Stock Code: 5274

ASPEED Technology Inc.
2021 Annual Report

<u>*Notice to readers*</u>

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Printed on April 02, 2022
Website for accessing this annual report: http://mops.twse.com.tw
Annual Report is available at: http://www.aspeedtech.com

Contact Information

Spokesperson:

Name: Lili Wu
Title: Manager
Tel: +886-3-5751185
E-mail: ir@aspeedtech.com

Acting spokesperson:

Name: Iris Chueh
Title: Manager
Tel: +886-3-5751185
E-mail: ir@aspeedtech.com

ASPEED Technology Inc. Headquarters:

Address: 4F, No. 1, Sec. 3, Gongdao 5th Rd., East Dist., Hsinchu City, Taiwan, R.O.C.
Tel: +886-3-5751185

ASPEED Technology (U.S.A.) Inc.:

Address: 2290 N. First Street, Suite 300, San Jose, CA 95131, USA
Tel: 1-408-650-6682

ASPEED Technology India Private Limited:

Address: #442, 24th Main, 2nd Stage, B.T.M. Layout, Bangalore-560076, Kamataka, India
Tel: 91-98-8445-2234

Transfer Agent:

Company: ChinaTrust Commercial Bank, Transfer Agency Department
Address: 5F, No. 83, Sec. 1, Chongqing S. Rd., Taipei City, Taiwan, R.O.C. 100
Website: https://www.chinatrust.com.tw
Tel: +886-2-66365566

Independent Auditor:

Company: Deloitte & Touche
Auditors: Ming Yuan Chung and Yi-Hsin Kao
Address: 6F, No. 2, Prosperity Road I, Hsinchu Science Park
Tel: +886-3-5780899
Website: http://www.deloitte.com

ASPEED Technology Inc. Website

Website: http: //www.aspeedtech.com

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I. A Letter to Shareholders

Dear Shareholders,

In 2021, the world was still at the mercy of COVID-19 and lifestyles and work patters have changed and the global economy trembled. Under these circumstances, the demand for semiconductors remained robust. Despite the challenge of the global semiconductor capacity squeeze last year, our business was at a record high. With dedicated efforts from all of our colleagues, ASPEED Technology was pleased to announce that our revenue and profits last year were both the highest in history. The revenue totaled NT$3,637,632 thousand for 2021, up by 18.74% from NT$3,063,552 thousand in 2020. The net profits reached NT$1,312,925 thousand for 2021, up by 30.68% from NT$1,004,689 thousand in 2020. Earnings per share stood at NT$38.30, and the gross margin and operating margin were 65.31% and 45.36%, respectively, for 2021. Going forward, the world will gradually move toward digital transformation post-COVID-19. ASPEED Technology responds to industry and market changes by prioritizing the health and welfare of employees and strengthening responsiveness and agility. The purpose is to maintain normal operations, provide quality and continuous services to customers and return to shareholders and society.

Since inception, ASPEED Technology has been dedicated to innovation, R&D and product development on all fronts. Digital transformation and remote working during the pandemic and the growing demand for a plethora of cloud services in the maturing 5G environment are expected to underpin the continued growth of the server and cloud computing market. ASPEED Technology maintains No. 1 position in the global market for our signature product, baseboard management controller (BMC) SoC. Yes, we do not stop here. Going forward, we will progress from product selling to platform building by reaching beyond the server market. We seek to create possibilities with depth and breadth, and by expanding use cases and clientele and strengthening customer relations. Other than the server market, we proactively develop BMC products for switch equipment, storage equipment and artificial intelligence (AI) computing. For the server market, we seek to develop different chips such as RoT (Root of Trust) security chips and Mini BMC/Bridge IC which can successfully increase the shipment for single server in the future. We focus our portfolio of PC/AV extension SoC on the mainstream market for AVoIP 1G. After years of hard work, the revenue more than doubled last year. The AVoIP 1G product will become our second signature product as we expect to establish market leadership in the second half of this year. We are also planning for AVoIP 2.5G as the next generation product, in order to gradually complete our product lineups for different market requirements. In response to the growing demand for new working style and video conferencing post-COVID-19, Cupola360 spherical image processor SoC will gradually serve key customers as the brand for 360-degree image capturing for videoconferencing equipment. Cupola360 Studio software is also creating significant benefits. Going forward, we continue to develop use cases in image software, AI, AR/VR, smart factories and smart cities. ASPEED Technology continues to pursue growth with a steadfast BMC product and a gradually expanding non-BMC portfolio (PC/AV extension SoC and Cupola360 spherical image processor SoC).

In January, 2022, we are pleased to announce the appointment of Mr. CJ Hsieh as the Chief Operating Officer of the company. With nearly 30 years of experience in IC design and upstream and downstream semiconductor industries, Mr. Hsieh held senior management positions in global operations, procurement, R&D, and sales at various companies, providing him with complete industry experience as well as extensive knowledge of supplier relationships and major CPU brands. For future innovation and continuous growth, we have especially hired Mr. CJ Hsieh to leverage on his past experience in the semiconductor industry and to bring in international management capabilities to help ASPEED move forward.

In light of the importance of sustainable development, in 2021 we released ASPEED Technology's first 2020 Sustainability Report. Besides operational achievements and performance, we want all stakeholders to understand our corporate governance, environmental, and social contributions. For our products, we use green design concepts to provide customers with the most appropriate SoC solutions that optimize their energy efficiency. At the same time, we continue to invest in strengthening our Company's green R&D. For corporate governance, we insist on operational transparency and emphasize upholding the rights and interests of employees, shareholders, and stakeholders. We implement corporate governance best practice principles and a code of ethical conduct, in order to achieve robust corporate governance. For social measures, ASPEED Technology shares operational profits with employees. In 2020, we ranked 10th among firms listed on the TWSE for average salary of non-management employees, a highlight of the ongoing attention we pay towards employee welfare and talent management. We also take great pride in giving back to society by striving to be a good corporate citizen, including through CSR fulfillment. In 2021, ASPEED Technology has established a Sustainability Committee that support greater participation in corporate governance, environmental, and social issues. We will continue to develop core technological advantages and green energy-saving products that support global sustainable development. We will balance our pursuit of higher profits with corporate sustainable management and giving back to society.

Looking to the future, we believe that digital transformation is the trend for all industries. Far-reaching and diverse cloud services and applications will also continue growing. We provide the right products to address market needs with constant and accurate positioning. Meanwhile, the drive for sustainable development and the green environment is the shared mission for all corporates. ASPEED Technology continues to invest in R&D in order to enhance competitive advantages and highlight green concepts into product design. We strive for growth together with upstream suppliers and downstream customers across the semiconductor supply chain. In addition, we spare no effort in the development of semiconductor talents and the investment for sustainable operation. We practice good corporate governance and optimize organizational management in order to maximum profits for shareholders. "Daring in innovation and willing to share" has always been the motto for ASPEED Technology. Going forward, we hope to drive our sustainable and vibrant development with continuous innovations. Finally, we thank our shareholders for long-standing support. We will continue to work hard so that our shareholders, customers and employees can enjoy the fruit of our success.

Chairman: Chris Lin

President: Chris Lin

II. Company Profile

1. Date of Incorporation:
   11/15/2004
2. A brief history of the Company

Year	Milestones
2004/11	Founded with NT$45,000 thousand capital and NT$1,000 thousand paid-up capital.
2004/12	Cash capital increased by issuing new shares of NT$11,000 thousand with NT$12,000 thousand paid-up capital after increase in total.
2005/03	Cash capital increased by issuing new shares of NT$14,000 thousand with NT$26,000 thousand paid-up capital after increase in total.
2005/11	Allied with QCI as a software partner.
2005/11	Launched the first generation BMC – AST2000/1000.
2005/11	Allied with AMI as a software partner.
2005/12	Allied with ATEN Technology as a software partner.
2006/03	Cash capital increased by issuing new shares of NT$10,000 thousand with NT$36,000 thousand paid-up capital after increase in total.
2006/06	Allied with Avocent as a software partner.
2006/09	Cash capital increased by issuing new shares of NT$14,000 thousand with NT$50,000 thousand paid-up capital after increase in total.
2007/01	Be certified to ISO 9001-2000.
2007/06	Launched the second generation BMC – AST2100/2050/1100.
2008/08	Employee bonus and surplus capital increased by issuing new shares of NT$29,000 thousand with NT$79,000 thousand paid-up capital after increase in total.
2008/10	Ranked no.37 in revenue growth "Deloitte Technology Fast 500 Asia Pacific 2008" by Deloitte & Touche.
2008/12	Launched the third generation BMC – AST2200/AST2150.
2009/06	AST1500 received the "Best Choice of COMPUTEX TAIPEI 2009 Award".
2009/06	Launched the new product AST1500 PC-Over-LAN Extension Processor.
2009/09	Employee bonus and surplus capital increased by issuing new shares of NT$21,230 thousand with NT$100,230 thousand paid-up capital after increase in total.
2009/11	Employee exercised stock warrants increased of NT$1,750 thousand with NT$101,980 thousand paid-up capital after increase in total.
2010/01	Launched the new product AST1600 PC-Over-GAT5 Extension Processor.
2010/02	Launched virtual desktop processors – AST1150/AST1160/AST1170/AST1180.
2010/07	Launched the fourth generation BMC – AST2300/AST1300.
2010/09	Employee bonus and surplus capital increased by issuing new shares of NT$27,885 thousand with NT$129,865 thousand paid-up capital after increase in total.
2010/10	Cash capital increased by issuing new shares of NT$20,000 thousand with NT$149,865 thousand paid-up capital after increase in total.
2011/01	Employee exercised stock warrants increased of NT$1,275 thousand with NT$151,140 thousand paid-up capital after increase in total.
2011/07	Employee bonus and surplus capital increased by issuing new shares of NT$35,091 thousand with NT$186,231 thousand paid-up capital after increase in total.

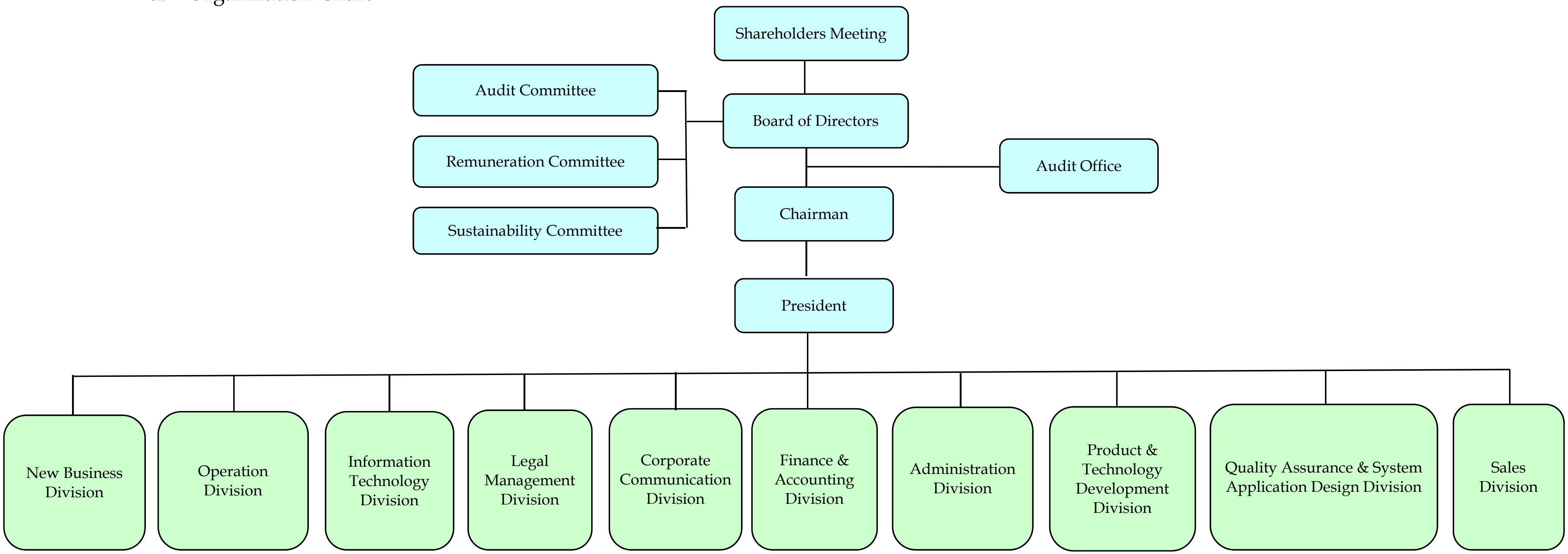
Year	Milestones
2011/09	Cash capital increased by issuing new shares of NT$12,000 thousand with NT$198,231 thousand paid-up capital after increase in total.
2011/11	Employee exercised stock warrants increased of NT$2,550 thousand with NT$200,781 thousand paid-up capital after increase in total.
2012/01	Corporation went public.
2012/05	Listed for trading in emerging markets.
2012/09	Employee bonus and capital surplus increased by issuing new shares of NT$10,588 thousand with NT$211,368 thousand paid-up capital after increase in total.
2012/11	Employee exercised stock warrants increased of NT$1,612 thousand with NT$212,980 thousand paid-up capital after increase in total.
2013/04	Listed on Taipei Exchange.
2013/05	Cash capital increased by issuing new shares of NT$20,360 thousand with NT$233,340 thousand paid-up capital after increase in total.
2013/09	Capital surplus increased by issuing new shares of NT$4,667 thousand with NT$238,007 thousand paid-up capital after increase in total.
2013/10	Issued new restricted employee shares increased of NT$610,000 thousand with NT$238,617 thousand paid-up capital after increase in total.
2013/12	Ranked no. 428 in revenue growth "Deloitte Technology Fast 500 Asia Pacific 2013"by Deloitte & Touche.
2014/05	Issued new employee restricted shares increased of NT$450 thousand with NT$239,067 thousand paid-up capital after increase in total.
2014/07	Retired restricted stock awards shares decreased of NT$100 thousand with NT$238,967 thousand paid-up capital after decrease in total.
2014/08	Capital surplus increased by issuing new shares of NT$23,907 thousand with NT$262,874 thousand paid-up capital after increase in total.
2014/11	Rated by Forbes "Asia's 200 Best Under A Billion in 2014".
2014/12	Issued new employee restricted shares increased of NT$220 thousand with NT$263,094 thousand paid-up capital after increase in total.
2014/12	Retired restricted stock awards shares decreased of NT$135,000 thousand with NT$262,959 thousand paid-up capital after decrease in total.
2014/12	Ranked no. 451 in revenue growth "Deloitte Technology Fast 500 Asia Pacific 2014" by Deloitte & Touche.
2015/08	Employee bonus and surplus capital increased by issuing new shares of NT$53,762 thousand with NT$316,720 thousand paid-up capital after increase in total.
2016/05	Acquired the BMC Pilot™ product line from Emulex Corporation, a subsidiary of Broadcom.
2016/06	Established the offshore investment company ASPEED Technology (Samoa) Inc.
2016/07	Established the subsidiary ASPEED Technology (U.S.A.) Inc.
2016/08	Employee bonus increased by issuing new shares of NT$1,160 thousand with NT$317,881 thousand paid-up capital after increase in total.
2016/10	Established the subsidiary ASPEED Technology India Private Limited.
2016/12	Issued new employee restricted shares increased of NT$300 thousand with NT$318,181 thousand paid-up capital after increase in total.
2016/12	Acquired the BMC Pilot™ product line from Emulex Corporation.
2017/01	Issued private placement increased by issuing new shares of NT$20,220 thousand with NT$338,401 thousand paid-up capital after increase in total.

Year	Milestones
2017/06	Retired restricted stock awards shares decreased of NT$40 thousand with NT$338,361 thousand paid-up capital after decrease in total.
2017/06	Employee bonus increased by issuing new shares of NT$1,057 thousand with NT$339,418 thousand paid-up capital after increase in total.
2017/11	Retired restricted stock awards shares decreased of NT$40 thousand with NT$339,378 thousand paid-up capital after decrease in total.
2017/12	Ranked no.486 in revenue growth "Deloitte Technology Fast 500 Asia Pacific 2017" by Deloitte & Touche.
2018/02	Established the subsidiary Cupola Co., Ltd.
2018/02	Issued new employee restricted shares increased of NT$360 thousand with NT$339,738 thousand paid-up capital after increase in total.
2018/05	Debuted All Eyes on Cupola360 the World's First 360-Degree Spherical Image Processor.
2018/08	Ranked no.21 in business performance "2018 TOP 5000" by CRIF TAIWAN.
2018/08	Employee bonus increased by issuing new shares of NT$707 thousand with NT$340,446 thousand paid-up capital after increase in total.
2018/11	Issued new employee restricted shares increased of NT$210 thousand with NT$340,656 thousand paid-up capital after increase in total.
2019/03	Ranked no. 470 in revenue growth "Deloitte Technology Fast 500 Asia Pacific 2018" by Deloitte & Touche.
2019/03	Retired restricted stock awards shares decreased of NT$72 thousand with NT$340,584 thousand paid-up capital after decrease in total.
2019/08	Employee bonus increased by issuing new shares of NT$1,034 thousand with NT$341,618 thousand paid-up capital after increase in total.
2019/08	Retired restricted stock awards shares decreased of NT$50 thousand with NT$341,568 thousand paid-up capital after decrease in total.
2019/09	Issued new employee restricted shares increased of NT$280 thousand with NT$341,848 thousand paid-up capital after increase in total.
2019/11	The head office moved to 4F, No. 1, Sec. 3, Gongdao 5th Rd., East Dist., Hsinchu City 30069, Taiwan.
2020/02	Issued new employee restricted shares increased of NT$310 thousand with NT$342,158 thousand paid-up capital after increase in total.
2020/03	Issued new employee restricted shares increased of NT$90 thousand with NT$342,248 thousand paid-up capital after increase in total.
2020/08	Retired restricted stock awards shares decreased of NT$24 thousand with NT$342,224 thousand paid-up capital after decrease in total.
2020/08	Employee bonus increased by issuing new shares of NT$976 thousand with NT$343,200 thousand paid-up capital after increase in total.
2021/03	Retired restricted stock awards shares decreased of NT$45 thousand with NT$343,155 thousand paid-up capital after decrease in total.
2021/09	Retired restricted stock awards shares decreased of NT$27 thousand with NT$343,128 thousand paid-up capital after decrease in total.
2021/09	Employee bonus increased by issuing new shares of NT$602 thousand with NT$343,730 thousand paid-up capital after increase in total.
2021/11	Retired restricted stock awards shares decreased of NT$36 thousand with NT$343,694 thousand paid-up capital after decrease in total.
2022/03	Retired restricted stock awards shares decreased of NT$143 thousand with NT$343,551 thousand paid-up capital after decrease in total.

