-
5950	Net operating margin		3,534,264	55	2,714,786	52
	Operating expenses	6(24)(25) and 7				
6100	Selling expenses		(106,492)	(2)	(91,017)	(2)
6200	General and administrative expenses		(216,161)	(3)	(183,276)	(3)
6300	Research and development expenses		(1,389,021)	(22)	(1,139,860)	(22)
6000	Total operating expenses		(1,711,674)	(27)	(1,414,153)	(27)
6900	Operating profit		1,822,590	28	1,300,633	25
	Non-operating income and expenses					
7100	Interest income	6(20)	32,859	1	10,328	-
7010	Other income	6(21)	21,745	-	20,208	1
7020	Other gains and losses	6(22)	21,744	-	166,344	3
7050	Finance costs	6(23)	(6,195)	-	(8,897)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(6)				
			675,926	11	1,421,392	27
7000	Total non-operating income and expenses		746,079	12	1,609,375	31
7900	Profit before income tax		2,568,669	40	2,910,008	56
7950	Income tax expense	6(26)	(340,487)	(5)	(292,647)	(6)
8200	Profit for the year		\$ 2,228,182	35	\$ 2,617,361	50
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gain (loss) on defined benefit plan	6(14)	\$ 512	-	(\$ 561)	-
8316	Unrealised gain (loss) on investments in equity instruments at fair value through other comprehensive income	6(7)	155,582	2	(352,021)	(7)
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		2,152,501	34	(2,222,068)	(42)
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		2,308,595	36	(2,574,650)	(49)
	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		(59,755)	(1)	842,056	16
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		(59,755)	(1)	842,056	16
8300	Total other comprehensive income (loss) for the year		\$ 2,248,840	35	(\$ 1,732,594)	(33)
8500	Total comprehensive income for the year		\$ 4,477,022	70	\$ 884,767	17
	Earnings per share(in dollars)					
9750	Basic earnings per share	6(27)	\$ 32.19		\$ 37.86	
9850	Diluted earnings per share	6(27)	\$ 32.03		\$ 37.61	

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings				Other Equity Interest				Total equity
		Share capital - common stock	Additional paid-in capital	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Losses on remeasurements of defined benefit plan	Other equity, others	
<u>Year ended December 31, 2022</u>										
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(18)									
Legal reserve		-	-	331,378	(331,378)	-	-	-	-	-
Cash dividends		-	-	-	(1,799,669)	-	-	-	-	(1,799,669)
Share-based payments	6(15)									
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 equity method	6(6)	-	(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
<u>Year ended December 31, 2023</u>										
Balance at January 1, 2023		\$ 693,648	\$ 8,488,784	\$ 974,852	\$ 5,139,264	\$ 276,935	(\$ 168,291)	(\$ 962)	(\$ 92,828)	\$ 15,311,402
Profit for the year		-	-	-	2,228,182	-	-	-	-	2,228,182
Other comprehensive income (loss)		-	-	-	-	(59,755)	2,308,083	512	-	2,248,840
Total comprehensive income		-	-	-	2,228,182	(59,755)	2,308,083	512	-	4,477,022
Appropriations of 2022 retained earnings	6(18)									
Legal reserve		-	-	262,842	(262,842)	-	-	-	-	-
Cash dividends		-	-	-	(1,387,295)	-	-	-	-	(1,387,295)
Share-based payments	6(15)									
Compensation cost of employee restricted stocks		-	-	-	-	-	-	-	60,008	60,008
Retirement and reduction of employee restricted stocks		(13)	13	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	6(6)	-	1,124,652	-	-	-	-	-	-	1,124,652
Disposal of equity instrument measured at fair value through other comprehensive income by associates		-	-	-	11,390	-	(11,390)	-	-	-
Balance at December 31, 2023		\$ 693,635	\$ 9,613,449	\$ 1,237,694	\$ 5,728,699	\$ 217,180	\$ 2,128,402	(\$ 450)	(\$ 32,820)	\$ 19,585,789