III. Corporate Governance

1. Organization

   a. Organization Chart



b. Major Corporate Functions

Department	Functions
President	1. Responsible for the Company's overall business planning and execution. 2. The development and execution of the Company's mid- and long-term business strategies. 3. The establishment, supervision, and management of the organizational operations and systems of each department. 4. Directly accountable to the Board of Directors.
Audit Office	The auditing, evaluation, and formulation of the Company's internal controls, the provision of improvement recommendations, the improvement of sales efficiency, and the effective implementation of internal controls.
New Business Division	1. New business market analysis & product strategy development. 2. Key account engagement & new business development. 3. Corporate operation analysis & continuous improvement. 4. Corporate long-term planning & execution.
Operation Division	1. Responsible for the production planning and management of the company's annual performance targets according to customer orders. 2. Establish and provide a complete operating system with services and high relevant support. 3. Implementation and improvement of production and sales coordination cycle. 4. Best corporate affairs and strategic sourcing, Expense-Based and Cost-Based. 5. Management of outsourced processing factories and suppliers. 6. Warehouse management, transportation and transportation-related systems and procedures.
Information Technology Division	1. Maintain the normal and secure operation of the company's network, software and hardware, and computer database systems. 2. Computer data management, computer system architecture planning, user program development and maintenance. 3. Operation and planning of information systems of various departments, assisting in the development of application software and equipment required by various departments. 4. Guide the company's digital transformation and enhance the company's information application capabilities.
Legal Management Division	1. Compliance and update of relevant laws and regulations for company operations. 2. Establish, manage and implement the company's legal affairs related processes, systems, systems and management rules. 3. The laws and regulations follow the supervision and management of relevant (including new regulations) risk assessments.

Department	Functions
Corporate Communication Division	1. Set the company's overall external communication and marketing. 2. Establishment of corporate brand image.
Finance & Accounting Division	1. Planning and management of accounting and financial affairs. 2. Operations of the Board of Directors. 3. Management of stock affairs.
Administration Division	1. Establish and implement the Company's administrative rules. 2. Talent recruitment, appointment, training, evaluation, and personnel changes. 3. Human resource planning and management. 4. Salary and bonus management, payment, investigation, and adjustment recommendations.
Product & Technology Development Division	1. Circuit design and R&D verification. 2. Complete product development and smooth transition to mass production. 3. Support for customer IC design, and verification and transition to product manufacturing. 4. Define new product specifications and evaluate its feasibility. 5. Analyze and respond to customers' product-related questions.
Quality Assurance & System Application Design Division	1. Quality system planning, supervision and execution, auditing, management, and integration to make the quality system smoother, and improvement of product quality management. 2. Handling customer complaints and improvement of quality issues. 3. Product verification planning, execution and management. 4. Finished product testing and non-conforming product testing and reporting. 5. Customer and internal ISO auditing. 6. Data and file management, and related documents.
Sales Division	1. Expanding marketing channels to serve customers effectively. 2. Effectively reach the annual sales goals. 3. Product competitiveness project planning. 4. New customer development, credit investigation, and lending. 5. The progress of plans related to customer satisfaction and market forecasts, and effective provision of services to customers. 6. Responsible for the product planning process. 7. Proposals and promotion activities for various products. 8. Product life cycle management.

2. Information of Directors and Officials

(1) Directors' Information

a. Information Regarding Board Members

April 02, 2022/Unit: thousand shares

Title	Nationality or Registry	Name	Gender Age	Date appointed	Term (Yrs)	Date first Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected education and experience	Concurrent positions at the company and other companies	Remark
							Shares	%	Shares	%	Shares	%	Shares	%			
Chairman	R.O.C.	Chris Lin	Male 61	July 30 2021	3	June 24 2010	356	1.04%	346	1.01%	0	0%	5,851	17.03%	EMBA, National Chiao Tung University Master , Electrical Engineering, National Taiwan University B.S., Electrical Engineering, National Tsing Hua University President, XGI Technology Inc. Vice President, Multimedia Product Division, SiS	President, ASPEED Technology Inc. Director, Linvest Wealth Corp. Director, Linvest Fortune Corp. Director, ASPEED Technology (Samoa) Inc. CEO, ASPEED Technology (U.S.A.) Inc. Director, ASPEED Technology India Private Limited Chairman, Cuploa360 Inc.	The chairman and president of the company are the same person. ASPEED has 4 independent directors and a majority of the directors are not employees or managers.
Director	R.O.C.	Xian Hua Investment Co., Ltd.	Male 64	July 30 2021	3	June 24 2010	539	1.57%	539	1.57%	0	0%	0	0%	Master, Electrical Engineering, National Tsing Hua University Chairman/Chief Operating Officer, Machvision Inc. Chairman, Ace Motors Inc. Vice President, Stark Technology Inc. Director, Acer Inc.	Director, Machvision Inc. Director, Autovision Technology Inc. Director, AtechOEM Inc. Director, Stark Technology Inc. Director, ChipAI Co., Ltd. Independent Director, Cipherlab Co., Ltd. Director, ASPEED Technology India Private Limited	
	R.O.C.	Corporate Representative – Arnold Yu					0	0%	140	0.41%	0	0%	0	0%			
Director	R.O.C.	Linvest Wealth Corp.	Male 57	July 30 2021	3	June 24 2010	4,776	13.92%	4,776	13.90%	0	0%	0	0%	EMBA, National Chengchi University B.S., Electrical Engineering, Chinese Culture University Assistant Vice President of Strategy Marketing, SiS	Vice President, ASPEED Technology Inc.	
	R.O.C.	Corporate Representative – Luke Chen					0	0%	45	0.13%	0	0%	0	0%			
Director	R.O.C.	Ted Tsai	Male 66	July 30 2021	3	May 30 2018	368	1.07%	368	1.07%	51	0.15%	0	0%	Chairman, Maojet Technology Corp. Bachelor's in Electronic Engineering, Chung Yuan Christian University	Chairman, Maojet Technology Corp.	
Director	R.O.C.	Linvest Fortune Corp.	Male 55	July 30 2021	3	May 26 2017	1,075	3.13%	1,075	3.13%	0	0%	0	0%	Master , Electrical Engineering, National Cheng Kung University Assistant Vice President of R&D, XGI Technology Inc. Senior Manager of R&D, SiS	Vice President, ASPEED Technology Inc.	
	R.O.C.	Corporate Representative – Hung-Ju Huang					0	0%	131	0.38%	19	0.06%	0	0%			
Independent Director	R.O.C.	Chyan Yang	Male 74	July 30 2021	3	June 14 2012	0	0%	0	0%	0	0%	0	0%	Ph.D. in Computer Science & Engineering, University of Washington Director, Institute of Business and Management, National Chiao Tung University Dean, College of Management, National Chiao Tung University CEO, EMBA, National Chiao Tung University	Adjunct Professor, Institute of Business and Management, National Chiao Tung University Independent Director, ACTER Co., Ltd. Supervisor, Chia Chang Co., Ltd. Independent Director, MARS Semiconductor Co. Independent Director, Associated Industries China, Inc.	
Independent Director	R.O.C.	Dyi-Chung Hu	Male 73	July 30 2021	3	June 14 2012	0	0%	0	0%	0	0%	0	0%	Ph.D. in Materials Science and Engineering, Massachusetts Institute of Technology Senior Vice President, Unimicron Technology Corp. Vice President, Hannstar Display Corp. Senior Assistant Vice President, E Ink Holdings Inc.	Chairman, Siplus Technology Co. Director, Raytek Semiconductor, Inc.	

Title	Nationality or Registry	Name	Gender Age	Date appointed	Term (Yrs)	Date first Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected education and experience	Concurrent positions at the company and other companies	Remark
							Shares	%	Shares	%	Shares	%	Shares	%			
Independent Director	R.O.C.	Sheng-Lin Chou	Male 64	July 30 2021	3	July 30 2021	0	0%	0	0%	0	0%	0	0%	B.S. , Electrical Engineering, National Tsing Hua University Ph.D. & Master in Computer Science, National Chiao-Tung University EMBA, Thunderbird School of Global Management Deputy GD, ICL/Industrial Technology Research Institute Assistant VP, TECO & GD of TECO Group Research Institute Adjunct Associate Professor, CS Dept., National Chiao-Tung University	Chief Venture Officer (CVO), ICL/Industrial Technology Research Institute Secretary General, Taiwan Association of Information & Communication Standards (TAICS)	
Independent Director	R.O.C.	John C. Lin	Male 45	July 30 2021	3	July 30 2021	0	0%	0	0%	0	0%	0	0%	Queen Mary, University of London (M.Sc. in Information Technology) Franklin Pierce Law Center (LL.M.) Lecturer, Chinese Culture University Law School	Senior Consultant, Jones Day Taipei	

Note：The directors of the 7th board were approved by shareholders' meeting on July 30, 2021. The term starts from July 30, 2021 and concludes on July 29, 2024.

b. Major shareholders of institutional shareholders

(I) Major shareholders of institutional shareholders

April 02, 2022

Name of institutional shareholder	Major shareholders of institutional shareholders
Linvest Wealth Corp.	Chris Lin (64.94%), Yu-Hua Chang (28.20%)
Xian Hua Investment Co., Ltd.	Jui-Hua Chu (50.51%), Pin Yu (13.28%), Chun-Chi Yu (13.28%), Jui-Li Chu (0.34%), Ming-Chang Yu (22.58%)
Linvest Fortune Corp.	Chris Lin (51.00%), Yu-Hua Chang (47.00%)

c. Professional qualifications and independence analysis of directors

Criteria / Name/Title	Professional Qualification and Experience	Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Chris Lin Chairman	For Directors' professional qualification and experience, please refer to "Information Regarding Board Members" of this Annual Report. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law. (Note 1)	Not Applicable	None
Arnold Yu Xian Hua Investment Co., Ltd. Corporate Representative Director			1
Luke Chen Linvest Wealth Corp. Corporate Representative Director			None
Hung-Ju Huang Linvest Fortune Corp. Corporate Representative Director			None
Ted Tsai Director			None
Chyan Yang Independent Director		All of the following situations apply to each and every of the Independent Directors: 1. Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) issued by Taiwan's Securities and Futures Bureau 2. Independent Director (or nominee arrangement) as well as his spouse and minor children do not hold any ASPEED shares 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	3
Dyi-Chung Hu Independent Director			None
Sheng-Lin Chou Independent Director			None
John C. Lin Independent Director			None

Note 1: A person shall not act in a management capacity for a company, and if so appointed, must be immediately discharged if they have been:
1. Convicted for a violation of the Statutes for the Prevention of Organizational Crimes and: has not started serving the sentence; has not completed serving the sentence; or five years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
2. Convicted for fraud, breach of trust or misappropriation, with imprisonment for a term of more than one year, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
3. Convicted for violation of the Anti-Corruption Act, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
4. Adjudicated bankrupt or adjudicated to commence a liquidation process by a court, and having not been reinstated to his or her rights and privileges;
5. Sanctioned for unlawful use of credit instruments, and the term of such sanction has not expired yet;
6. if she/he does not have any or limited legal capacity; or
7. if she/he has been adjudicated to require legal guardianship and such requirement has not been revoked yet.

Note 2: 1. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.
2. Not serving concurrently as an independent director on more than three other public companies in total.
3. During the two years before being elected and during the term of office, meet any of the following situations:
(1) Not an employee of the company or any of its affiliates;

(2) Not a director or supervisor of the company or any of its affiliates;
(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
(5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
(6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
(7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
(9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT$500,000".

d. Board Diversity and Independence

The members of ASPEED Board of Directors are nominated via rigorous selection processes. It not only considers background diversity, professional competence and experience, but also attaches great importance to his personal reputation on ethics and leadership.

The number of independent directors of ASPEED is 4. Presently, the nine members of the Board of Directors represent diversified perspectives, including a complementary mix of skills, experiences, and backgrounds such as that from the industry, academia, and in law and there is no marital or is within the second degree of kinship relationship between or among the Directors. As such, the Board of Directors carries independence. The following table demonstrates the implementation of the diversity policy for Board members:

Implementation of the Diversity / Name and Title	Nationality	Gender	Employed by ASPEED	Age			Independent Director Period-Year				Operational Judgment	Accounting and financial analysis skills	Management ability	Crisis management procedures	Industry knowledge	International market view	Leadship	Decision-making capacity
				40~50	51~60	61~75	0~3	3~6	6~9	9~12								
Chris Lin Chairmen	R.O.C.	Male	√			√					√	√	√	√	√	√	√	√
Arnold Yu Xian Hua Investment Co., Ltd. Corporate Representative Director	R.O.C.	Male				√					√	√	√	√	√	√	√	√
Luke Chen Linvest Wealth Corp. Corporate Representative Director	R.O.C.	Male	√		√						√	√	√	√	√	√	√	√
Hung-Ju Huang Linvest Fortune Corp. Corporate Representative Hung-Ju Huang	R.O.C.	Male	√		√						√	√	√	√	√	√	√	√
Ted Tsai Director	R.O.C.	Male				√					√	√	√	√	√	√	√	√
Chyan Yang Independent Director	R.O.C.	Male				√				√	√	√	√	√	√	√	√	√
Dyi-Chung Hu Independent Director	R.O.C.	Male				√				√	√	√	√	√	√	√	√	√
Sheng-Lin Chou Independent Director	R.O.C.	Male				√	√				√	√	√	√	√	√	√	√
John C Lin Independent Director	R.O.C.	Male		√			√				√	√	√	√	√	√	√	√

(2) Information of Chairman, Vice Presidents and Officers

April 02, 2022/ Unit: thousand shares

Title	Nationality	Name	Gender	Date appointed	Shareholding		Spouse and underage children shareholding		Shareholding under the title of a third party		Experience & Education	Serves concurrently as	Managers who are spouse or second degree relative			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	Chris Lin	Male	2004.11.15	346	1.01%	0	0%	5,851	17.03%	EMBA, National Chiao Tung University Master, Electrical Engineering, National Taiwan University B.S., Electrical Engineering, National Tsing Hua University President, XGI Technology Inc. Vice President, Multimedia Product Division, SiS	Director, Linvest Wealth Corp. Director, Linvest Fortune Corp. Director, ASPEED Technology (Samoa) Inc. CEO, ASPEED Technology (U.S.A.) Inc. Director, ASPEED Technology India Private Limited Chairman, Cuploa360 Inc.	None	None	None	ASPEED has 4 independent directors and a majority of the directors are not employees or managers.
COO	R.O.C.	CJ Hsieh	Male	2022.01.11	0	0%	0	0%	0	0%	Master, Electrical Engineering, University of Southern California B.S., Electronic, Tamkang University GM, INTEL Innovation VP, Lantiq GM & VP, Spirox AVP , Faraday Technologies Corp.	None	None	None	None	
Vice President	R.O.C.	Hung-Ju Huang	Male	2004.11.15	131	0.38%	19	0.06%	0	0%	M.S., Electrical Engineering, National Cheng Kung University Assistant Vice President of R&D, XGI Technology Inc. Senior manager of R&D, SiS	None	None	None	None	
Vice President	R.O.C.	Luke Chen	Male	2005.10.03	45	0.13%	0	0%	0	0%	EMBA, National Chengchi University B.S., Electrical Engineering, Chinese Culture University Vice President of Marketing, NITS Assistant Vice President of Marketing, SiS	None	None	None	None	
Assistant Vice President	R.O.C.	James Yang	Male	2019.01.14	0	0%	0	0%	0	0%	Global MBA, National Taiwan University B.S., Institute of Industrial Engineering, National Taiwan University Vice President, DeepForce Vice President, Business Development TUTK Senior manager, New Business Development MediaTek	None	None	None	None	
Assistant Vice President	R.O.C.	Paul Huang	Male	2021.10.01	0	0%	0	0%	0	0%	Master, Electrical Engineering, National Tsing Hua University Vice director, Quanta, Advanced Research Cloud Lab BU Head, ITE, MultiMedia Founder & CTO, General Manager, SMedia Corp.	None	None	None	None	
Assistant Vice President	R.O.C.	Charles Kuan	Male	2017.02.02	3	0.01%	0	0%	0	0%	School of Communication and Information Studies Rutgers University, State University of New Jersey Assistant Vice President of Sales in Asia, Avocent Taiwan Co., Ltd.	None	None	None	None	
Assistant Vice President	R.O.C.	Craig Kuo	Male	2020.05.11	1	0%	0	0%	0	0%	B.S., Electronic Engineering, Oriental Institute of Technology Manager, NXP semiconductors Manager, Pericom Semiconductor Corporation	None	None	None	None	
Finance & Accounting Manager	R.O.C.	Tina Chiu	Female	2007.04.09	1	0%	0	0%	0	0%	B.S., Accounting ,Feng Chia University Accounting Specialist, Foxconn	None	None	None	None	

(3) Remunerations Paid to Directors, President and Vice President

a. Remunerations Paid to Directors

Unit: NT$ 1,000

Title	Name	Remuneration Paid to Directors								(A+B+ C+ D) as % of Net Income		Compensation Earned as Employee of the Company or of the Company's Affiliates								(A+B+C+D+E+F +G) as % of Net Income		Other Compensation from non-
		Salary (A)		Pension (B)		Remuneration (C) (Note)		Allowance (D)				Salary, Bonus and special etc.(E)		Pension (F)		Employee Compensation (G) (Note)						
																The Company		Consolidated Entities				
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	Cash	Stock	Cash	Stock	The Company	Consolidated Entities	
Chairman	Chris Lin	0	0	0	0	17,690	17,690	360	360	1.37%	1.37%	10,176	10,176	216	216	2,000	12,000	2,000	12,000	3.23%	3.23%	None
Director	Arnold Yu , Corporate Representative of Xian Hua Investment Co., Ltd.																					
Director	Luke Chen, Corporate Representative of Linvest Wealth Corp.																					
Director	Hung-Ju Huang, Corporate Representative of Linvest Fortune Corp.																					
Director	Avago Technologies International Sales PTE. Limited																					
Director	Ted Tsai																					
Independent Director	Chyan Yang	4,714	4,714	0	0	0	0	280	280	0.38%	0.38%	0	0	0	0	0	0	0	0	0.38%	0.38%	None
Independent Director	Dyi-Chung Hu																					
Independent Director	Robert Lo																					
Independent Director	Sheng-Lin Chou																					
Independent Director	John C. Lin																					

1. Please describe the policy, system, standards and structure for the remuneration of independent directors, and the correlation with the amount of remuneration paid based on the responsibilities, risks, time commitment, etc.:
   The remuneration paid by the Company to its directors consists of directors' salaries, carriage fees and directors' remuneration. Directors' salaries include compensation for serving as directors and functional committees under the Board of Directors, which is paid monthly with reference to the level of industry and the level of operational participation; horse and carriage expenses are paid with reference to the level of industry and are based on the attendance of the Board of Directors at Board meetings; directors' compensation is based on the annual operating performance of the Company and is determined in accordance with the Company's Articles of Incorporation; any profit contribution of no more than 3% is the directors' remuneration, which is approved by the Board of Directors and reported to the shareholders' meeting.
   The compensation of directors and employees includes salaries, bonuses and employee compensation, which are determined based on the position held, the responsibilities assumed and the profitability of the Company, with reference to the standard of the same position in the industry.
2. Except as disclosed in the above table, the remuneration received by the directors of the Company for services rendered to all companies included in the financial statements for the most recent year, such as acting as consultants to non-employees.: None.

Note: The proposed amount of directors' remuneration and employee bonuses to be distributed in 2021 is calculated based on the ratio of the actual amount distributed in 2020.

Remuneration Paid to Directors

<table>
<tr><th rowspan="3">Remuneration Ranges</th><th colspan="4">Name of Director</th></tr>
<tr><th colspan="2">Total Remuneration (A+B+C+D)</th><th colspan="2">Total Remuneration (A+B+C+D+E+F+G)</th></tr>
<tr><th>The Company</th><th>Consolidated Entities</th><th>The Company</th><th>Consolidated Entities</th></tr>
<tr><td>Less than NT$1 million</td><td>Robert Lo
Sheng-Lin Chou
John C. Lin
Avago Technologies
International Sales PTE. Limited</td><td>Robert Lo
Sheng-Lin Chou
John C. Lin
Avago Technologies
International Sales PTE. Limited</td><td>Robert Lo
Sheng-Lin Chou
John C. Lin
Avago Technologies
International Sales PTE. Limited</td><td>Robert Lo
Sheng-Lin Chou
John C. Lin
Avago Technologies
International Sales PTE. Limited</td></tr>
<tr><td>NT$1 million to NT$2 million</td><td>Chyan Yang
Dyi-Chung Hu</td><td>Chyan Yang
Dyi-Chung Hu</td><td>Chyan Yang
Dyi-Chung Hu</td><td>Chyan Yang
Dyi-Chung Hu</td></tr>
<tr><td>NT$2 million to NT$3.5 million</td><td>Chris Lin
Xian Hua Investment Co., Ltd.
Linvest Wealth Corp.
Linvest Fortune Corp.
Ted Tsai</td><td>Chris Lin
Xian Hua Investment Co., Ltd.
Linvest Wealth Corp.
Linvest Fortune Corp.
Ted Tsai</td><td>Chris Lin
Xian Hua Investment Co., Ltd.
Linvest Wealth Corp.
Linvest Fortune Corp.
Ted Tsai</td><td>Chris Lin
Xian Hua Investment Co., Ltd.
Linvest Wealth Corp.
Linvest Fortune Corp.
Ted Tsai</td></tr>
<tr><td>NT$3.5 million to NT$5 million</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>NT$5 million to NT$10 million</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>NT$10 million to NT$15 million</td><td>None</td><td>None</td><td>Luke Chen
Hung-Ju Huang</td><td>Luke Chen
Hung-Ju Huang</td></tr>
<tr><td>NT$15 million to NT$30 million</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>NT$30 million to NT$50 million</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>NT$50 million to NT$100 million</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Above NT$100 million</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Total</td><td>11 (including 4 legal persons)</td><td>11 (including 4 legal persons)</td><td>11 (including 4 legal persons)</td><td>11 (including 4 legal persons)</td></tr>
</table>

Note 1: The directors of the 7th board were approved by shareholders' meeting on July 30, 2021. The term starts from July 30, 2021 and concludes on July 29, 2024.

Note 2: Avago Technologies International Sales PTE. Limited had resigned on February 26, 2021.

Note 3: Independent director Sheng-Lin Chou and John C. Lin took office on July 30, 2021.

Note 4: Independent director Robert Lo had resigned on July 30, 2021.

b. Remunerations Paid to President and Vice President

Unit: NT$ 1,000

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Pension (B)</th><th colspan="2">Bonuses and special expenses (C)</th><th colspan="4">Employee Compensation(D) (Note)</th><th colspan="2">(A+B+C+D) as % of Net Income</th><th rowspan="3">Other Compensation from non-subsidiary affiliates</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Consolidated Entities</th><th rowspan="2">The Company</th><th rowspan="2">Consolidated Entities</th><th rowspan="2">The Company</th><th rowspan="2">Consolidated Entities</th><th colspan="2">The Company</th><th colspan="2">Consolidated Entities</th><th rowspan="2">The Company</th><th rowspan="2">Consolidated Entities</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>President</td><td>Chris Lin</td><td rowspan="4">11,117</td><td rowspan="4">11,117</td><td rowspan="4">324</td><td rowspan="4">324</td><td rowspan="4">8,400</td><td rowspan="4">8,400</td><td rowspan="4">0</td><td rowspan="4">20,000</td><td rowspan="4">0</td><td rowspan="4">20,000</td><td rowspan="4">3.03%</td><td rowspan="4">3.03%</td><td rowspan="4">None</td></tr>
<tr><td>Vice President</td><td>Hung-Ju Huang</td></tr>
<tr><td>Vice President</td><td>Luke Chen</td></tr>
<tr><td>Vice President</td><td>Morris Yang</td></tr>
</table>

Note: The proposed amount of employee bonuses to be distributed in 2021 is calculated based on the ratio of the actual amount distributed in 2020.

Range of remuneration table

Remuneration Ranges	Name of President and Vice Presidents	
	The Company	Consolidated Entities
Less than NT$1 million	None	None
NT$1 million to NT$2 million	None	None
NT$2 million to NT$3.5 million	Chris Lin	Chris Lin
NT$3.5 million to NT$5 million	None	None
NT$5 million to NT$10 million	None	None
NT$10 million to NT$15 million	Hung-Ju Huang, Luke Chen, Morris Yang	Hung-Ju Huang, Luke Chen, Morris Yang
NT$15 million to NT$30 million	None	None
NT$30 million to NT$50 million	None	None
NT$50 million to NT$100 million	None	None
Above NT$100 million	None	None
Total	4 person	4 person

c. Employees' Profit-Sharing bonus paid to Officers

Unit: NT$ 1,000

	Title	Name	Stock Bonus	Cash Bonus	Total	Ratio of total amount to net after-tax profit of entity financial statement (%)
Managerial Officers	President	Chris Lin	30,000	—	30,000	2.28%
	Vice President	Hung-Ju Huang				
	Vice President	Morris Yang				
	Vice President	Luke Chen				
	Assistant Vice President	James Yang				
	Assistant Vice President	Paul Huang				
	Assistant Vice President	Charles Kuan				
	Assistant Vice President	Craig Kuo				
	Finance and Accounting Manager	Tina Chiu				

Note: The proposed amount of employee bonuses to be distributed in 2021 is calculated based on the ratio of the actual amount distributed in 2020.

(4) Analysis of the ratios of the total remuneration of the Company's directors, president and vice president paid over the past two years to the net after-tax profit, explanation of the Company's remuneration policy, standard and combination, establishment of the remuneration procedure, and the correlation with operating performance and future risk:

a. Ratios of total remuneration to the net after-tax profit

Year / Items	Ratio of Total Remuneration to the net after-tax profit			
	2020		2021	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Directors	1.76%	1.76%	1.76%	1.76%
Presidents and Vice Presidents	3.28%	3.28%	3.03%	3.03%

b. The remuneration policy, standard and combination, establishment of the remuneration procedure and correlation with operating performance and future risk:

The 2021 annual remuneration of directors and compensation of employees was decided in accordance with the Company's articles of incorporation. If gained profits within a fiscal year, the Company shall allocate no more than 3% of the profits as directors' remuneration, and allocate no less than 8% of the profits as employees' compensation. The decision for directors' remuneration was based on the board performance evaluation results of such aspects as the participation in the operation, the quality of the board of directors' decision-making alignment of the goals and missions of the Company, awareness of the duties of a director, management of internal relationship and communication, the director's professionalism and continuing education, internal control, etc. The decision for officers' compensation was based on the performance appraisal indicators such as the length of service and position, performance, contribution to the Company's operation, industry benchmark, the Company's profitability, etc.

The directors' remuneration and officers' compensation were proposed to the board of directors after the resolution based on the performance evaluation results, the company's operational performance, and future risk exposure approved by the remuneration committee, and processed after the approval of the board of directors. The directors' remuneration and employees' compensation will also be reported at the shareholders' meeting. The Company's remuneration committee and the board of directors will review the remuneration policies of directors and officers in a timely manner based on the actual operating conditions and relevant laws and regulations, in order to balance the company's sustainable operation and risk control.

3. Corporate Governance Report

(1) Operation of the Board :

A total of 8 meetings of the Board of Directors were held in 2021. The attendance of the directors is as follows:

Title	Name	Attend Attendance	By Proxy	Percentage of Actual Attendance	Remark
Chairman	Chris Lin	4	0	100%	New-Elected
Director	Arnold Yu, Corporate Representative of Xian Hua Investment Co., Ltd.	8	0	100%	Re-Elected
Director	Luke Chen, Corporate Representative of Linvest Wealth Corp.	4	0	100%	New-Elected
Director	Ted Tsai	8	0	100%	Re-Elected
Director	Hung-Ju Huang, Corporate Representative of Linvest Fortune Corp.	4	0	100%	New-Elected
Chairman	Chris Lin, Corporate Representative of Linvest Wealth Corp.	4	0	100%	Resigned
Director	Luke Chen, Corporate Representative of Linvest Fortune Corp.	4	0	100%	Resigned
Independent Director	Chyan Yang	8	0	100%	Re-Elected
Independent Director	Dyi-Chung Hu	8	0	100%	Re-Elected
Independent Director	Sheng-Lin Chou	4	0	100%	New-Elected
Independent Director	John C. Lin	4	0	100%	New-Elected
Independent Director	Robert Lo	4	0	100%	Resigned

Note 1 : The directors of the 7th board were approved by shareholders' meeting on July 30, 2021. The term starts from July 30, 2021 and concludes on July 29, 2024.

Other Required Notes for the Board Meetings:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(1) Matters referred to Article 14-3 of the Securities and Exchange Act. :

Date of meeting	Meeting	Content of motion	Independent director's opinion	Handles the opinions of independent directors
Mar. 08 2021	6th-term 16th	(1) Approval of 2020 issuance of new outstanding shares for employee bonuses	Proposal was approved as proposed	None
		(2) Approval of the statement of declaration of internal control		
		(3) Approval of cancellation of 2019 new restricted employees shares		

Date of meeting	Meeting	Content of motion	Independent director's opinion	Handles the opinions of independent directors
Mar. 08 2021	6th-term 16th	(4) Approval of 2021 appointment of CPAs	Proposal was approved as proposed	None
May 03 2021	6th-term 18th	Approval of 2021 manager's salary allocation	Proposal was approved as proposed	None
Aug. 11 2021	7th-term 2nd	(1) Approval of cancellation of 2019 new restricted employees shares	Proposal was approved as proposed	None
		(2) Approval of appointment of internal control officer		
		(3) Approval of 2021 employee bonus to directors and managers		
Nov. 08 2021	7th-term 3rd	(1) Approval of cancellation of 2019 new restricted employees shares	Proposal was approved as proposed	None
		(2) Approval of the independence and competency assessment of the company's CPAs		
		(3) Approval of 2021 compensation of CPAs		

(2) Other matters involving objections or expressed reservations by independent directors that were recorded r stated in writing that require a resolution by the board of directors.: None.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date of Board of directors	Content of motion	Name of Director	Causes for Avoidance	Voting or Not
May 03 2021	Approval of 2021 managers' salary allocation	Chris Lin	Manager's salary	Note 1
		Luke Chen	Manager's salary	
Aug. 11 2021	Approval of 2021 employee bonus to directors and managers	Chris Lin	Manager's bonus	Note 2
		Luke Chen	Manager's bonus	
		Hung-Ju Huang	Manager's bonus	

Note 1: All motions were approved by all attending directors as proposed, except for the motion regarding 2021 managers' salary allocation on May 03, 2021, where director Chris Lin and Luke Chen recused themselves to avoid conflicts of interest in accordance with the law.

Note 2: All motions were approved by all attending directors as proposed, except for the motion regarding 2021 employee bonus to directors and managers on August 11, 2021, where director Chris Lin, Luke Chen and Hung-Ju Huang recused themselves to avoid conflicts of interest in accordance with the law.

3. Listed companies should disclose information on the board of directors' self (or peer) assessment cycle and period, the scope, manner and content of the assessment:

Assessment Cycle	Assessment Period	Assessment Scope	Assessment Method	Assessment Content
Annually	2021/1/1~ 2021/12/31	Performance assessment of the board of directors, functional committees and their individual members	Internal self-assessment made by the board of directors, functional committees and their individual members	1. The company's items for measuring the performance assessment of the board of directors include the following aspects: (1)Degree of participation in company operations (2)Improve the quality of decision-making of the board of directors (3)Composition and structure of the board of directors (4)Selection and appointment of directors and continuous education (5)Internal control 2. The company's items for measuring the performance assessment of the functional committees include the following aspects: (1)Degree of participation in company operations (2)The awareness of duties of the functional committees (3)Improve the quality of decision-making of the functional committees (4)Selection and appointment of the functional committees (5)Internal control 3. The company's items for measuring the performance assessment of directors include the following aspects: (1)Understanding of company goals and missions (2)The awareness of their duties and responsibilities (3)Degree of participation in company operations (4)Internal relation maintenance and communications (5)Election of directors and continued knowledge development (6)Internal control

4. Goals of the current and the recent years to improve the functions of board of directors (such as establishing audit committee, improving the information disclosure) and assessment of the implementation:
   (1) Establishment of the Remuneration Committee and Audit Committee: ASPEED established a Compensation Committee on June 12, 2011 and an Audit Committee on June 11, 2018 to enhance the Board's operation.
   (2) In order to improve the function of the board of directors and establish performance goals to strengthen the operation efficiency of the board of directors, the board of directors of ASPEED approved the "Director's Performance Evaluation Method" on May 5, 2020. The internal performance evaluation is implemented at least once a year and finished in the first quarter of the next year. The report to the board of directors is submitted beforehand, and the results of performance evaluation are not only the basis for review and improvement, but also serve as a reference for the selection and nomination of directors.
   (3) Corporate governance operations enhancement: ASPEED's Board approved "Ethical Corporate Management Best Practice Principles", "Corporate Governance Best Practice Principles" and "Corporate Social Responsibility Best Practice Principles".
   (4) Information transparency improvement: ASPEED's Board previously approved "Procedures for Internal Material Information".

(2) Operation of Audit Committee

Audit Committee held 4 sessions in 2021.

The attendance of the Independent Directors is shown in the following table.

Title	Name	Attend Attendance	By Proxy	Percentage of Actual Attendance (%)	Remark
Independent Director	Chyan Yang	4	0	100%	None
Independent Director	Dyi-Chung Hu	4	0	100%	None
Independent Director	Robert Lo	2	0	100%	Resigned
Independent Director	Sheng-Lin Chou	2	0	100%	New-Elected
Independent Director	John C. Lin	2	0	100%	New-Elected

Other Required Notes for the Audit Committee Meeting :

1. The operation of the Audit Committee shall state the date and period of the Board meeting, the content of the motion, the result of the Audit Committee's resolution and the Company's handling of the Audit Committee's opinion, if any of the following circumstances apply:

(1) Matters referred to Article 14-5 of the Securities and Exchange Act.:

Date of meeting	Meeting		Content of motion	Any Independent Director had a Dissenting Opinion or Qualified Opinions
Mar. 08 2021	1st-term	11th	(1)Appointment of 2021 CPAs	None
Aug. 11 2021	2nd-term	1st	(1)Appointment of internal control officer	None
Nov. 08 2021	2nd-term	2nd	(1)Approval of the independence and competency assessment of the company's CPAs	None
			(2)Approval of 2021 compensation of CPAs	None

(2) Other resolution which was not approved by the Audit Committee but was approved by two thirds or more of all directors: None.

2. The independent director should state the name of the independent director, the content of the motion, the reasons for the evasion of interest and the circumstances of voting: None.

3. Communications of Independent Directors with internal auditors and CPAs:

(1) Independent Directors and internal auditor regularly communicate with each other among the meetings of Audit Committee and the communication functioned well. Internal auditor presents the execution and improvement of audit plan among the meetings. Also, they communicate and exchange ideas to assess internal control effectiveness.