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

ASMEDIA TECHNOLOGY INC.
INDIVIDUAL STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,568,669	\$ 2,910,008
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(24)	301,292	233,762
Amortisation	6(10)(24)	79,764	84,704
Net gain on financial assets at fair value through profit or loss	6(2)(22)	(7,768)	(3,665)
Interest expense	6(23)	6,195	8,897
Interest income	6(20)	(32,859)	(10,328)
Dividend income	6(21)	(16,000)	(16,000)
Share-based payments	6(15)	60,008	34,377
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(675,926)	(1,421,392)
Unrealised profit from sales	6(6)	(10,603)	(3,730)
Gains on lease modification	6(9)	(7)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		(232,651)	(281,576)
Accounts receivable - related parties		4,412	(18,835)
Other receivables		14,344	17,506
Inventory		593,359	255,628
Prepayments		675,054	(76,652)
Changes in operating liabilities			
Contract liabilities - current		(27,093)	(19,513)
Accounts payable		152,506	(213,113)
Other payables		65,694	8,696
Other payables - related parties		404	194
Other current liabilities		204,569	(42,851)
Non-current net defined benefit liability		8	(133)
Cash inflow generated from operations		3,723,371	1,445,984
Income tax paid		(297,935)	(339,344)
Interest received		32,738	10,126
Interest paid		(6,600)	(8,310)
Net cash flows from operating activities		<u>3,451,574</u>	<u>1,108,456</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		-	(144,000)
Dividends received	6(6)(21)	750,936	873,542
Acquisition of property, plant and equipment	6(28)	(363,236)	(406,288)
Acquisition of intangible assets	6(28)	(76,225)	(80,662)
Decrease (increase) in refundable deposits		5,050	(3,192)
Increase in other non-current assets	6(11) and 7	(1,683,440)	-
Net cash flows (used in) from investing activities		<u>(1,366,915)</u>	<u>239,400</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings	6(29)	(800,000)	1,100,000
Payment of lease liabilities	6(29)	(25,302)	(23,524)
Cash dividends paid	6(18)	(1,387,295)	(1,799,669)
Net cash flows used in financing activities		<u>(2,212,597)</u>	<u>(723,193)</u>
Net (decrease) increase in cash and cash equivalents		(127,938)	624,663
Cash and cash equivalents at beginning of year		2,358,688	1,734,025
Cash and cash equivalents at end of year		<u>\$ 2,230,750</u>	<u>\$ 2,358,688</u>

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, 2023 AND 2022

(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 February 26, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 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.

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

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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 MATERIAL 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 activities;

- (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) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(18) 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.

(19) 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.

(20) 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.

(21) 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.

(22) 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 and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in associates, except where the timing of the

reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

(23) 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.

(24) 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.

(25) 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.

(26) 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, 2023, the carrying amount of inventories was \$564,584.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 90	\$ 90
Checking accounts and demand deposits	1,834,660	1,962,598
Time deposits	<u>396,000</u>	<u>396,000</u>
	<u>\$ 2,230,750</u>	<u>\$ 2,358,688</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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Open-end fund	\$ 611,247	\$ 607,588
Valuation adjustments	<u>10,343</u>	<u>6,920</u>
	<u>\$ 621,590</u>	<u>\$ 614,508</u>

A. The Company recognised net gain amounting to \$7,768 and \$3,665 on financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022, respectively.

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

(3) Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 930,369	\$ 697,718
Accounts receivable - related parties	133,358	137,770
Less: Allowance for uncollectible accounts	(145)	(145)
	<u>\$ 1,063,582</u>	<u>\$ 835,343</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 1,062,085	\$ 832,921
Up to 90 days	<u>1,642</u>	<u>2,567</u>
	<u>\$ 1,063,727</u>	<u>\$ 835,488</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, the balances of receivables from contracts with customers amounted to \$1,063,727 and \$835,488, respectively.

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

D. As of December 31, 2023 and 2022, 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 \$1,063,582 and \$835,343, respectively.

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

(4) Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Raw materials	\$ 56,422	\$ 279,998
Work in process	272,405	411,295
Finished goods	<u>235,757</u>	<u>466,650</u>
	<u>\$ 564,584</u>	<u>\$ 1,157,943</u>

The cost of inventories recognised as expense for the years ended December 31, 2023 and 2022 was \$2,877,606 and \$2,537,273, of which (\$8,000) and \$254,000 pertain to the (recovery) decline in value of inventories for the years ended December 31, 2023 and 2022, respectively. The realizable value of inventory elevated which was accounted for as reduction of cost of goods sold because some inventories with allowance for valuation loss were sold during the year ended December 31, 2023.

(5) Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Advance payments for purchasing materials and production capacity	\$ 81,538	\$ 785,008
Prepaid sales tax and others	<u>31,636</u>	<u>3,220</u>
	<u>\$ 113,174</u>	<u>\$ 788,228</u>

(6) Investments accounted for using equity method

	2023	2022
At January 1	\$ 10,488,290	\$ 11,391,413
Share of profit or loss of investments accounted for using equity method	675,926	1,421,392
Unrealised sales profit	10,603	3,730
Earnings distribution of investments accounted for using equity method	(734,936)	(857,542)
Changes in capital surplus	1,124,652	(90,691)
Changes in other equity items	2,092,746	(1,380,012)
At December 31	<u>\$ 13,657,281</u>	<u>\$ 10,488,290</u>

Associate

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

Company name	Principal place of business	Shareholding ratio (Note)		Nature of relationship	Method of measurement
		December 31, 2023	December 31, 2022		
WT MICROELECTRONICS CO., LTD.	Taiwan	19.27%	19.35%	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(16)F. 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

	<u>WT MICROELECTRONICS CO., LTD.</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 238,746,945	\$ 183,649,584
Non-current assets	26,438,027	16,552,586
Current liabilities	(177,888,805)	(124,816,197)
Non-current liabilities	(15,350,515)	(20,411,652)
Total net assets	<u>\$ 71,945,652</u>	<u>\$ 54,974,321</u>
Fair value adjustment of other intangible net assets and tangible net assets	(332,581)	(87,905)
Total net assets after adjustment	<u>\$ 71,613,071</u>	<u>\$ 54,886,416</u>
Share in associate's net assets	\$ 13,692,964	\$ 10,484,560
(Unrealised) realised sales (loss) profit	(35,683)	3,730
Carrying amount of the associate	<u>\$ 13,657,281</u>	<u>\$ 10,488,290</u>

Statement of comprehensive income

	<u>WT MICROELECTRONICS CO., LTD.</u>	
	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 594,518,813	\$ 571,197,118
Profit for the year from continuing operations	\$ 3,734,158	\$ 7,355,688
Other comprehensive income (loss), net of tax	10,914,983	(7,069,962)
Total comprehensive income	<u>\$ 14,649,141</u>	<u>\$ 285,726</u>
Dividends received from associates	<u>\$ 734,936</u>	<u>\$ 857,542</u>

C. The Company's material associate, WT MICROELECTRONICS CO., LTD., has quoted market prices. As of December 31, 2023 and 2022, the fair value was \$19,237,500 and \$10,448,100, respectively.

D. The Company is the single largest shareholder of WT MICROELECTRONICS CO., LTD with a 19.27% equity interest. Given that WT MICROELECTRONICS CO., LTD.'s other large shareholders hold more shares than the Company, which indicates that the Company has no current ability to direct the relevant activities of WT MICROELECTRONICS CO., LTD., the Company has no control, but only has significant influence, over the investee.

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equity instruments		
Listed stocks	\$ 499,000	\$ 499,000
Unlisted stocks	289,000	289,000
Valuation adjustment	<u>79,927</u>	<u>(75,655)</u>
	<u>\$ 867,927</u>	<u>\$ 712,345</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 \$867,927 and \$712,345 as at December 31, 2023 and 2022, 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>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 155,582</u>	<u>(\$ 352,021)</u>

(8) Property, plant and equipment

	<u>Instruments and equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>At January 1, 2023</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>
<u>2023</u>				
Opening net book amount as at January 1	\$ 481,471	\$ 14,234	\$ 2,232	497,937
Additions	342,555	5,520	-	348,075
Depreciation charge	(270,588)	(3,820)	(850)	(275,258)
Closing net book amount as at December 31	<u>\$ 553,438</u>	<u>\$ 15,934</u>	<u>\$ 1,382</u>	<u>\$ 570,754</u>
<u>At December 31, 2023</u>				
Cost	\$ 1,011,853	\$ 24,958	\$ 3,608	\$ 1,040,419
Accumulated depreciation and impairment	(458,415)	(9,024)	(2,226)	(469,665)
	<u>\$ 553,438</u>	<u>\$ 15,934</u>	<u>\$ 1,382</u>	<u>\$ 570,754</u>
	<u>Instruments and equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<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>

The significant components of instruments and equipment include reticle masks and analytical instruments, which are depreciated over 2 and 2~5 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, 2023 and 2022, payments of lease commitments for short-term leases amounted to \$2,471 and \$2,199, respectively.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 38,737	\$ 54,043
Transportation equipment (Business vehicles)	5,620	9,189
	<u>\$ 44,357</u>	<u>\$ 63,232</u>

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 19,737	\$ 17,758
Transportation equipment (Business vehicles)	6,297	6,164
	<u>\$ 26,034</u>	<u>\$ 23,922</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$8,646 and \$55,064, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,494	\$ 1,039
Expense on short-term lease contracts	2,471	2,199
Gain on lease modification	(7)	-

- F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$29,267 and \$26,762, respectively.