(2) Independent Directors and CPAs regularly communicate with each other among the meetings of Audit Committee. CPAs report the Company's financial results and fully discuss with Independent Directors on the issues related to financials, taxes, internal control, etc.

(3) Corporate Governance Implementation as Required by the Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/ Listed Companies"?	V		The Company's "Code of Corporate Governance Practice" was submitted to the Board of Directors for implementation on March 14, 2012 in accordance with the Code of Practice for Listed Corporate Governance, and the most recent amendment to the Act was approved by the Board of Directors on March 7, 2022 and disclosed on the Company's website and public information observatory.	None
2. Equity structure and shareholders' equity (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V V		(1) The Company has a spokesperson mechanism to deal with shareholders' suggestions or questions at any time, and has an investor relations area on the Company's website, where shareholders can contact relevant personnel by e-mail to deal with shareholder disputes or disputes through "Contact Us" Litigation and other issues. (2) The Company regularly discloses the list of major shareholders and the ultimate controllers of major shareholders in accordance with relevant laws and regulations, and declares abnormal information in accordance with regulations. In order to ensure the transparency of the company's shareholding structure, it is disclosed on the company's website.	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The Company has established the "Trading Measures for Group Enterprises, Specific Companies and Related Persons" to regulate the operating procedures and risk control of business and financial transactions with related enterprises, and conduct regular internal audits and report to the Board of Directors.	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(4) The Company has established the "Administrative Measures for the Prevention of Insider Trading" to regulate insiders to perform their business in good faith, and shall not disclose the internal material information they know to others, and prohibit insiders from using undisclosed information in the market to buy and sell negotiable securities in accordance with relevant laws and regulations.	
3. Composition and Responsibilities of the Board of Directors				None
(1) Does the Board develop and implement a diversified policy for the composition of its members?		V	(1) The composition of the board of directors of the Company shall be voted by the shareholders after considering that they have the knowledge, skills and qualities necessary to perform their duties.	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		(2) In addition to the establishment of the Remuneration Committee and the Audit Committee in accordance with the law, the Company shall establish a Sustainability Committee approved by the Board of Directors on August 11, 2021 to be responsible for supervising, promoting and implementing the Company's sustainable development affairs. Please refer to the annual report or the company's website for CSR-related information.	

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?	V		(3) 1. The Company has established the "Board Self-Assessment or Peer Evaluation Method" and its assessment method, and the Board of Directors shall perform the internal performance evaluation of the Board at least once a year. The results of the performance evaluation are carried out by the Company's Finance and accounting division and reported to the Board of Directors and used for reference in the remuneration and nomination of individual directors. 2.Results of the performance evaluation of the Board of Directors in 2011: i. Internal performance evaluation of the board of directors self-evaluation of the operation performance of the board of directors: The performance evaluation indicators of the board of directors include five aspects, a total of 45 indicators, the overall evaluation results are 4.87 points/5 points, and the evaluation results of the five major aspects are as follows; The results of the evaluation show that the Board of Directors has the responsibility to guide and supervise the company's strategy, major business and risk management, and can establish a proper internal control system, and the overall operation is perfect and in line with the requirements of corporate governance.	

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Reason for Non-implementation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>

Self-assessment of 5 major aspects	Appraisal items	Scoring results
A. Degree of participation in the Company's operations	12 items	4.89 points
B. Improve the quality of decision-making of the board of directors	12 items	4.92 points
C. Composition and structure of the Board of Directors	7 items	4.89 points
D. Selection and continuing education of directors	7 items	4.75 points
E. Internal control	7 items	4.92 points

ii. Self-evaluation of the performance of board members: The performance evaluation indicators of board members include six aspects and a total of 23 indicators, the overall evaluation results are 4.96 points/5 points, and the evaluation results of the six major aspects are as follows; It shows that the directors have positive evaluations of the efficiency and effectiveness of the operation of various indicators.

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<table>
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<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Self-assessment of 6 major aspects</th><th>Appraisal items</th><th>Scoring results</th></tr>
<tr><td>A. Mastery of the Company’s objectives and tasks</td><td>3 items</td><td>5.00 points</td></tr>
<tr><td>B. Awareness of the duties of directors</td><td>3 items</td><td>4.93 points</td></tr>
<tr><td>C. Degree of participation in the Company’s operations</td><td>8 items</td><td>4.92 points</td></tr>
<tr><td>D. Internal relationship management and communication</td><td>3 items</td><td>4.96 points</td></tr>
<tr><td>E. Professional and continuous training of directors</td><td>3 items</td><td>4.96 points</td></tr>
<tr><td>F. Internal control</td><td>3 items</td><td>5.00 points</td></tr>
</table>
iii. The results of the performance evaluation of the board of directors in 2021 have been submitted to the board of directors for approval on March 7, 2022, please refer to the annual report or the performance evaluation of the board of directors disclosed on the company’s website.
</td><td></td></tr>
</table>

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
(4) Does the company regularly evaluate the independence of CPAs?	V		(4) The Company's certified accountants belong to the Taiwan member firms of the international Big Four accounting firms, and in addition to regularly assessing the independence of the certified accountants every year, the Company implements the policy of changing accountants every five years. The Company passed the assessment method of the independence and competence of the certified accountant and the assessment report on the independence of the certified accountant after the second audit committee of the second term on November 8, 2021, and submitted it to the Board of Directors for approval on November 8, 2021.	
4. Does the company establish an exclusively (or concurrently) corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors, handle matters relating to board meetings and shareholders' meetings according to laws, handle corporate registration and amendment registration, produce (or record?) minutes of board meetings and shareholders meetings, etc.?		V	The Company does not have a full-time corporate governance unit, nor does it have a designated corporate governance supervisor, and the relevant corporate governance related matters are handled by the board of directors deliberative units and other relevant units to handle corporate governance related business.	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		Under corporate social responsibility section on the Company's website, there is a special area for stakeholders, which discloses the identification and evaluation of stakeholders and the issues of interest to stakeholders, and provides a contact window for appropriate purposes respond to stakeholders.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designated a professional shareholder service agency to deal with shareholder affairs.	None
7. Information Disclosure				None
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) The Company discloses financial business information on its website at https://www.aspeedtech.com (in Chinese and English).	
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The Company has designated personnel for information collection and disclosure, and also has a dedicated spokesperson for regularly holding investor conferences. Related materials of investor conferences (presentations and videos) are available on its website for shareholders and the general public.	
(3) Does the company announce and file annual financial report in two months after fiscal year end? And does the company announce and file quarterly financial report and monthly operations earlier than the regulated date?		V	(3) The Company has announced and filed annual financial reports according to regulation of Securities and Exchange Act. And the Company has announced and filed quarterly reports and monthly operations earlier than regulated date as possible.	

<table>
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<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</td><td>V</td><td></td><td>(1) Employee rights and employee care
Employees are the most valuable resource of ASPEED. We have a high-quality labor force that we provide with comprehensive employee welfare benefits. We care for our employees and their households while supporting their lifestyles. By conscientiously heeding employee opinions, we use communication as a bridge for connecting employees’ work with the Company vision. Employees build trust with one another, which encourages joint hard work and continued growth. ASPEED’s organizational framework has a linear design that supports internal free flow of opinions and open communications channels. Employees share their opinions at the end of each year in Company satisfaction surveys as well as labor management meetings, digital mailboxes, and through the Employee Welfare Committee. These channels make it easy for employees to share their thoughts with the Company, so that the responsible Company unit can offer a timely response, fostering positive interaction and trust between labor and management. Creating a seamless communication culture and an active, enlightened work environment enables us to better guarantee workers’ rights and interests.
(2) Investor relations
The Company interacts with all shareholders based on the principle of being fair, just, and open. Besides notifying all shareholders to attend shareholders' meetings, the Company encourages shareholders to actively participate in directors and supervisors’ elections, or propose amendments to the Articles of Incorporation. Material financial transactions, such as the acquisition or disposal</td><td>None</td></tr>
</table>

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			of assets, endorsements, and guarantees, are all reported to the shareholders' meeting. The Company provides ample opportunity for shareholders to ask questions or make proposals, so as to achieve check of balance. Furthermore, to ensure that shareholders achieve check of balance and to protect their rights to know the Company's material information and participate in decisions. The Company discloses information in accordance with the law and has a spokesperson and acting spokesperson to properly handle shareholders' suggestions, questions, and disputes. (3) Rights of Suppliers and Stakeholders and Customer Policy The Company maintains open channels of communication with banks, customers, suppliers, and other stakeholders, and respects and protects their lawful rights and interests: a. The Company provides sufficient information to its partner banks to help them make the best judgment and decisions regarding the Company's operations and finances. b. The Company has dedicated personnel to respond to customers' questions regarding the Company's products. c. The Company has dedicated personnel for dealing with suppliers, does not have any owed or late payments, and has maintained good relationships with suppliers. d. The Company has a designated spokesperson and acting spokesperson to communicate with shareholders. It also has an external communication	

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			hotline for external stakeholders to file complaints and reports with the Company. (4) Continuing education of directors: The Company's directors all have a professional background, and the Company occasionally provides them with information on continuing education. Please see Note 1 for details on the continuing education of directors in 2021. (5) Implementation of risk management policies and risk assessment standards: The Company established various internal regulations in accordance with the law, and established proactive risk management mechanisms. Major risks are immediately identified, assessed, responded to, and reported through risk identification and assessment operations. The impact of the risks on current and future operations is also monitored to ensure the Company's sustainability. (6) Implementation of customer policies: The Company has a customer service management unit that provides customers with services related to the Company's products and answers any questions they may have, thereby maintaining smooth channels of communication with customers. (7) Status of purchase of liability insurance by the company for directors: The Company has purchased liability insurance for directors in FY2021.	

9.	The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange. The Company continues to make gradual improvements to its corporate governance based on corporate governance evaluation results, including: 1. On August 11, 2021, the functional committee under the Board of Directors, the Sustainability Committee, was established to supervise, promote and execute the company's sustainable development affairs, and disclose relevant information on the company's website. 2. Disclose the members and operations of the Audit Committee and the Remuneration Committee on the Company's website, and expose the communication between independent directors and internals. 3. Publish the 2020 Corporate Social Responsibility Report and the 2020 ESG Summary on the company's website, and disclose greenhouse gas emissions, water consumption and total waste weight in the past two years to implement the green living environment policy. 4. Formulate the performance evaluation method of the board of directors, and conduct the performance evaluation of the board of directors and functional committees on a regular basis every year. In the future, the Company will maintain an effective corporate governance mechanism in all aspects of its operations, strengthen the structure and operation of the Board of Directors and functional committees, enhance the transparency of information disclosure, and implement corporate social responsibility.

Note 1: Continuing Education/Training of Directors in 2021：

Title	Name	Date	Host by	Training/Speech title	Hours
Chairman	Chris Lin	Dec. 22, 2021	Taiwan Corporate Governance Association	Corporate governance seminar -Practicing ESG, implementing governance and sustainable development	6 hours
Director	Arnold Yu	Sep. 01, 2021	Financial Supervisory Commission	The 13th Taipei Corporate governance seminar	6 hours
Director	Luke Chen	Nov. 26, 2021	Taiwan Corporate Governance Association	2030/2050 Net Zero Emissions-Sustainability challenges and opportunities for global business	3 hours
		Nov. 18, 2021	Taiwan Corporate Governance Association	Hostile mergers and acquisitions, case analysis of management rights competition and company countermeasures	3 hours
Director	Ted Tsai	Dec. 03, 2021	Taiwan Corporate Governance Association	Information security incident handling practices under the new normal after epidemic	3 hours
		Nov. 18, 2021	Taiwan Corporate Governance Association	Hostile mergers and acquisitions, case analysis of management rights competition and company countermeasures	3 hours

Title	Name	Date	Host by	Training/Speech title	Hours
Director	Hung-Ju Huang	Dec. 03, 2021	Independent Director Association Taiwan	Protection and offense and defense of business secrets-In-depth analysis of practical cases	3 hours
		Nov. 19, 2021	Taiwan Corporate Governance Association	The new challenges of the board directors from the perspective of corporate governance 3.0	3 hours
		Nov. 12, 2021	Taiwan Corporate Governance Association	Enterprise operation and public opinion news crisis management strategy	3 hours
		Oct. 28, 2021	Taiwan Corporate Governance Association	Examples of success or failure of digital transformation sharing	3 hours
Independent Director	Chyan Yang	Nov. 23, 2021	Taiwan Corporate Governance Association	From the perspectives and voting behaviors of foreign shareholders, how public company implement ESG sharing	3 hours
		Aug. 18, 2021	Securities and Futures Institute	Discussion on human resource and M&A integration in the process of enterprise M&A	3 hours
		Aug. 12, 2021	Taiwan Corporate Governance Association	Corporate governance and securities regulations	3 hours
Independent Director	Dyi-Chung Hu	Dec. 22, 2021	Taiwan Corporate Governance Association	Corporate governance seminar -Practicing ESG, implementing governance and sustainable development	6 hours
Independent Director	Sheng-Lin Chou	Nov. 26, 2021	Taiwan Corporate Governance Association	2030/2050 Net Zero Emissions-Sustainability challenges and opportunities for global business	3 hours
		Nov. 25, 2021	Taiwan Corporate Governance Association	How the audit committee implements financial statement review	3 hours
		Nov. 18, 2021	Taiwan Corporate Governance Association	Hostile mergers and acquisitions, case analysis of management rights competition and company countermeasures	3 hours
		Nov. 02, 2021	Taiwan Corporate Governance Association	Directors and supervisors should understand the commercial event trial law and court trial trends	3 hours
		Oct. 18, 2021	Taipei Exchange	Insider equity promotion and briefing session of TPEx emerging companies	3 hours

Title	Name	Date	Host by	Training/Speech title	Hours
Independent Director	John C. Lin	Nov. 25, 2021	Taiwan Corporate Governance Association	How the audit committee implements financial statement review	3 hours
		Oct. 18, 2021	Taipei Exchange	Insider equity promotion and briefing session of TPEx emerging companies	3 hours
		Oct. 14, 2021	Independent Director Association Taiwan	Analysis of practical cases of unconventional transaction crime ad special breach of trust in securities law and prevention strategy of board of directors	3 hours
		Sep. 30, 2021	Independent Director Association Taiwan	Independent director elite training institute-Independent director and corporate governance master class	3 hours

(4) Operation of the Company's Remuneration Committee

a. Member of Remuneration Committee：

Criteria / Name/Title	Professional Qualification and Experience	Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as Remuneration Committee Member
Chyan Yang (Convener) Independent Director	ASPEED's Compensation Committee is comprised of all 4 independent directors. For members professional qualification and experience, please refer to "Information Regarding Board Members" of this Annual Report.	All the Compensation Committee members meet any of the following situations: 1. Satisfy the requirements of Article 14-6 of "Securities and Exchange Act" and the requirements of "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" (Note) issued by Taiwan's Securities and Futures Bureau 2. Independent Director (or nominee arrangement) as well as his spouse and minor children do not hold any ASPEED shares 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	3
Dyi-Chung Hu Independent Director			None
Sheng-Lin Chou Independent Director			None
John C. Lin Independent Director			None

Note: During the two years before being elected and during the term of office, meet any of the following situations:

(1) Not an employee of the company or any of its affiliates;

(2) Not a director or supervisor of the company or any of its affiliates;

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);

(5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;

(6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;

(7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);

(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and

(9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT$500,000".

b. Remuneration Committee Meeting Status

Ⅰ. There are 4 members in the Remuneration Committee.