(10) Intangible assets

	<u>Technical licencing fee</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2023</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>
<u>2023</u>				
Opening net book amount as at January 1	\$ 1,004	\$ 134,398	\$ -	\$ 135,402
Additions	-	12,794	-	12,794
Amortisation charge	(1,004)	(78,760)	-	(79,764)
Closing net book amount as at December 31	<u>\$ -</u>	<u>\$ 68,432</u>	<u>\$ -</u>	<u>\$ 68,432</u>
<u>At December 31, 2023</u>				
Cost	\$ -	\$ 239,638	\$ -	\$ 239,638
Accumulated amortisation and impairment	-	(171,206)	-	(171,206)
	<u>\$ -</u>	<u>\$ 68,432</u>	<u>\$ -</u>	<u>\$ 68,432</u>
<u>2022</u>				
<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>

- 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	
	2023	2022
Selling expenses	\$ 76	\$ 76
Administrative expenses	1,449	1,904
Research and development expenses	78,239	82,724
	<u>\$ 79,764</u>	<u>\$ 84,704</u>

(11) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayments for investments	\$ 1,683,440	\$ -
Others	20,721	25,771
	<u>\$ 1,704,161</u>	<u>\$ 25,771</u>

On December 20, 2023, the Board of Directors resolved to participate in the capital increase of the Company's associate, WT MICROELECTRONICS CO., LTD., in line with the long-term investment plan of the Company. The Company subscribed 17,720 thousand shares at the subscription price of \$95 (in dollars) per share. The investment totalling \$1,683,440 had been paid before December 31, 2023 and was recorded as prepayments for investments under other non-current assets as the effective date of the capital increase had been set on January 9, 2024. The Company participated in the capital increase of WT MICROELECTRONICS CO., LTD. and accordingly, the shareholder subscription ratio will decrease from 19.27% to 18.46%.

(12) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings unsecured borrowings	<u>\$ 300,000</u>	1.85%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings unsecured borrowings	<u>\$ 1,100,000</u>	1.53% -1.7%	None

Interest expense recognised in profit or loss amounted to \$4,701 and \$7,858 for the years ended December 31, 2023 and 2022, respectively.

(13) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued employees' compensation and directors' remuneration	358,637	444,772
Salary and bonus payable	516,067	349,080
Accrued payment for intangible assets payable	12,538	75,969
Payable on property, plant and equipment	662	15,823
Insurance payable	21,252	18,426
Others	49,094	68,169
	<u>\$ 958,250</u>	<u>\$ 972,239</u>

(14) 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, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 5,048	\$ 5,450
Fair value of plan assets	(4,946)	(4,844)
Net defined benefit liabilities	<u>\$ 102</u>	<u>\$ 606</u>

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

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 5,450	(\$ 4,844)	\$ 606
Interest expense (income)	73	(65)	8
	<u>5,523</u>	<u>(4,909)</u>	<u>614</u>
Remeasurements:			
Return on plan assets	-	(37)	(37)
Change in financial assumptions	(494)	-	(494)
Experience adjustments	19	-	19
	<u>(475)</u>	<u>(37)</u>	<u>(512)</u>
At December 31	<u>\$ 5,048</u>	<u>(\$ 4,946)</u>	<u>\$ 102</u>
	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
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 financial 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>

(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, 2023 and 2022 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	
	2023	2022
Discount rate	1.25%	1.35%
Future salary increases	4.00%	5.00%

Assumptions regarding future mortality experience are set based on the 5th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022.

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, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 260)	\$ 278	\$ 269	(\$ 255)
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 309)	\$ 332	\$ 319	(\$ 300)

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, 2024 amount to \$0.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

	<u>December 31, 2023</u>
Within 1 year	\$ 28
1-2 year(s)	168
2-5 years	489
Over 5 years	5,095
	<u>\$ 5,780</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, 2023 and 2022 were \$19,527 and \$18,066, respectively.

(15) 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>2023</u>	<u>2022</u>
	Quantity of stocks (stock in thousands)	Quantity of stocks (stock in thousands)
Restricted stocks at January 1	327	180
Issued during the year	-	150
Restricted stocks forfeited	(1)	(3)
Restricted stocks vested	(222)	-
Restricted stocks at December 31	<u>104</u>	<u>327</u>

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:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price (in dollars)</u>	<u>Exercise price (in dollars)</u>	<u>Expected option life</u>	<u>Fair value per unit (in dollars)</u>
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:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Equity-settled	<u>\$ 60,008</u>	<u>\$ 34,377</u>

(16) Share capital

A. As of December 31, 2023, 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 \$693,635 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):

	<u>2023</u>	<u>2022</u>
At January 1	69,365	69,218
Issuance of restricted stocks	-	150
Retirement of restricted stocks	(1)	(3)
At December 31	<u>69,364</u>	<u>69,365</u>

B. In order to reward employees who stay with the Company and have a good performance, the shareholders during their meeting on June 13, 2019 adopted a resolution to issue employee restricted ordinary shares without consideration of 350 thousand shares with a par value of \$10 (in dollars) per share. The issuance has been approved to be effective on September 18, 2019

by the Financial Supervisory Commission. On February 21, 2020, the Board of Directors has approved to issue the first 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 order to reward employees who stay with the Company and have a good performance, the shareholders during their meeting on June 16, 2023 adopted a resolution to issue employee restricted ordinary shares without consideration of 250 thousand shares with a par value of \$10 (in dollars) per share. The issuance has been approved to be effective on October 27, 2023 by the Financial Supervisory Commission. 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.
- E. In 2023 and 2022, 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.
- F. 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.

(17) 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.

(18) 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 16, 2023 and June 9, 2022, the shareholders during their meeting approved the appropriations of 2022 and 2021 earnings, respectively. Details are as follows:

	<u>Year ended December 31, 2022</u>		<u>Year ended December 31, 2021</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve appropriated	\$ 262,842		\$ 331,378	
Cash dividends distributed to shareholders	1,387,295	\$ 20.00	1,799,669	\$ 26.00

(19) Operating revenue

	Year ended December 31	
	2023	2022
Revenue from contracts with customers (IC products)	\$ 6,401,267	\$ 5,248,329

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, 2023	High speed interface controller	High speed device controller	Total
Revenue from external customer contracts	\$ 4,761,931	\$ 1,639,336	\$ 6,401,267
Timing of revenue recognition			
At a point in time	\$ 4,761,931	\$ 1,639,336	\$ 6,401,267
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

B. Contract liabilities

- (a) As of December 31, 2023 and 2022, the Company recognised contract liabilities arising from sales revenue from contracts with customers amounting to \$2,065 and \$29,158, respectively.
- (b) Revenue recognised that was included in the contract liability balance at the beginning of the year.

	Year ended December 31	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ 29,158	\$ 48,671

(20) Interest income

	Year ended December 31	
	2023	2022
Interest income from bank deposits	\$ 32,595	\$ 10,133
Other interest income	264	195
	\$ 32,859	\$ 10,328

(21) Other income

	Year ended December 31	
	2023	2022
Dividend income	\$ 16,000	\$ 16,000
Others	5,745	4,208
	<u>\$ 21,745</u>	<u>\$ 20,208</u>

(22) Other gains and losses

	Year ended December 31	
	2023	2022
Net currency exchange gains	\$ 13,976	\$ 162,679
Net gains on financial assets at fair value through profit or loss	7,768	3,665
	<u>\$ 21,744</u>	<u>\$ 166,344</u>

(23) Finance costs

	Year ended December 31	
	2023	2022
Interest expense	<u>\$ 6,195</u>	<u>\$ 8,897</u>

(24) Expenses classified based on nature

	Year ended December 31, 2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	<u>\$ 59,704</u>	<u>\$ 1,026,308</u>	<u>\$ 1,086,012</u>
Depreciation	<u>\$ 26,142</u>	<u>\$ 275,150</u>	<u>\$ 301,292</u>
Amortisation	<u>\$ -</u>	<u>\$ 79,764</u>	<u>\$ 79,764</u>