Ⅱ.The terms of this section of Remuneration Committee： August 11, 2021 to July 29, 2024. A total of 3 Remuneration Committee meetings were held in 2021. The attendance record of the Remuneration Committee members was as follows：

Title	Name	Attend in person	By Proxy	Attendance Rate (%)	Note
Convener	Chyan Yang	3	0	100%	Re-Elected
Member	Dyi-Chung Hu	3	0	100%	Re-Elected
Member	Robert Lo	1	0	100%	Resigned
Member	Sheng-Lin Chou	2	0	100%	New-Elected
Member	John C. Lin	2	0	100%	New-Elected

Other Required Remarks for Remuneration Committee:

1. In order to improve corporate governance and strengthen the functions of the board of directors, the Remuneration Committee assists directors to implement and evaluate the remuneration of company’s directors and managers.
2. In cases the Board doesn’t adopt or revise Remuneration Committee’s proposals, the Company shall list date/number of the Board meeting, agenda, the Board’s resolution and the Company’s response to Remuneration Committee’s proposal: None.
3. In cases the Remuneration Committee members have dissenting opinions or qualified opinions against the resolution and recorded with notes in paper, the Company shall list date, number of the Remuneration Committee meeting, agenda, all members’ opinion and the follow-up of the members’ opinion: None.
4. The content of the motion, the result the Remuneration Committee’s resolution and the Company’s handling of the Remuneration Committee’s opinion:

Meeting	Content of motion/Opinion/Handles the opinions of all members
May 3, 2021 4th-term 9th	1. Approval of 2021 manager’s salary allocation Approved as proposed and reported to the Board of Directors for resolution.
Aug. 11, 2021 5th-term 1st	1. Approval of 2021 employee bonus to directors and managers Approved as proposed and reported to the Board of Directors for resolution

(5) The implementation of the promotion of sustainable development and the differences with the code of practice for sustainable development of listed companies and the reasons for them

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
1. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		1. In order to implement the company's sustainable operation and management, the Company established a functional committee under the board of directors, the Sustainability Committee, on August 11, 2021. 2. The Sustainability Committee, with the Vice President of the Sales as the chairman of the committee, convenes and presides over the meeting of the Sustainability Committee, is responsible for supervising and deciding on relevant promotion matters, and reports to the Board of Directors twice a year on the promotion and implementation results of the sustainable work of corporate social responsibility; he lead five working groups on corporate governance, social participation, risk management, environmental sustainability and employee relations, coordinated the operation of each aspect, including collecting relevant issues of stakeholders and promoting various sustainable affairs, meeting once every six months, and each group was responsible for reporting on the implementation of operations and future planning. The executive team is composed of senior executives in different areas within the Company.	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			3. In addition to regularly monitoring the performance of corporate sustainability-related activities, the Sustainability Committee also incorporates sustainability development into decision-making considerations of corporate operations and important strategies. 4. The Company announced on September 30, 2021 that the 2020 Corporate Social Responsibility Report and the 2020 ESG Summary were published on the Company's website, and the Sustainability Committee reported 2021 sustainable implementation results and future issues of continued concern to the Board of Directors on March 7, 2022. 5. On March 7, 2022, the Board of Directors supervised the Sustainability Committee to formulate a sustainable three-year plan for the Company's sustainable development and the issues of continued concern to core values.	
2. Does the company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations considering the materiality principle, and establish relevant risk management policies or strategies?	V		1. Risk management policy In order to cope with the operational impact of changes in the global economic environment and perpetual risks on the internal and external aspects of the enterprise, the Company has formulated a risk management policy and a corporate continuity operation plan to identify the risks that may affect the sustainable development of the enterprise and develop subsequent corresponding strategies through the three aspects of corporate governance, environment and society, and to meet the important	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			aspects of stakeholder concerns and international trends. 2. Risk management structure and response The Company has established a Risk Management Team under the Sustainability Committee of the Board of Directors. Refer to the requirements of various of corporate continuity standards, and gradually establish an operation continuity management system after internal assessment. Its management structure is mainly responsible for monitoring and analyzing risks and confirming risks, reporting to the management level and activating the response mechanism, while investor relations and media public relations are responsible for communicating with the external at an appropriate time to eliminate the doubts of stakeholders, hoping to effectively play a key role in identifying risks, managing organizational operational risks and formulating countermeasures, and reporting to the board of directors twice a year of implementation of the results. i. Risk Identification: The Risk Management Team under the Sustainability Committee identifies the risk factors associated with the operation of the enterprise ii. Major risk response and management: Assess the impact of risk factors on the operation of enterprises, and formulate improvement countermeasures for major risks affecting operations	

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			iii. Internal Control Audit Tracking: Risk control projects are tracked regularly every six months and reported to the Board of Directors 3. Risk identification The Company carries out risk identification, analysis, evaluation, response, and tracking based on the Company's internal organization and core business as well as external environmental conditions. Scope covers corporate governance, environmental, and social aspects and other sustainable development areas. In 2020, five material risk factors we identified were: interest rate & exchange rate fluctuation, research and development and intellectual property protection, supply chain management, information security, and facility management & disaster response. For each risk factor we formulate emergency response management processes to ensure that when a disaster or other event that has a major impact on the business does occur, we can maintain operations at an acceptable level and have a path to recovery. These measures protect the rights and interests of our customers and stakeholders.	

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<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td colspan="3">
<table>
<tr><th>Type of risk</th><th>Description of risk factors</th><th>Responsible unit</th><th>Governance policies</th></tr>
<tr><td>Market Risk</td><td>• Impact of interest rate and foreign currency exchange rate changes on income and expenditures</td><td>• Finance unit</td><td>• Long-term monitoring of international conditions and investment markets. Follow appropriate risk standards when evaluating investments and hedging interest and foreign exchange rates</td></tr>
<tr><td rowspan="2">Operational Risk</td><td>• R&D investment create competitive advantage
• Protection of trade secret and intellectual property
• The impact of R&D brain drain</td><td>• Business Unit
• Administration and environment safety & health unit</td><td>• Continue to invest in R&D and innovation
• Establish short-, mid-, and long-term plans for intellectual property and global development
• Focus on employee benefits and the potential IC talent cultivation</td></tr>
<tr><td>• Supplier management
• Product quality management
• Purchase, sales, and inventory risks, including supply of goods, capacity, and lead time</td><td>• Business Unit</td><td>• Carefully evaluate manufacturers while periodically tracking and auditing suppliers to confirm smooth supplies, deliveries, and operations
• Only choose Tier 1, world class manufacturers and suppliers to</td></tr>
</table>
</td><td></td></tr>
</table>

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	

Type of risk	Description of risk factors	Responsible unit	Governance policies
Operational Risk	• Impact of supply chain disruptions	• Business Unit	ensure high quality products and lead times • Establish a "wafer bank" stock replenishment model that ensures an uninterrupted supply of raw materials and a continuous inventory of our main products • Sign capacity guarantee agreements with our downstream packaging plants • Periodically confirm our supplier backup and return-to-work plans
	• Information system abnormalities or disasters lead to system interruptions that harm the Company's operations	• Information security unit • Administration and environment safety & health unit	• Establish information security backup plans and periodically back up information • Incorporate information security management and ISO certifications

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Reason for Non-implementation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td colspan="3"><table>
<tr><th>Type of risk</th><th>Description of risk factors</th><th>Responsible unit</th><th>Governance policies</th></tr>
<tr><td>Environmental Risk</td><td>• Accidents and natural disasters can lead to injuries; facility management interruptions can disrupt operations</td><td>• Administration and environment safety & health unit</td><td>• Add a class 1 manager of occupational safety and health who periodically plans, implements, and reviews related advocacy and drills</td></tr>
</table></td><td></td></tr>
<tr><td>3. Sustainable Environment Development
(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</td><td>V</td><td></td><td>(1) Environmental Management Policy
■ Promote ISO 14001:2015 Environmental Management System
■ Establish procedures related to environmental management
■ Improve environmental awareness and implement environmental policies for all employees
■ Solidly document and publicly disclose greenhouse gas, water and waste emissions</td><td>None</td></tr>
</table>

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(2) While the Company does not directly manufacture products, we aim to leverage the Company's core IC design capabilities and the three principles of green design, green supply, and green lifestyle to contribute towards protecting the environment. To support environmental protection and energy savings, on the supplier side ASPEED seeks to strengthen supplier management and reduce environmental risk by suppliers. Internally, the Company seeks to design more energy efficient products. Companies that use our BMC SoC in data centers can reduce their cloud service computing costs, energy use, and carbon emissions, contributing towards our goal of reducing overall carbon production in the industry. The Company has published the 2020 Corporate Social Responsibility Report and the 2020 ESG Summary on the Company's website.	None
(3) Does the company assess the potential risks and opportunities of climate change for the company now and in the future, and take measures to respond to climate-related issues?	V		(3) In view of the potential risks that climate change poses to the Company's current and future operations, the Company conducted a greenhouse gas inventory (ISO14064-1:2018) in 2022 to take relevant measures to address identified risks and opportunities.	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
(4) Does the company collect statistics in the greenhouse gas emissions, water consumption and total weight of waste in past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption or other waste management?	V		(4) i. In everyday operations ASPEED makes every effort to implement environmental protection policies. We formulate environmentally sound operating standards suited to our industry and scrupulously observe norms. We adopt energy saving, carbon reducing, and GHG reduction policies while taking steps towards increasing energy efficiency and lowering water use, with the objective of reducing the burden on the environment. Since ASPEED Technology does not operate a factory, we mostly produce general waste. Our waste management therefore primarily involves implementing and promoting strict waste separation, recycling, and reduction. The industrial waste that we do produce are ICs, BGA IC substrates, PCBs, and other items used for R&D. Each year we commission an operator with a level A waste management license to dispose of these items in accordance with procedures that include making an inventory, taking photos, and recording weight. ii. Since ASPEED does not operate a factory, most of our GHG emissions originate from electricity used by our employees, driving of our company vehicles, and fuel consumed during business travel. At the end of 2019, ASPEED's Hsinchu-based headquarters moved to a large office building with more public space and over	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			NT$800,000 was spent for LED as an energy efficient measure for office lighting. Due to moving to the new headquarter, the Company's floor area increases to 2.41 times (the Company's floor area rose from 1,772 m^2 at the old building to 4,264 m^2 at the new building). This resulted in more overall carbon emissions and water use compared to previous years. Our public share of electricity accounted for 17.09% of our total electricity use, and our public share of water accounted for 23.25% of our total water use. In 2020, our GHG emission intensity was 0.0635 metric tons of CO2e per square meter, a reduction of 36.36% compared to 2019, and our water use was 0.826 metric tons/per square meter. In 2020, to response to the COVID-19 epidemic as well as to promote ASPEED Cupola360 video conferencing SoC, we encouraged employees to adopt on-line meeting with customers to reduce business travel. Compared to 2019, the business traffic expenses in 2020 significantly reduced by 34.84%, and GHG emission also reduced 4.49 metric tons of CO2e. In the future, we will continue working to protect the environment by lowering our GHG emissions and water use per square meter. Every year entrusted with a Grade A treatment license manufacturers according to the process of inventory, photography, weighing and final removal and disposal.	

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			iii. The Company has published the "2020 Corporate Social Responsibility Report" and the "2020 ESG Summary" on the company's website.	
4. Preserving Public Welfare (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) ASPEED scrupulously abides by the laws and regulations of each location it operates while following the principles of international human rights conventions, including upholding employees' freedom to form associations and opposing any behaviors that infringe on or violate people's rights. In employment, the Company opposes any form of discrimination. Employees shall not be discriminated against on the basis of their race, age, gender, sexual orientation, disability, maternity, politics, or religion. All employees sign a labor agreement in accordance with the law, and work regulations stipulate that employees' freedom to assemble or form associations shall not be infringed upon, child labor shall not be used, and there shall be no forced labor. These rules protect workers' basic human rights. If a special circumstance arises in Taiwan where the Company must terminate a labor agreement with an employee, the Company prepares and pays severance in accordance with the "Labor Standards Act." In 2021, the Company did not have any incidents of employing child laborers or forced labor, and did not receive any complaints related to human rights, child labor, or forced labor.	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
(2) Does the company establish and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and reflect operating performance or results in employee compensation appropriately?	V		(2) 1. The Company shall establish an Employee Welfare Committee in accordance with government decrees to allocate welfare benefits in accordance with the law, and the labor and management shall jointly supervise the use and custody of the welfare benefits, and follow the "Labor Standards Act", which stipulates the working hour standards and various holiday pay specifications. Holidays such as rest days, regular holidays, national holidays and special holidays regulated by the Labor Standards Law are included in the scope of salary payment and provide market-competitive benefits to motivate employees, in addition to regular assessments, employee remuneration, and sharing surplus results with colleagues. 2. In accordance with the provisions of the Labor Standards Act and the Gender Work Equality Act, the Company lists the assistance and benefits of employees as follows: i. Maternity leave, maternity inspection leave, physiological leave, paternity leave, and family care leave. ii. Application for suspension of pay for the retention of childcare. iii. The Employee Welfare Committee of the Company provides three-holidays gifts, birthday gifts, marriage allowance, maternity allowance, funeral allowance, injuries and illnesses condolence payments, children's education awards, annual staff travel and	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			quarterly department meal expenses, etc. 3. The Company will appropriately reflect the business performance or results of the employee’s remuneration as follows: 3-1. Establish a Remuneration committee to determine and regularly review policies, systems, standards and settlements for managers’ performance evaluation and remuneration frame. 3-2. Stipulate the performance evaluation method to review the employee's development in the company. ASPEED implements employee performance management system. According to the development of employees at all stages of the company, it is divided into probationary period assessment for new recruits and annual performance assessment for all employees. All employees are required to be evaluated their performance appraisal regardless of sex categories, ages, and job categories. The supervisor and colleagues measure the achievement of past goals and the values and abilities of future career planning together and then develop the reference guideline for personal improvement recommendations and career development plans. 3-3. In order to attract and retain outstanding talents, and to share the company’s operating result with employees, the Company adopts a sound salary structure that includes monthly salary, three bonuses, etc. Every year, the overall market competition in the industry is raised.	

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			The salary adjustment budget of the force is then promoted annually according to the performance of the employee rise with salary adjustments. According to Article 28 of the Articles of Association of the Company, it is stipulated that if the company makes a profit in the year, it shall allocate no less than 8% of employee bonus and no more than 3% of directors bonus. However, when the company still has accumulated losses, it should retain the loss in advance. The amount of compensation shall be made in accordance with the proportion of the preceding paragraph toil.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		(3) The Company believes that physically and mentally healthy employees can create efficient and high-quality work performance, so committing to creating a friendly workplace safety environment is one of the Company's top priorities, including: A. The company implements the [Occupational Safety and Health Work Rules] and regularly holds training courses to implement safety and health protection. The company has established various measures in-house and formulated various emergency procedures through the concept of risk management. Usually, through occupational safety and health education and training and emergency response drills, colleagues can report and deal with emergency response procedures in accordance with the emergency response procedures when an emergency situation	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
	V		Procedures when an emergency situation occurs. ASPEED vocational disaster education training includes: ・Once a labor safety and health seminar for new employees ・Labor safety and health training is held every three years ・Fire drill twice a year (fire drill in Taifei Building, where the headquarters of ASPEED Hsinchu is located) B. Organize regular health checks for employees every year, and through one-on-one health consultation and health education information of doctors, so that employees can better grasp their own health status and have the knowledge and methods of self-health management. C. By enhancing the office environment and promoting leisure activities, employees can achieve work-life balance. D. With a complete fire safety system, including sirens, fire extinguishers, emergency lights, escape lights, escape lights, escape doors, etc., the building management center cooperates with at least once a year to test and replace various equipment.	

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			E. The office is equipped with central air conditioning system, sufficient lighting equipment and regular elevator equipment maintenance. F. The building employs security control personnel to enter and exit to ensure the safety of personnel entering and leaving. The company provides a safe and healthy working environment for employees, including providing necessary health and emergency facilities, and is committed to reducing the hazard factors for employee safety and health to prevent occupational disasters. In addition to insuring each colleague with labor insurance and national health insurance according to government decrees, ASPEED also plans a comprehensive group insurance for each colleague, covering life insurance, critical illness insurance, accident insurance, medical insurance, cancer insurance and occupational disaster insurance. In the event of an unpredictable major illness, colleagues can enjoy perfect medical care, care and financial protection. For overseas business travelers, they will take the initiative to insure them with high-value travel safety insurance to provide more adequate protection for their colleagues.	

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			G. In accordance with the spirit of human rights before the law, the Company shall formulate measures and punishment measures for the prevention of sexual harassment, and give appropriate punishment in accordance with the provisions of evidence and employee reward and punishment methods.	
(4) Does the company provide its employees with career development and training sessions?	V		(4) The Company provides internal and external training for different specializations to enrich employees' professional skills. The Company also encourages employees to evaluate their own interests, skills, values and goals, and communicate their intentions with managers to plan their future careers.	None
(5) Does the company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?	V		(5) The Company established operating procedures for customer complaints to show its concern and immediately handle customer complaints, striving to achieve customer satisfaction.	None
(6) Does the company have formulated a supplier management policy that requires suppliers to comply with relevant norms on issues such as environmental protection, occupational safety and health or labor rights, and their implementation?	V		(6) 1. Supplier management There are two types of ASPEED suppliers: key suppliers and general service suppliers, and the key suppliers are mainly main raw materials and manufacturing test suppliers, considering such suppliers It is critical to ASPEED's core business, so it insists on selecting only world-class Tier 1 manufacturing suppliers and ensuring that suppliers comply with issues such as social responsibility, green environmental protection, occupational safety and health, and labor human	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			rights, and does comply with the Code of Conduct-Responsible Business Alliance, and gives priority to passing ISO9001, ISO14001 and ISO45001 certified suppliers. In addition, every year, ASPEED requires the issuance of a publicly disclosed sustainability management report for audit and evaluation, and also monitors whether there are any adverse events that damage the image or impose penalties from international customers. 2. Supplier audit i. ASPEED conducts on-site or written audits of suppliers every year, and the evaluation score must reach 75 points to be qualified, and those who fail must apply for review to ASPEED after the improvement period is limited, and if the review is not qualified, the qualification of its suppliers will be cancelled. In addition to quality management, design process management, document records, warehousing and inspection, etc., the evaluation process also includes green product management and environmental, social, governance and other aspects of the evaluation, and if qualified suppliers have serious quality abnormalities in the transaction process, they will increase the sampling ratio according to the "Inspection and Test Management Procedures" and strictly review their quality status until they are completely improved. If the desired results are not achieved after counseling, the qualified	

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			supplier qualification will be cancelled. ii. In response to issues such as green commitment, human rights protection and conflict-free minerals, ASPEED publicly stated on the company's website that it will jointly assume social and green environmental protection responsibilities with suppliers, will not accept minerals illegally mined from conflict areas, and requires all suppliers to fulfill their commitments. Since 2020, suppliers are also required to sign a Corporate Social Responsibility Pledge, requiring suppliers to sign and strictly comply with international standards to implement norms related to corporate social responsibility, business ethics and labor human rights, and thoroughly implement labor, health and safety, environmental health, supplier integrity management and ethical standards in accordance with the RBA Code of Conduct.	
5. Does the company prepare CSR reports to disclosure corporate non-financial information with reference to the general international reporting standards or guidelines? Has the CSR report obtained the third-party assurance?	V		The Company has prepared the 2020 Corporate Social Responsibility Report and ESG Summary with reference to the internationally accepted guidelines or guidelines for the preparation of reports, which are disclosed on the Company's website and the Public Information Observatory.	None

6.If a company has its own sustainable development code according to the Code of Practice for the Sustainable Development of Listed Companies, please state the differences between its operation and the established code: The Company adopted the Code of Practice for Corporate Social Responsibility by the Board of Directors on March 14, 2012 and amended it with the Approval of the Board of Directors on June 3, 2015 to strengthen the implementation of corporate social responsibility. On March 7, 2022, the Board of Directors approved the amendment and renamed it the "Code of Practice for Sustainable Development of Companies", These Measures are proposed to be submitted to the latest shareholders' meeting for approval. The Company regularly reviews and improves the implementation in accordance with the Code, and there has been no difference in implementation to date.
7. Other important information to facilitate better understanding of the company's corporate social responsibility practices: (1) Implementation status of employee rights and concern for employees: For a description, please refer to "5. Labor-Management Relations" under V. Operational Highlights. (2) Human rights: The Company does not hire child labor, and has established Work Rules in accordance with the Act of Gender Equality in Employment and the Employment Service Act. The Company also established Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct. (3) Work-life balance: The Company implements an unpaid parental leave system, and provides family-care leaves, parental leaves, menstrual leaves, travel subsidies, and periodic health exams. (4) The Company has purchased D&O insurance for directors.