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

(25) Employee benefit expense

	Year ended December 31	
	2023	2022
Salary expenses	\$ 1,002,296	\$ 846,348
Labour and health insurance fees	42,930	38,962
Pension costs	19,527	18,067
Other personnel expenses	21,267	11,549
	<u>\$ 1,086,020</u>	<u>\$ 914,926</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, 2023 and 2022, employees' compensation was accrued at \$164,483 and \$185,930, respectively; directors' remuneration was accrued at \$8,224 and \$9,296, respectively. The aforementioned amounts were recognised in salary expenses. Employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 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.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 352,487	\$ 292,010
Tax on undistributed surplus earnings	48,914	52,015
Prior year income tax overestimation	(21,096)	(4,784)
Total current tax	380,305	339,241
Deferred tax:		
Origination and reversal of temporary differences	(39,818)	(46,594)
Income tax expense	<u>\$ 340,487</u>	<u>\$ 292,647</u>

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

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 513,734	\$ 580,721
Tax exempt income by tax regulation	(139,939)	(286,957)
Effect from investment tax credits	(61,126)	(48,348)
Prior year income tax overestimation	(21,096)	(4,784)
Tax on undistributed surplus earnings	48,914	52,015
Income tax expense	<u>\$ 340,487</u>	<u>\$ 292,647</u>

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

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Allowance for inventory obsolescence losses	\$ 77,800	(\$ 1,600)	\$ -	\$ 76,200
Expected credit losses	29	-	-	29
Unrealised exchange loss	5,239	2,106	-	7,345
Estimated sales discounts and allowances	10,894	42,025	-	52,919
Unrealised sales profit	4,454	(2,121)	-	2,333
Others	3,119	(592)	-	2,527
	<u>101,535</u>	<u>39,818</u>	<u>-</u>	<u>141,353</u>
- Deferred tax liabilities				
Others	(28)	-	-	(28)
	<u>(28)</u>	<u>-</u>	<u>-</u>	<u>(28)</u>
	<u>\$ 101,507</u>	<u>\$ 39,818</u>	<u>\$ -</u>	<u>\$ 141,325</u>

2022				
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
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	<u>2,300</u>	<u>819</u>	-	<u>3,119</u>
	<u>55,151</u>	<u>46,384</u>	-	<u>101,535</u>
- Deferred tax liabilities				
Unrealised exchange gain	(238)	238	-	-
Others	<u>-</u>	<u>(28)</u>	-	<u>(28)</u>
	<u>(238)</u>	<u>210</u>	-	<u>(28)</u>
	<u>\$ 54,913</u>	<u>\$ 46,594</u>	<u>\$ -</u>	<u>\$ 101,507</u>

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

(27) Earnings per share

	Year ended December 31, 2023		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 2,228,182	69,211	\$ 32.19
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 2,228,182	69,211	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	126	
Restricted stocks	-	236	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 2,228,182	69,573	\$ 32.03
	Year ended December 31, 2022		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (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

(28) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31	
	2023	2022
Purchase of property, plant and equipment	\$ 348,075	\$ 410,113
Add: Opening balance of payable on equipment	15,823	11,998
Less: Ending balance of payable on equipment	(662)	(15,823)
Cash paid during the year	<u>\$ 363,236</u>	<u>\$ 406,288</u>

	Year ended December 31	
	2023	2022
Purchase of intangible assets	\$ 12,794	\$ 41,755
Add: Opening balance of other payables	75,969	114,876
Less: Ending balance of other payables	(12,538)	(75,969)
Cash paid during the year	<u>\$ 76,225</u>	<u>\$ 80,662</u>

(29) Changes in liabilities from financing activities

	2023		
	Principal of lease liabilities	Short-term borrowings	Liabilities from financing activities
At January 1	\$ 63,612	\$ 1,100,000	\$ 1,163,612
Changes in cash flow from financing activities	(25,302)	(800,000)	(825,302)
Changes in other non-cash items	<u>7,152</u>	<u>-</u>	<u>7,152</u>
At December 31	<u>\$ 45,462</u>	<u>\$ 300,000</u>	<u>\$ 345,462</u>

	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	<u>55,064</u>	<u>-</u>	<u>55,064</u>
At December 31	<u>\$ 63,612</u>	<u>\$ 1,100,000</u>	<u>\$ 1,163,612</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	
	2023	2022
Sales of goods:		
Ultimate parent company	\$ 445,068	\$ 463,540
Associates-WT	563,345	563,714
	<u>\$ 1,008,413</u>	<u>\$ 1,027,254</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 sale and was approximately the same with third parties.