(6) Ethical Corporate Management

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
1. Establishment of ethical corporate management policies and programs				None
(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	V		(1) The Company has established the Code of Ethics and Business Conduct (the "Ethics Code") and Guidelines for Conduct to require that each employee bears a heavy personal responsibility to uphold APSEED's ethics value. The Board of Directors and managers manage the Company based on the principle of integrity.	
(2) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which at least covers activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	V		(2) The Company has established the Ethics Code and Guidelines for Conduct and its ethical corporate management policy to prevent the directors, the manager, and employees from engaging in any of actives stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies or other operating activities with highly-unethical risk. And the Company has announced them to employees.	

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
(3) Does the company clearly adopt the operating procedures, guidelines, punishment for violations and appeal system and implement it, and regularly review and revise the plan?	V		(3) In accordance with the Ethics Code and Guidelines for Conduct, the Company is required to evaluate the party's lawfulness, ethical corporate management policy, and whether it has any unethical conduct records before establishing business relationships. The purpose is to ensure that the party does business in a fair and	
2. Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity on a regular basis (at least once a year)?	V V		(1) In accordance with the Ethics Code and Guidelines for Conduct, the Company should immediately terminates its business relationship with parties that are found to have engaged in unethical conduct, and blacklists the parties. (2) The Company's General Administration Department is responsible for the promotion and execution of ethical corporate management, which reports unethical conduct, its handling method, and subsequent review of improvement measures to the Board of Directors.	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? (4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis? (5) Does the company regularly hold internal and external educational trainings on operational integrity?	V V V		(3) If there are any conflicts of interest, the Company's employees can report it to their direct supervisor or directly report it to the supervisors of the General Administration Department. (4) The Company formulate an internal auditing plan; the internal auditor carries out audits according to the auditing plan, and special audits are arranged under special circumstances. (5) The Company informs and helps employees clearly understand its ethical corporate management philosophy and standards during regular and irregular meetings.	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(1) Employees can report unethical conduct to their direct supervisor or the supervisors of the General Administration Department via telephone, e-mail or in person, and dedicated personnel at the General Administration Department are responsible for handling the report.	None

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Reason for Non-implementation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?

(3) Does the company provide proper whistleblower protection?</td><td>V

V</td><td></td><td>(2) The Company currently does not have operating procedures for handling reported unethical conduct. However, documents and materials related to reports are all deemed classified documents, and all personnel that handle the report are responsible for maintaining the confidentiality of the process they partake in.
(3) The Company is responsible for maintaining the confidentiality of whistleblowers, and does not take any inappropriate actions against them.</td><td></td></tr>
<tr><td>4. Enhancing information disclosure
Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</td><td>V</td><td></td><td>The Company's the Ethics Code are disclosed on its website and the Market Observation Post System.</td><td>None</td></tr>
<tr><td colspan="5">5. If the company has established the ethical corporate management policies based on “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the policies and their implementation.
The Company has established Code of Ethics and Business Conduct and Guidelines for Conduct. There is no discrepancy between the Ethics Code, including its affiliate policies and procedures, and its implementation.</td></tr>
</table>

6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): (1) Prohibition of offering or accepting improper benefits. (2) Public announcement of the ethical corporate management policy. (3) Explanation of the ethical corporate management policy to business partners.

(7) Corporate governance best-practice principles shall be disclosed.

The Company's Board of Directors approved the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, and Organizational Rules for the Remuneration Committee on March 14, 2012, and disclosed relevant information on the Market Observation Post System and the Company website.

(8) Other Important Corporate Governance Information：None.

(9) Status of the Internal Control System Implementation:

a. Declaration of Internal Control

Statement of Declaration of Internal Control

Date: March 7, 2022

Based on the findings of a self-assessment, ASPEED Technology Inc. (ASPEED) states the following with regard to its internal control system during the year 2021:

1. ASPEED's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and ASPEED takes immediate remedial actions in response to any identified deficiencies.
3. ASPEED evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each criteria further contains several items. For more information on the abovementioned items, please refer to the Regulations.
4. ASPEED has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of such evaluation, ASPEED believes it can reasonably assure that the design and implementation of its internal control system as of December 31, 2019 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability, timeliness and transparency in financial reporting, and compliance with relevant regulatory requirements, have reasonably and efficiently achieved the aforementioned objectives.
6. This statement is an integral part of ASPEED's annual report for the year 2019 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement was passed by the Board of Directors Meeting of the Company held on March 7, 2022, with none of the 9 attending Directors expressed dissenting opinions, and the remainder all affirming the content of this Statement.

ASPEED Technology Inc.

Chairman: Chris Lin

President: Chris Lin

b. Disclose the Review Report of Independent Auditors if They are Retained for Reviewing the Internal Control System: None.

(10) Reprimand on the Company and its Staff in Violation of Laws, or Reprimand on its Employees in Violation of Internal Control System and Other Internal Regulations, Major Shortcomings and Status of Correction: None.

(11) Important resolutions adopted in shareholders' meetings and Board of Directors meetings in the past year and up to the date of report:

a. Major Resolution of the Shareholders' meeting and Implementation status

The Company's 2021 annual shareholders' meeting was held in Hsinchu on July 30, 2021. The following proposals were approved during the shareholders' meeting:

Major Resolution	Implementation status
Acknowledgement Items (1) Adoption of 2020 business report and Financial statements (2) Adoption of the Proposal for Distribution of 2020 Profits	(1) Approved. (2) Approved.
Proposed Resolution Amendments to the Company's " Rules of Procedure for Shareholders' Meetings"	Approved.
Director Election The election of 7th-term board of directors	Approved.
Other Matter Approval of release the prohibition on directors from participation in competitive business	Approved.

b. Major Resolution of the Board Meetings

During the 2021 and as of the printing date of this annual report, major resolutions approved at these meetings are summarized below:

Date	Meeting		Major Approvals
Mar. 08 2021	6th-term	16th	(1) Approve the Company's 2020 business report.
			(2) Approve the Company's 2020 financial statements.
			(3) Approve the distribution of employee bonuses and Board remuneration in 2020.
			(4) Approve the 2020 earnings distribution.
			(5) Approve the issuance of new outstanding shares for employee bonuses.
			(6) Approve the 2020 Internal Control System Statement.

Date	Meeting		Major Approvals
Mar. 08 2021	6th-term	16th	(7) Approve the cancellation of 2019 new restricted employee shares.
			(8) Approve the appointment of certified accountants for 2021.
			(9) Approve the amendment to "Rules of Procedure for Shareholders Meetings".
			(10) Approve the Election and nomination of 7th-term Directors.
			(11) Approve the removal of restrictions on competition for new directors and their representatives.
			(12) Matter of 2021 shareholder general meeting agenda.
Apr. 07 2021	6th-term	17th	Approve the nomination of candidates for directors (including independent directors).
May 03 2021	6th-term	18th	(1) Approval of 2021 bank application for credit facility.
			(2) Approval of 2021 manager's salary allocation.
Jun. 24 2021	6th-term	19th	Approval of the change in the date of the ordinary shareholders' meeting.
Jul. 30 2021	7th-term	1st	(1) Approval of the 7th-term chairman election.
			(2) Approval of the election of audit committee members.
Aug. 11 2021	7th-term	2nd	(1) Approve the cancellation of 2019 new restricted employee shares.
			(2) Approve the election of Remuneration Committee members.
			(3) Approve the establishment of Sustainability Committee.
			(4) Approve the changes of spokesperson and acting spokesperson.
			(5) Approve the appointment of internal control officer.
			(6) Approve the 2021 employee bonus to directors and managers.
Nov. 08 2021	7th-term	3rd	(1) Approve the cancellation of 2019 new restricted employee shares.
			(2) Approve the 2022 audit plan.
			(3) Approve the appointment of manager.
			(4) Approve the measures for assessing the independence and competency of certified accountants.
			(5) Approve the independence assessment of certified accountants.
			(6) Approve the 2021 compensation of CPAs.
Dec. 17 2021	7th-term	4th	Approve 2022 financial budget.

Date	Meeting		Major Approvals
Mar. 17 2022	7th-term	5th	(1) Approve 2021 business report.
			(2) Approve 2021 financial statements.
			(3) Approve the distribution of employee bonuses and Board remuneration in 2021.
			(4) Approve the cancellation of 2018 & 2019 new restricted employee shares.
			(5) Approve the 2021 earnings distribution.
			(6) Approve the issuance of new outstanding shares for employee bonuses.
			(7) Approve the issuance of new outstanding shares from capital reserve.
			(8) Approve the issuance of 2022 restricted employee shares.
			(9) Approve the amendments to the Company's "Article of Incorporation".
			(10) Approve the amendment to "Regulations Governing the Acquisition or Disposal of Assets".
			(11) Approve the 2021 internal control system statement.
			(12) Approve the appointment of manager.
			(13) Approve the form of approval permission.
			(14) Approve 2022 annual general meeting of shareholders announcement.
			(15) Approve the acceptation of matters from 2022 shareholders' meeting.

(12) Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors: None.

(13) Resignation or Dismissal of Chairman, President, and Heads of Accounting, Finance, Internal Audit, Corporate Governance Officer and R&D during 2021 and as of the Date of this Annual Report:

Summary of Resignation or Dismissal of Company's related persons

April 02, 2022

Title	Name	Date of appointed	Date of dismissal	Reason for resignation or dismissal
Vice President	Morris Yang	Sep. 26 2018	Feb. 25 2022	Health concern
Internal Audit	Jinny Chiou	Sep. 04 2017	Jun. 30 2021	Personal concern

4. Information Regarding the Company's Independent Auditors:

(1) Information on Audit Fees:

Unit:NT$ thousands

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Remark
Deloitte & Touche	Ming Yuan Chung	2021/01/01~ 2021/12/31	2,780	525	3,305	Non-audit fee includes tax audit service, employee remuneration to capital increase and annual report review, etc.
	Yi-Shin Kao					

(2) The Company shall disclose the following items under any one of the following circumstances:

1 Non-audit fee paid to auditors, the audit firm and its affiliates accounted for more than one-fourth of total audit fee: None.

2 Replaced the audit firm and the audit fee paid to the new audit firm was less than the payment of previous year: None.

3 Audit fee reduced more than 10% year over year: None.

5. Replacement of Independent Auditors in the Last Two Years and Thereafter:

In compliance with regulatory requirements on rotation of Deloitte & Touche, the engagement partner Ming Hui Chen was replaced by MingYuan Chung starting from 2021. The co-signing partner remains to be Yi-Shin Kao.

(1)Former CPAs

<table>
<tr><td>Date of change</td><td colspan="3">Jan. 01, 2021</td></tr>
<tr><td>Reasons and Explanation of Changes</td><td colspan="3">In compliance with regulatory requirements on rotation of CPA firm</td></tr>
<tr><td rowspan="3">State whether the Appointment is Terminated or Rejected by the Consignor or CPAs</td><td>Client
Status</td><td>CPA</td><td>Consignor</td></tr>
<tr><td>Appointment terminated automatically</td><td>Not available</td><td>Not available</td></tr>
<tr><td>Appointment rejected (discontinued)</td><td>Not available</td><td>Not available</td></tr>
<tr><td>The Opinions other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions</td><td colspan="3">None</td></tr>
<tr><td rowspan="7">Is there any disagreement in opinion with the issuer</td><td rowspan="5">Yes</td><td></td><td>Accounting principle or practice</td></tr>
<tr><td></td><td>Disclosure of financial statements</td></tr>
<tr><td></td><td>Auditing scope or procedures</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td></td><td></td></tr>
<tr><td>No</td><td colspan="2"></td></tr>
<tr><td colspan="3">Explanation：Not applicable</td></tr>
<tr><td>Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)</td><td colspan="3">Not applicable</td></tr>
</table>

(2)Successor CPAs

Accounting Firm	Deloitte & Touche
CPA	MingYuan Chung and Yi-Shin Kao
Date of Engagement	Approved by Board of Directors on Mar. 08, 2021
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	Not applicable
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	Not applicable

(3) The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: Not applicable.

6. The Company's Chairman, President or managers in charge of finance or accounting has been under current audit firm or its affiliates' employment in 2021: None.

7. Changes in shareholding of directors, supervisors, officers and major shareholders holding more than 10% shares for the preceding year to the date of printing of this annual report:

(1) Net Changes in Shareholding

Unit: Shares

Title	Name	2021		2022 up to April 02	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman & President	Chris Lin	(10,000)	150,000	0	0
Director	Xian Hua Investment Co., Ltd. Representative- Arnold Yu	0	0	0	0
Director	Linvest Wealth Corp. Representative- Luke Chen	0	(450,000)	0	0
Director	Linvest Fortune Corp. Representative- Hung-Ju Huang	0	0	0	0
Director	Ted Tsai	0	0	0	0
Independent Director	Chyan Yang	0	0	0	0

Title	Name	2021		2022 up to April 02	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Independent Director	Dyi-Chung Hu	0	0	0	0
Independent Director	Sheng-Lin Chou	0	0	0	0
Independent Director	John C. Lin	0	0	0	0
Vice President	Hung-Ju Huang	3,334	0	0	0
Vice President	Luke Chen	(8,666)	0	0	0
Assistant Vice President	Charles Kuan	0	0	3,200	0
Assistant Vice President	James Yang	0	0	0	0
Assistant Vice President	Craig Kuo	739	0	151	0
Assistant Vice President	Paul Huang October 01, 2021 on board	0	0	0	0
Finance & Accounting Manager	Tina Chiu	1,000	0	0	0
Manager & Spokesperson	Lili Wu	(278)	0	(1,000)	0
Audit Senior Manager	Ann Lo Jun. 21, 2021 on board	0	0	0	0
Acting Spokesperson	Iris Chueh Aug. 11, 2021 on board	611	0	0	0
COO	CJ Hsieh Jan. 11, 2022 on board	0	0	0	0
Director	Avago Technologies International Sales PTE Limited Representative–Nick Chen Resigned on Feb. 26, 2021	0	0	0	0
Independent Director	Robert Lo Resigned on Jul. 30, 2021	0	0	0	0
Vice President	Morris Yang Resigned on Feb. 25, 2022	(1,542)	0	0	0
Audit Senior Administrator	Jinny Chiou Resigned on Jun. 21, 2021	(139)	0	0	0

(2) Trade with Related Party: None.

(3) Pledge with Related Party:

Unit: Shares, %

Name	Reasons	Date of change	Counterparty	Relationship	Shares	Shareholding %	Pledge%
Chris Lin	Pledge	Jul. 08 2021	Yuanta Financial Holding Co., Ltd.	–	150,000	1.01%	43.41%
Linvest Wealth Corp.	Redemption	Jun. 08 2021	Yuanta Financial Holding Co., Ltd.	–	450,000	13.90%	–

8. Top 10 Shareholders Who are Related Parties to Each Other:

April 02, 2022; Unit: shares, %

Top 10 Shareholders	Shareholding		Shareholding under Spouse and Minor		Shareholding under 3rd Party		Top 10 Shareholder who are Related Parties to Each Other		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Linvest Wealth Corp.	4,775,524	13.90%	0	0%	0	0%	Linvest Fortune Corp.	Chris Lin is the only director of both companies	None
Representative – Chris Lin	345,510	1.01%	0	0%	0	0%	None	None	None
Standard Chartered Bank in custody for St. James's Place Emerging Markets Equity Unit Trust - Wasatch Advisors Inc.	1,431,337	4.17%	0	0%	0	0%	None	None	None
JPMorgan Chase Bank in custody for Nordeal Emerging Stars Equity Fund	1,121,880	3.27%	0	0%	0	0%	None	None	None
Linvest Fortune Corp.	1,074,884	3.13%	0	0%	0	0%	Linvest Wealth Corp.	Chris Lin is the only director of both companies	None
Representative – Chris Lin	345,510	1.01%	0	0%	0	0%	None	None	None
JPMorgan Chase Bank in custody for JPMorgan Fund	827,334	2.41%	0	0%	0	0%	None	None	None
HSBC in custody of Morgan Stanley Fund	685,624	2.00%	0	0%	0	0%	None	None	None
Cathay Life Insurance Co., Ltd.	673,810	1.96%	0	0%	0	0%	None	None	None
Representative – Hong-Tu Tsai	0	0%	0	0%	0	0%	None	None	None
HSBC in custody for Swedbank Robur Tech Fund	650,000	1.89%	0	0%	0	0%	None	None	None
Xian Hua Investment Co., Ltd.	538,644	1.57%	0	0%	0	0%	None	None	None
Representative – Jennifer Chu	0	0%	0	0%	0	0%	None	None	None
Standard Chartered in custody of William Blair Fund	512,000	1.49%	0	0%	0	0%	None	None	None

9. Long-Term Investment Ownership:

As of December 31, 2021 Unit: 1,000 shares, %

Long-Term Investments	Investments by the Company (1)		Investments Directly or Indirectly Controlled by Directors and Managers of the Company (2)		Total Investment (1)+(2)	
	Shares	%	Shares	%	Shares	%
ASPEED Technology (Samoa) Inc.	1,550	100%	－	0%	1,550	100%
ASPEED Technology (U.S.A.) Inc.	－	0%	1,000	100%	1,000	100%
ASPEED Technology India Private Limited	35	1%	3,465	99%	3,500	100%
Cupola360 Inc.	1,500	100%	－	0%	1,500	100%

Note: The Investees refer to the investments accounted for using the equity method.