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

	Year ended December 31	
	2023	2022
Ultimate parent company and its subsidiaries	<u>\$ 7,417</u>	<u>\$ 7,392</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, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Ultimate parent company	\$ 75,564	\$ 110,352
Associates-WT	<u>57,794</u>	<u>27,418</u>
	<u>\$ 133,358</u>	<u>\$ 137,770</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 refund liabilities (shown as 'other current liabilities')

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables (Note 1):		
Ultimate parent company	\$ 533	\$ 603
Associates		
- ACSH	693	326
- Others	<u>107</u>	<u>-</u>
	<u>\$ 1,333</u>	<u>\$ 929</u>
Refund liabilities (shown as 'other current liabilities') (Note 2):		
Ultimate parent company	\$ 106,410	\$ 21,115
Associates-WT	<u>10,439</u>	<u>10,545</u>
	<u>\$ 116,849</u>	<u>\$ 31,660</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) Refund liabilities (shown as 'other current liabilities') mainly pertain to liabilities from sales returns and discounts.

E. Property transactions

Acquisition of financial assets:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments of investment		
Associates-WT	<u>\$ 1,683,440</u>	<u>\$ -</u>

(4) Key management compensation

	Year ended December 31	
	2023	2022
Salaries and other short-term employee benefits	\$ 201,615	\$ 191,651
Post-employment benefits	432	432
	<u>\$ 202,047</u>	<u>\$ 192,083</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Pledged time deposits (shown as 'other non-current assets')	<u>\$ 3,000</u>	<u>\$ 3,000</u>	Customs duty guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2023 and 2022, the outstanding amounts due for the purchase of instruments and equipment payable within one year were \$6,402 and \$30,212, 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, 2023, the purchase of materials and production capacity prepayment amounting to \$81,538 has been paid.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Refer to Note 6(11) 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, 2023</u>	<u>December 31, 2022</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	\$ 621,590	\$ 614,508
Financial assets at fair value through other comprehensive income	867,927	712,345
Financial assets at amortised cost		
Cash and cash equivalents	2,230,750	2,358,688
Accounts receivable (including related parties)	1,063,582	835,343
Other receivables	1,220	15,443
Guarantee deposits paid (shown as 'other non-current assets')	9,641	14,691
Pledged time deposits (shown as 'other non-current assets')	3,000	3,000
	<u>\$ 4,797,710</u>	<u>\$ 4,554,018</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 300,000	\$ 1,100,000
Accounts payable	263,785	111,279
Other payables (including related parties)	959,583	973,168
Other current liabilities	263,973	59,404
	<u>\$ 1,787,341</u>	<u>\$ 2,243,851</u>
Lease liabilities	<u>\$ 45,462</u>	<u>\$ 63,612</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 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 used in various functional currency, primarily with respect to the USD. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require the company to manage its foreign exchange risk against its functional currency. The Company is required to hedge its 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, 2023 and 2022. If NTD had appreciated or depreciated by 1% to USD, net income would have decreased/increased by \$13,321 and \$17,847 for the years ended December 31, 2023 and 2022, respectively. If NTD had appreciated or depreciated by 1% to RMB, net income would have decreased/increased by \$1,559 and \$1,561 for the years ended December 31, 2023 and 2022, 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, 2023				
	<u>Foreign currency</u>	<u>Exchange</u>	<u>Book value</u>	
	<u>amount (In thousands)</u>	<u>rate</u>	<u>(NTD)</u>	
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 46,076	30.71	\$ 1,414,764	
RMB:NTD	36,040	4.33	155,921	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 2,692	30.71	\$ 82,658	
December 31, 2022				
	<u>Foreign currency</u>	<u>Exchange</u>	<u>Book value</u>	
	<u>amount (In thousands)</u>	<u>rate</u>	<u>(NTD)</u>	
(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	

- v. The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to \$13,976 and \$162,679, 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, 2023 and 2022 would have increased/decreased by \$4,973 and \$4,916, 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 \$6,943 and \$5,698, 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, the Company is responsible for managing and analysing the credit risk for each of the 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:

	<u>2023</u>	<u>2022</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1 and 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, 2023 and 2022, the Company held the above investment position (excluding cash and cash equivalents) of \$1,489,517 and \$1,326,853, 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, 2023</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	\$ 300,000	\$ -	\$ -	\$ 300,000
Accounts payable	263,785	-	-	263,785
Other payables (including related parties)	959,583	-	-	959,583
Lease liabilities	25,582	21,752	-	47,334

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

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, 2023, December 31, 2022 and December 31, 2022 are as follows:

December 31, 2023	<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>\$ 621,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 621,590</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 765,050</u>	<u>\$ -</u>	<u>\$ 102,877</u>	<u>\$ 867,927</u>
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>

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, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2023 and 2022, 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, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 102,877	Discounted cash flow	Note 1	Not applicable	Note 2
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 110,345	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: Refer to table 2.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting period: 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			
	2023		2022	
	Revenue	%	Revenue	%
High speed interface controller	\$ 4,761,931	74	\$ 4,014,212	76
High speed device controller	1,639,336	26	1,234,117	24
	<u>\$ 6,401,267</u>	<u>100</u>	<u>\$ 5,248,329</u>	<u>100</u>

(4) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31			
	2023		2022	
	Net sales	Non-current assets	Net sales	Non-current assets
US	\$ 3,253,626	\$ -	\$ 2,555,740	\$ -
Taiwan	1,404,941	2,387,704	1,520,977	772,342
China	388,128	-	274,441	-
Southeast Asia	596,148	-	395,600	-
North-east Asia	646,443	-	423,339	-
Other	111,981	-	78,232	-
	<u>\$ 6,401,267</u>	<u>\$ 2,387,704</u>	<u>\$ 5,248,329</u>	<u>\$ 772,342</u>

(5) Major customer information

Major customer information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31	
	2023	2022
	Net sales	Net sales
Customer A	\$ 3,253,363	\$ 2,544,277
WT MICROELECTRONICS CO., LTD. (WT)	563,345	563,714
	<u>\$ 3,816,708</u>	<u>\$ 3,107,991</u>

ASMedia Technology Inc.

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

December 31, 2023

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, 2023				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	\$ 29,263	-	\$ 29,263	
ASMedia Technology Inc.	Mega Diamond Money Market Fund	No	Current financial assets at fair value through profit or loss	23,753,662	306,410	-	306,410	
ASMedia Technology Inc.	Capital Money Market Fund	No	Current financial assets at fair value through profit or loss	17,237,540	285,917	-	285,917	
ASMedia Technology Inc.	Augentix Inc.	No	Non-current financial assets at fair value through other comprehensive income	1,600,000	21,456	6.51%	21,456	
ASMedia Technology Inc.	ICATCH TECHNOLOGY, INC.	No	Non-current financial assets at fair value through other comprehensive income	5,500,000	399,850	5.78%	399,850	
ASMedia Technology Inc.	WT MICROELECTRONICS CO., LTD.	Associate	Non-current financial assets at fair value through other comprehensive income	8,000,000	365,200	-	365,200	
ASMedia Technology Inc.	LeRain Technology Co., Ltd.	No	Non-current financial assets at fair value through other comprehensive income	1,200,000	12,276	3.99%	12,276	
ASMedia Technology Inc.	Teletx Co.	No	Non-current financial assets at fair value through other comprehensive income	5,230,486	44,145	16.00%	44,145	
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.

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

December 31, 2023

Table 2

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2023 (Note 2)		Addition (Note 1)		Disposal			Balance as at December 31, 2023 (Note 2)		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ASMedia Technology Inc.	Common Stock	Investments accounted for using equity method	WT MICROELECTRONICS CO., LTD.	Associate	171,000,000	\$ 10,488,290	17,720,421	\$ 1,683,440	-	\$ -	\$ -	\$ -	171,000,000	\$ 13,657,281

Note 1: The company participated in the capital increase, the effective date is January 9th, 2024. The investment amount has not been transferred into the company's security account, therefore, the investment amount is not included in the balance. Refer to Note 6(11) for details.

Note 2: The beginning and ending balances include the adjustments from profit or loss accounted for under equity method.

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

Years ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
ASMedia Technology Inc.	ASUSTEK COMPUTER INCORPORATION	Parent company of the Company	Sales	\$ 445,068	7%	Note	Note	Note	\$ 75,564	7%	
ASMedia Technology Inc.	WT MICROELECTRONICS CO., LTD.	Associate	Sales	563,345	9%	Note	Note	Note	57,794	5%	

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

ASMedia Technology Inc.
Information on investees
Years ended December 31, 2023

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, 2023			Net profit of the investee for the year ended December 31, 2023	Investment income recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	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	19.27%	\$ 13,657,281	\$ 4,012,142	\$ 675,926	

ASMedia Technology Inc.
Major shareholders information
December 31, 2023

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.

Chairman: Hsu Shih-Chang