IV. Capital and Shares

1. Capital and Shares

(1) Capitalization

Unit: 1,000shares/NT$ 1,000

Year Month	Issue price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Issuing shares for assets other than cash	Others
2013.05	10	30,000	300,000	23,334	233,340	Cash addition in the amount of NT$23,360 thousand	None	Note 1
2013.09	10	30,000	300,000	23,800	238,007	Capital surplus in the amount of NT$4,667 thousand	None	Note 2
2013.10	10	30,000	300,000	23,862	238,617	Issuance of restricted stock award in the amount of NT$610 thousand	None	Note 3
2014.05	10	30,000	300,000	23,907	239,067	Issuance of restricted stock award in the amount of NT$450 thousand	None	Note 4
2014.07	10	30,000	300,000	23,897	238,967	Cancellation of restricted stock in the amount of NT$100 thousand	None	Note 5
2014.08	10	30,000	300,000	26,287	262,874	Capital surplus in the amount of NT$23,907 thousand	None	Note 6
2014.12	10	30,000	300,000	26,309	263,094	Issuance of restricted stock award in the amount of NT$220 thousand	None	Note 7
2014.12	10	30,000	300,000	26,296	262,959	Cancellation of restricted stock in the amount of NT$135 thousand	None	Note 8
2015.08	10	50,000	500,000	31,672	316,720	Retained earnings and employee dividends in the amount of NT$53,762 thousand	None	Note 9
2016.08	10	50,000	500,000	31,788	317,881	Employee compensation in the amount of NT$1,161 thousand	None	Note 10
2016.12	10	50,000	500,000	31,818	318,181	Issuance of restricted stock award in the amount of NT$300 thousand 0	None	Note 11
2017.01	10	50,000	500,000	33,840	338,401	Private placement in the amount of NT$20,220 thousand	None	Note 12

Year Month	Issue price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Issuing shares for assets other than cash	Others
2017.06	10	50,000	500,000	33,836	338,361	Cancellation of restricted stock in the amount of NT$40 thousand	None	Note 13
2017.06	10	50,000	500,000	33,942	339,418	Employee compensation in the amount of NT$1,057 thousand	None	Note 14
2017.11	10	50,000	500,000	33,938	339,378	Cancellation of restricted stock in the amount of NT$40 thousand	None	Note 15
2018.02	10	50,000	500,000	33,974	339,738	Issuance of restricted stock award in the amount of NT$360 thousand	None	Note 16
2018.08	10	50,000	500,000	34,045	340,446	Employee compensation in the amount of NT$707 thousand	None	Note 17
2018.11	10	50,000	500,000	34,065	340,656	Issuance of restricted stock award in the amount of NT$210 thousand	None	Note 18
2019.03	10	50,000	500,000	34,058	340,584	Cancellation of restricted stock in the amount of NT$72 thousand	None	Note 19
2019.08	10	50,000	500,000	34,161	341,618	Employee compensation in the amount of NT$1,034 thousand	None	Note 20
2019.08	10	50,000	500,000	34,156	341,568	Cancellation of restricted stock in the amount of NT$50 thousand	None	Note 21
2019.09	10	50,000	500,000	34,184	341,848	Issuance of restricted stock award in the amount of NT$280 thousand	None	Note 22
2020.02	10	50,000	500,000	34,215	342,158	Issuance of restricted stock award in the amount of NT$310 thousand	None	Note 23
2020.03	10	50,000	500,000	34,224	342,248	Issuance of restricted stock award in the amount of NT$90 thousand	None	Note 24

Year Month	Issue price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Issuing shares for assets other than cash	Others
2020.08	10	50,000	500,000	34,320	343,200	Employee compensation in the amount of NT$976 thousand and cancellation of restricted stock in the amount of NT$24 thousand	None	Note 25
2021.03	10	50,000	500,000	34,316	343,155	Cancellation of restricted stock in the amount of NT$45 thousand	None	Note 26
2021.09	10	50,000	500,000	34,373	343,730	Employee compensation in the amount of NT$602 thousand and cancellation of restricted stock in the amount of NT$27 thousand	None	Note 27
2021.11	10	50,000	500,000	34,369	343,694	Cancellation of restricted stock in the amount of NT$36 thousand	None	Note 28
2022.03	10	50,000	500,000	34,355	343,551	Cancellation of restricted stock in the amount of NT$143 thousand	None	Note 29

Note 1: Science Park Administration, approval letter No. 1020013768.
Note 2: Science Park Administration, approval letter No. 1020026873.
Note 3: Science Park Administration, approval letter No. 1020032385.
Note 4: Science Park Administration, approval letter No. 1030013318.
Note 5: Science Park Administration, approval letter No. 1030021928.
Note 6: Science Park Administration, approval letter No. 1030024741.
Note 7: Science Park Administration, approval letter No. 1030035249.
Note 8: Science Park Administration, approval letter No. 1030038803.
Note 9: Science Park Administration, approval letter No. 1040024074.
Note 10: Science Park Administration, approval letter No. 1050023327.
Note 11: Science Park Administration, approval letter No. 1050035128.
Note 12: Science Park Administration, approval letter No. 1060000930.
Note 13: Science Park Administration, approval letter No. 1060015391.
Note 14: Science Park Administration, approval letter No. 1060017298.
Note 15: Science Park Administration, approval letter No. 1060031378.
Note 16: Science Park Administration, approval letter No. 1070005193.
Note 17: Science Park Administration, approval letter No. 1070023699.
Note 18: Science Park Administration, approval letter No. 1070034305.
Note 19: Science Park Administration, approval letter No. 1080007259.
Note 20: Science Park Administration, approval letter No. 1080023054.
Note 21: Science Park Administration, approval letter No. 1080024268.
Note 22: Science Park Administration, approval letter No. 1080027357.
Note 23: Central Region Office, Ministry of Economic Affairs, approval letter No. 10933071290.
Note 24: Central Region Office, Ministry of Economic Affairs, approval letter No. 10933120630.

Note 25: Central Region Office, Ministry of Economic Affairs, approval letter No. 10933473570.
Note 26: Central Region Office, Ministry of Economic Affairs, approval letter No. 11033140200.
Note 27: Central Region Office, Ministry of Economic Affairs, approval letter No. 11033540610.
Note 28: Central Region Office, Ministry of Economic Affairs, approval letter No. 11033716440.
Note 29: Central Region Office, Ministry of Economic Affairs, approval letter No. 11133149120.

As of April 02, 2022; Unit: shares

Type of Shares	Authorized capital		
	Outstanding	Un-Issued	Total
Common stock	34,355,062	15,644,938	50,000,000

(2) Composition of Shareholders

As of April 02, 2022; Unit: shares/%

Type of Shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institutions & Persons	Total
Number of Shareholders	0	15	119	1,613	521	2,268
Shareholding	0	1,114,010	9,413,802	2,544,773	21,282,477	34,355,062
Holding Percentage	0.00%	3.24%	27.40%	7.41%	61.95%	100.00%

(3) Distribution of Shareholding

a. Distribution of Common Stock:

As of April 02, 2022; Unit: shares/%

Common Share Shareholder Ownership	Number of Shareholders	Shareholding	Shareholding ratio (%)
1-999	1,325	80,296	0.23%
1,000-5,000	498	989,386	2.88%
5,001-10,000	110	845,460	2.46%
10,001-15,000	59	772,216	2.25%
15,001-20,000	30	540,630	1.57%
20,001-30,000	57	1,412,341	4.11%
30,001-40,000	37	1,287,088	3.75%
40,001-50,000	33	1,524,582	4.44%
50,001-100,000	61	4,294,116	12.50%
100,001-200,000	29	3,899,880	11.35%
200,001-400,000	13	3,687,460	10.73%
400,001-600,000	8	3,781,214	11.01%
600,001-800,000	3	2,009,434	5.85%
800,001-1,000,000	1	827,334	2.41%
1,000,001 shares or more	4	8,403,625	24.46%
Total	2,268	34,355,062	100.00%

b. Distribution of Preferred Stock: None.

(4) Major Shareholders

As of April 02, 2022; Unit: shares

Shareholder \ Shareholding	Shareholding	%
Linvest Wealth Corp.	4,775,524	13.90%
Standard Chartered Bank in custody for St. James's Place Emerging Markets Equity Unit Trust - Wasatch Advisors Inc.	1,431,337	1.17%
JPMorgan Chase Bank in Custody for Nordeal Emerging Stars Equity Fund	1,121,880	3.27%
Linvest Fortune Corp.	1,074,884	3.13%
JPMorgan Chase Bank in custody for JPMorgan Fund	827,334	2.41%
HSBC in custody of Morgan Stanley Fund	685,624	2.00%
Cathay Life Insurance Co., Ltd.	673,810	1.96%
HSBC in custody for Swedbank Robur Tech Fund	650,000	1.89%
Xian Hua Investment Co., Ltd.	538,644	1.57%
Standard Chartered in custody of William Blair fund	512,000	1.49%

(5) Market Price, Net Worth, Earnings, Dividends per Common Share

Unit: NT$/1,000shares

Item \ Year			2020	2021	2022 up to April 02
Market Price Per Share	Highest		1,860	3,565	3,545
	Lowest		875	1,650	2,655
	Average		1,224	2,286	3,009
Book Value Per Share	Before Distribution		87.52	103.18	Note 4
	After Distribution		61.52	68.19	Note 4
Earnings Per Share	Weighted Average Shares		34,192	34,283	Note 4
	EPS		29.38	38.30	Note 4
Dividends Per Share	Cash Dividends		26.00	35.00	Note 4
	Stock Dividends	Earning Distribution	—	—	Note 4
		Capital Distribution	—	1.00	Note 4
	Accumulated Undistributed Dividend		—	—	Note 4
Return on Investment	Price/Earnings Ratio (Note 1)		41.67	59.71	Note 4
	Price/Dividend Ratio (Note 2)		47.09	65.34	Note 4
	Cash Dividend Yield (Note 3)		2.12%	1.53%	Note 4

Note 1: Price/Earnings Ratio = Average Market Price / Earnings Per Share

Note 2: Price/Dividend Ratio = Average Market Price / Cash Dividends Per Share

Note 3: Cash Dividend Yield = Cash Dividends Per Share / Annual Average Market Price

Note 4: Not applicable.

(6) Dividend Policy and Status

1. Dividend Policy:

   Pursuant to Article 28-1 of the Articles of Incorporation, the Company's dividend policy is to allocate no less than 10% of its distributable earnings to shareholders' dividends each year, taking into account current and future development plans, the investment environment, capital requirements, domestic and foreign competition, and shareholders' interests, but no less than 50% of its paid-in capital.

2. Proposal to Distribute 2020 Profits

   The Board approved a proposal for 2021 profit distribution as follows:

   Cash dividends to common shareholders from retained earnings is NT$ 1,202,427,170, or NT$ 35.00 per share of cash to common shareholders. The approval is subject to report to shareholders at the Annual Shareholders' Meeting and authorize the right to Chairman to determine related matters. In addition, the company proposed to transfer the capital reserve NT$34,355,060 to capital increase to issue new shares, with 3,435,506 shares of 100 shares for every thousand shares. The proposal is subject to approve by shareholders at the Annual Shareholders' Meeting and authorize the right to Board of directors to determine related matters.

(7) Effect of 2021 Share Dividends to Operating Performance and EPS:

The Board approved 2021 distribution of profits and determined to allocate 3,435,506 new shares by converting capital reserves into capital increase on Mar. 7, 2022. The basic EPS will be diluted from NT$38.30 to NT$34.82 after retrospective adjustment. The company estimates that the revenue and profit will continue to grow in 2022, so the impact of the allotment on company's operating performance and EPS is still limited.

(8) Employee profit sharing bonus and Director/Supervisor remuneration

a. The ratios or scope of the employee profit sharing bonus and director's remuneration in the Company's Articles of Incorporation:

   Pursuant to Article 28 of the Articles of Incorporation, if the Company has any annual profit left, it shall allocate no less than 8% of the profit for employee's compensation sharing bonus. Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive shares or cash in accordance with the Board of Directors shall determine. The Board of Directors may allocate no more than 3% of the profit for director remuneration. Employees' compensation and remuneration to directors' distribution reports shall be submitted to the shareholders' meetings. However, the Company's accumulated losses shall have been covered (if any), and then allocate employee compensation and remuneration to director from the balance according to the ratio in the preceding Paragraph.

b. The estimation of the current year's employee profit sharing bonus and directors' remuneration, profit sharing bonus distributed in the form of shares

   The Company estimates employee bonuses and Board remuneration according to the ratio within the range required by the Company's Articles of Incorporation. If there is any difference between the amount resolved by the board of directors and the estimated amount, and the difference is not significant, or if there is any variance between the distributed amount and estimated amount, the difference will be deemed change of accounting estimation and recognized as next year's profit or loss. There was no major deviation of the amount of employee bonuses and Board remuneration approved by the Board of Directors on March 7, 2022 from the amount recognized in 2021 as described below:

Unit: NT$

Item	Board Resolution
Employee Compensation – Stock	141,518,018
Remuneration of Directors– Cash	17,689,752

Note: The number of shares issued for employee bonuses is calculated based on the closing price on the business day preceding the Board meeting. Distributions of employee shares that amount to less than one full share will be made in cash.

c. Status of board of directors' adoption of employee compensation/ remuneration distribution

(I) The proposed amount of employee compensation and directors remuneration paid in cash was NT$0 and NT$17,689,752, respectively.

(II) The proposed amount of employee compensation to be paid in stocks was NT$141,518,018, which accounts for 10% of the sum of after-tax net profit and employee compensation for the current period.

(III) Earnings per share after the proposed employee compensation and directors remuneration was calculated at NT$38.17.

(IV) The distribution of the previous year's employee compensation and directors' remuneration. If there is any difference between the distributed amount and the estimated amount, the variance, reason and handling status shall be disclosed: There was no such discrepancy.

d. Distribution of employee compensation and directors remuneration in the previous year:

Unit: NT$

Item	2020			
	Distributed amount	Estimated amount	Differenc e	Reason and treatment for differences
Employee Compensation	108,366,705	108,366,705	-	N/A
Remuneration of Directors	13,545,836	13,545,836	-	N/A

(9) Repurchase of Company Shares: None.

2. Status of Corporate Bonds: None.

3. Status of Preferred Stocks: None.

4. Status of GDR/ADR: None.

5. Status of Employee Stock Option Plan:

(1) Employee stock options that have not matured yet: None.

(2) Names of managerial officers and top ten employees with respect to number of shares subscribable and subscribable amounts reaching NT$30 million, and their subscription of shares up to the annual report publication date: None.

6. Status of New Employee Restricted Stock Issuance

(1) Issuance of New Restricted Employee Share

Types of New Restricted Employee shares	1st time	2nd time	3rd time	4th time	5th time	6th time	7th time	8th time	9th time	10th time
Date of Effective Registration	Sep. 4 2013	Sep. 4 2013	Aug. 7 2014	Jun. 25 2015	Jul. 22 2016	Jul. 3 2017	Jul. 3 2018	Jul. 10 2019	Jul. 10 2019	Jul. 10 2019
Issue date	Oct. 8 2013	Apr. 25 2014	Nov. 19 2014	None	Dec. 5 2016	Feb. 5 2018	Nov. 12 2018	Sep. 10 2019	Feb. 5 2020	Mar. 2 2020
Number of New Restricted Employee Shares Issued	61,000 shares	45,000 shares	22,000 shares	None	30,000 shares	36,000 shares	21,000 shares	28,000 shares	31,000 shares	9,000 shares
Issue price(NT$)	NT$0	NT$0	NT$0	None	NT$0	NT$0	NT$0	NT$0	NT$0	NT$0
New Restricted Employee Shares as a Percentage of Shares Issued	0.18%	0.13%	0.06%	None	0.09%	0.11%	0.06%	0.08%	0.09%	0.03%
Vesting Conditions of New Restricted Employee Shares	The percentage of shares distributed to employees at each of the following time points after receiving restricted share awards, provided that the employee is still an active employee and meets performance conditions that were agreed upon, is as follows: Serving for 1 full year: 10% Serving for 2 full years: 10% Serving for 3 full years: 40% Serving for 4 full years: 40%									
Restrictions Right of New Restricted Employee Shares	1. After employees are distributed new shares and before the restricted shares meet the vesting conditions, except for being inherited, the new restricted employee shares may not be sold, mortgaged, transferred, pledged, or disposed of using any other methods. 2. The custodian institution attends, makes proposals, speaks, and votes during shareholders' meetings according to the trust agreement.									
Custody Status of New Restricted Employee Shares	The shares will be handed over to a trustee during the restricted period specified in the vesting conditions.									
Measures to be Taken When Vesting Conditions are not Met	Recalling and cancellation.									

Types of New Restricted Employee shares	1st time	2nd time	3rd time	4th time	5th time	6th time	7th time	8th time	9th time	10th time
Number of New Restricted Employee Shares that have been Redeemed or Bought Back	23,500 shares	4,000 shares	0 shares	None	6,400 shares	7,200 shares	6,375 shares	8,000 shares	10,800 shares	0 shares
Number of Released New Restricted Employee Shares	37,500 shares	41,000 shares	22,000 shares	None	23,600 shares	28,800 shares	7,225 shares	5,600 shares	5,000 shares	1,800 shares
Number of Unreleased New Restricted Shares	0 shares	0 shares	0 shares	None	0 shares	0 shares	2,400 shares	14,400 shares	15,200 shares	7,200 shares
Ratio of Unreleased New Restricted Shares to Total Issued Shares (%)	0%	0%	0%	None	0%	0%	0.007%	0.04%	0.04%	0.02%
Impact on possible dilution of shareholdings	Dilution to original shareholders' holding is limited.			None	Dilution to original shareholders' holding is limited.					

(2) List of Executives Receiving New Restricted Employee Shares and the Top Ten Employees with New Restricted Employee Shares

<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">No. of New Restricted Shares</th><th rowspan="2">New Restricted Shares as a Percentage of Shares Issued</th><th colspan="4">Released (Note 1)</th><th colspan="4">Unreleased</th></tr>
<tr><th>No. of Shares</th><th>Issued Price (NT$)</th><th>Amount (NT$ thousands)</th><th>Released Restricted Shares as a Percentage of Shares Issued</th><th>No. of Shares</th><th>Strike Price (NT$)</th><th>Amount (NT$ thousands)</th><th>Unreleased Restricted Shares as a Percentage of Shares Issued</th></tr>
<tr><td rowspan="4">Manager and Employee</td><td>Vidin Liu (Note 2)</td><td rowspan="4">44,000</td><td rowspan="4">0.12%</td><td rowspan="4">(37,600)</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0.11%</td><td rowspan="4">6,400</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0.02%</td></tr>
<tr><td>Charles Kuan</td></tr>
<tr><td>Morris Yang (Note 8)</td></tr>
<tr><td>James Yang</td></tr>
<tr><td rowspan="18">Employees</td><td>Tim Liu (Note 4)</td><td rowspan="18">111,000</td><td rowspan="18">0.32%</td><td rowspan="18">(78,200)</td><td rowspan="18">0</td><td rowspan="18">0</td><td rowspan="18">0.23%</td><td rowspan="18">32,800</td><td rowspan="18">0</td><td rowspan="18">0</td><td rowspan="18">0.10%</td></tr>
<tr><td>Lands Chen</td></tr>
<tr><td>Brandon Chen</td></tr>
<tr><td>Vincent Huang</td></tr>
<tr><td>Lena Chou</td></tr>
<tr><td>Steven Lin</td></tr>
<tr><td>Joe Lee</td></tr>
<tr><td>Will Chou</td></tr>
<tr><td>Keng-yen Huang</td></tr>
<tr><td>Joppa Tsao</td></tr>
<tr><td>Andre Chen (Note 3)</td></tr>
<tr><td>Winston Liu</td></tr>
<tr><td>CK Lin</td></tr>
<tr><td>Dylan Hung</td></tr>
<tr><td>Artiz Huang</td></tr>
<tr><td>Joe Wang</td></tr>
<tr><td>Chia Wei Wang</td></tr>
<tr><td>Jerry Ku</td></tr>
</table>

Title	Name	No. of New Restricted Shares	New Restricted Shares as a Percentage of Shares Issued	Released (Note 1)				Unreleased			
				No. of Shares	Issued Price (NT$)	Amount (NT$ thousands)	Released Restricted Shares as a Percentage of Shares Issued	No. of Shares	Strike Price (NT$)	Amount (NT$ thousands)	Unreleased Restricted Shares as a Percentage of Shares Issued
	Xavier Lee (Note 7)										
	Jason Liao										
	Julian Hsiao (Note 5)										
	Dennis Chen (Note 6)										
	Titan Wu										
	Chin-Ting Kuo										
	Betters Tsai										

Note 1: Includes shares that were cancelled.
Note 2: Resigned on Feb. 27, 2019, and no longer has to disclose her share information since then.
Note 3: Resigned on Jul. 31, 2019, and no longer has to disclose his share information since then.
Note 4: Resigned on May 15, 2020, and no longer has to disclose his share information since then.
Note 5: Resigned on Feb. 08, 2021, and no longer has to disclose his share information since then.
Note 6: Resigned on Apr. 15, 2021, and no longer has to disclose his share information since then.
Note 7: Resigned on Oct. 29, 2021, and no longer has to disclose his share information since then.
Note 8: Resigned on Feb. 25, 2022, and no longer has to disclose his share information since then.

7. Status of News Shares Issuance in Connection with Mergers and Acquisitions: None.

8. Financing Plans and Implementation: Not applicable.

V. Business Activities

1. Business Scope

(1) Business Scope

a. The Main Business Activities of the Company

Design, develop, produce, manufacture and market the following products:

(I) Multimedia IC

(II) Computer peripherals IC

(III) High-end consumer electronics IC

(IV) Patent and services of the above-mentioned products

b. Revenue Breakdown

Unit: NT$1,000

Year / Category	2020		2021	
	Amount	%	Amount	%
Multimedia IC	2,900,494	94.68%	3,392,407	93.26%
Computer peripherals IC	155,963	5.09%	225,360	6.20%
Other	7,095	0.23%	19,865	0.54%
Total	3,063,552	100.00%	3,637,632	100.00%

c. The Company's current products (services)

Name of main products	Purpose
Multimedia IC	ASPEED Server Management product lines are designed to enrich the basic feature set with 2D graphic controller, hardware monitoring capabilities, iKVM function, and security function. Customer can select and implement from our Graphics & Remote Management Processors to best fit their design needs.
Computer peripherals IC	Our core technology includes display over IP, USB over IP and audio over IP. With our core technologies, we are able to support PC Extensions for application scenario such as PC-to-TV, PC centralization for Internet Cafe, and Enterprise PC over IP.
High-end consumer electronics IC	Applied to video conferencing and live broadcast devices.

d. Plans for the development of new products (services)

ASPEED Technology Inc. accumulated long term experiences for BMC development and relationships with customers. Feedbacks and requests from customers helped us to develop a comprehensive, high performance and high security 7th generation BMC chip. There are some whole new features in next generation BMC chip: Hardware Elliptic Curve Cryptography (ECC) and RSA engine, hardware root of trust engine, TruzeZone bus controller, Security memory management, cache parity check. At the same time, the firmware supports are also enriched, like OpenBMC and UEFI GOP driver etc.

ASPEED's 2nd generation Cupola360 multi-image stitching video & audio SoC, AST1230, as well as the accompanying app, is specifically designed for high performance video conferencing applications. With a focus on advanced smart cameras for spherical video conferencing applications, the AST1230 SoC features include a powerful image signal processor (ISP) and a smart layout processing engine. Incorporating ASPEED's unique Hyper-stitching® technology, the AST1230 SoC is engineered to deliver extraordinary processing power for on-device real-time image stitching. Incorporating the high level programmable Audio DSP to tackle the most challenging audio/voice use cases, the AST1230 SoC offers exceptional power and thermal efficiency, making it ideal for a wide range of emerging IoT applications.

Cupola360 Studio smart director software (professional version), combined with the video camera powered by Cupola360 IC chip, provides various advanced video functions, such as automatic speaker tracking, intelligent layout, whiteboard presentation mode (picture-in-picture), smart name tag, smart video recording and other functions are suitable for various video conferences, virtual family gatherings, and remote training.

(2) Industry Outlook

a. Industry Status and Trends

An overview of industries related to the Company's main products is provided below:

(I) Semiconductor Market

2021 was an unsettled and challenged year for all, but according to SEMICON Report, global semiconductor revenue totaled $555 billion in 2021, increase 26.2% compared to the 2020 totaled of 442 billion. This was much higher than the previous forecast of 7.7% growth. Under the effect of pandemic, technology wars, port congestion, inflation, and chip shortages, semiconductor industry has not been affected but continue to show a strong growth. Despite the difficulties in 2021, the rebound of the global economy result in strong overall demand and created the shortage to the entire semiconductor supply chain. On top of that, the cost increase in the logistics and raw materials lead to increase the average selling price (ASP) of semiconductors and overall growth.

Post-COVID-19 has created new opportunities for the semiconductor industry in 2021. Work from home (WFH) has become a new norm. PC/laptop demand in 2021 is even stronger compare to 2020. Smartphones sells has moved to higher-priced 5G smartphones; the Internet of Things (IOT); and the rebound in car sales with automotive electronics have driven the overall substantial growth in 2021.

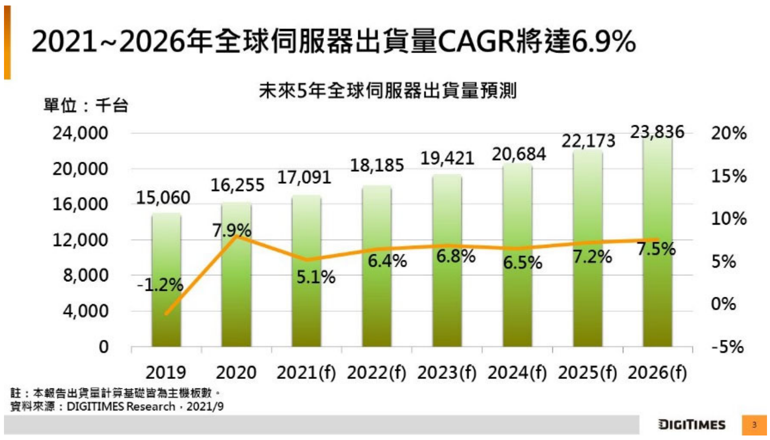
Looking forward to 2022, digital transformation continues to drive the semiconductor sales. IC Insight forecast that the output value is expected to increase by 11% this year or US$611.5 billion. Technology continues to advance, and applications such as 5G, HPC, AI, IOT and automotive electronics will continue upgrade and drive the growth of semiconductor industry.

(II) Multimedia IC

Global Server market shipments were constrained by chip shortage in 2021. Driven by strong demand of large-scale cloud data centers in the United States and China such as Amazon and Google. The total growth for these large-scale cloud data centers were nearly up 30% year-on-year. According to TrendForce research post pandemic's new norm such as digital transformation, video streaming, popularization of smart terminal devices drives the expansion of cloud data traffic demand and cloud server demand.

Going into 2022, with new server platforms launch, increase in 5G penetration demand for data center computing and storage will continue to drive server shipments. According to MIC, the Government's Trusted Think-Tank and Industry's Reliable Consultant in Taiwan, post pandemic has boosted demand for cloud computing and remote work servers. It predicts that for the next five years, HCP, AI and edge computing will continue to grow.

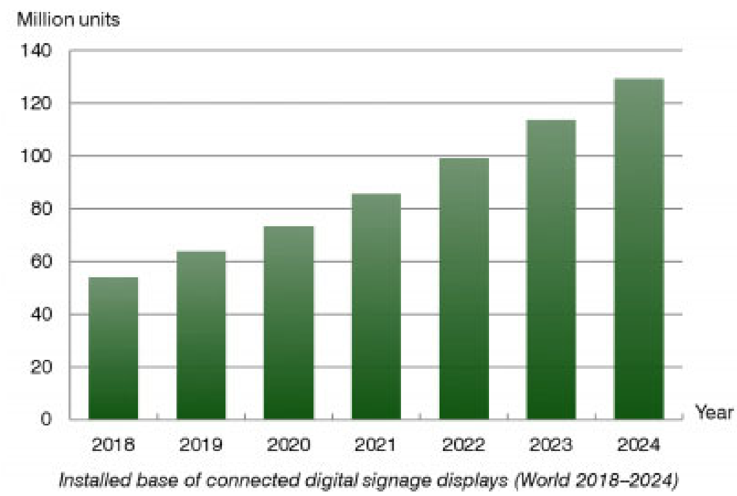
Figure 1: Global Data Center Server Market



(III) Computer peripherals IC

The market size and growth speed of global digital signage systems had become increasingly. According to the survey of Omidia, the market size of global digital signage system will reach 199 billion US dollars. The reason for the rapid expansion of the digital signage market in the post-pandemic era of contactless technology and social distancing is its wide range of applications. From kiosks that integrate ordering and payment services to drive-through ordering, digital signage is everywhere. With changing lifestyles, companies have begun to put more effort into enhancing digital communication to meet the needs of the trend. Digital signage has become important increasing in many areas such as airport, stations, retail shops, shopping malls, commercial building, government buildings, drugstores, supermarkets, movie theaters and etc. The demand in the advertising market continues to drive the market, allowing digital signage to grow rapidly.

Figure 2: Global digital signage shipment statistics and estimates



(IV) High-end consumer electronics IC

In 2020 with the lockdown caused by the raging of COVID-19 and the closure of many offices around the world, Ensuring remote work and distance learning have become new forms of communication, which also led to a proliferation of video conferencing solutions. Businesses, educational institutions, and governments are looking for effective ways to help employees and students stay connected and productive working from home. Faced with the need for organizations to go online quickly to keep operations running, they are looking for an easy-to-use video conferencing solution to replace physical office.

However, the adoption of these services has expanded rapidly, not only for business meetings, educational purposes and remote patient care, religious gatherings, yoga classes, celebrity endorsements and other social events have all moved online, meeting solutions are fully integrated into the daily life, gradually becoming a part of life.

Gartner, a technology research and consulting firm, concluded that due to the increase in the use of video conferencing outside of work, it will increase employees' acceptance of remote meetings, and become more comfortable and confident in video online meetings, which will lead to more adoption of video solutions in enterprises.
As the post-pandemic era approaches, although many companies are planning to "return to the office", the demand for video calls will not disappear. Remote work still exists, and distributed work teams still need solid, reliable videoconferencing hardware and software to support collaboration. According to Global Market Insights Inc., by 2027, the overall market for videoconferencing software, hardware and cloud services will reach $75 billion. Remote work is the future, and while many employees are bound to return to an office environment post-pandemic, the benefits of remote work will continue to become clearer.

b. Infrastructure of the Semiconductor Industry

The relationships among upstream, midstream and downstream suppliers in Taiwan’s Semiconductor industry are shown in the table below. Generally the upstream is represented by fellow fabless IC design companies, midstream is represented by wafer foundry companies, and downstream is represented by various IC packaging and testing service providers.

Operation Stages	Processes	Definition	Basis for classification	Scope
Upstream	IC Design	Specializes in IC design and R&D but is not involved in IC manufacturing.	IC Design	Engages in design and outsources a portion of production to wafer foundry services.
Midstream	IC Manufacturing	Specializes in the establishment of production lines in foundries and provides IC manufacturing services.	Wafer Foundry	ODM for ICs.
			Memory manufacturing	DRAM, Flash, SRAM, ROM, etc.
Downstream	IC Packaging	Outputs functional signals from the IC through a carrier and protects the IC from damage.	Lead frame Packaging	Packaging that uses lead frames, such as DIP, SOP, QFP, etc.
			Substrate Packaging	Packaging that uses substrates, such as BGA, etc.
			FPC Packaging	Packaging that uses FPCs, such as COF, TCP, etc.

Operation Stages	Processes	Definition	Basis for classification	Scope
	IC Testing	After wafer fabrication is completed, testing instruments verify whether products are non-defective in two stages, before and after packaging, respectively.	Wafer Testing	A probe is used to test grains before wafer dicing and packaging.
			Product Testing	After IC packaging, IC function, speed, tolerance, power consumption, and heat diffusion testing are all part of product testing.

Source: Industrial Technology Research Institute of Taiwan, R.O.C. IEK, May 2012

Taiwan's semiconductor industry has a fully developed system with multiple companies that specialize in each link of production, such as: design tools, IC design, wafer materials, silicon wafers, mask production, IC manufacturing, packaging, lead frames, testing, and peripheral support. As a result of industry boom in recent years, the verticalization approach in the Semiconductor IC manufacturing industry involving various corporations has made up a complete ecosystem in our country in building a more comprehensive, professional and quality-driven supply chain.

c. Product Development Trends and Market Competition

The Company is a professional IC design house that mainly designs and sells Multimedia IC, Computer peripherals IC, and High-end consumer electronics IC. Therefore, changes in the supply and demand of industries that use terminal applications of the Company's products are as follows：

(I) Multimedia IC

The development of BMC SoCs must give due consideration to specification changes in the industry, such as changes in the specifications of different generation CPUs and chipsets made by Intel and AMD, DRAM specifications (such as DDR2 and DDR3), the development of display interface specifications (such as PCI and PCIe), integration of peripheral parts, and the convenience requirements of end users on servers. The Company mainly designs and sells BMC SoCs with three major functions, namely 2D VGA, BMC, and KVMoIP. The products are mainly sold to domestic and overseas server design and manufacturing companies. The Company closely follows industry standards and the organizations which set them when planning products, thus being able to accurately determine market demand for immediate development. The Company plans next generation ICs based on Intel's plans for new generation platforms, and its operating risks are thereby reduced.

Currently, the major global players are ASPEED, Nuvoton Technology Corporation and Renesas Electronics Corporation. ASPEED Technology and Nuvoton Technology are currently the only competitors in the market. Over

80% of server motherboards worldwide are designed and manufactured by Taiwanese suppliers. The Company's design team is located in Taiwan, in the same region where server suppliers are located, and is thus able to rapidly provide technical support, reduce the amount of time required for discussing technologies with customers, and achieve quick product release into the market.

(II) Computer peripherals IC

Solutions for PC & Audio/Video Extension SoCs currently in the market include analog transmission, digital transmission, and packet transmission. The main goals are long-distance transmission and signal stability. Users do not need to specially calibrate their signals due to the environment, and product portfolios that can achieve one-to-many or many-to-many have expanded the scope of its application. The Company specializes in digital transmission and packet transmission technologies, which have been patented in Taiwan and the U.S. The technologies offer excellent performance in effectively reducing image lag, and using a standard network transmission interface to transmit audio and video without any distance limits.

The Company designs and sells the compressor and transmitter chips for A/V extensions. These chips are an important component of extensions, and are generally divided into transmitting and receiving ends, with each end requiring one chip. There are also combinations of one transmitter chip with multiple receptor chips or multiple transmitter chips with multiple receptor chips. The Company uses the same chips on both ends to simplify customers' inventory management. The Company specializes in development of digital transmission and packet transmission technologies. These technologies first compress video and audio, and then transmit them to a receiving end 100 m or farther away through a network cable. Furthermore, the Company's chips can also transmit data via USB interface to the receiving end. This is the greatest difference between the Company's products and competitors.

(III) High-end consumer electronics IC

Video conferencing equipment on the market mostly uses single fisheye lens or double back-to-back fisheye lens to achieve the effect of 360-degree panoramic view. In addition to the high cost of fisheye lens, there is also the problem of low effective pixels at the edge of the lens. The AST1220 has the ability to process image distortion correction and stitching correction at the same time. It is not only suitable for processing the above single fisheye lens and double fisheye lens distortion correction, but also has the ability to stitch multiple wide-angle lenses. The stitching of multiple wide-angle lenses solves the pain points faced by products that use fish-eye lenses. In addition to saving costs and avoiding fish-eye lens edge quality problems, the vertical viewing angle of the wide-angle lens is more suitable for meeting room scene applications.

At present, high-end video conferencing equipment mostly adopts dual-chip design for Video and Audio processing, which not only has a high overall BOM cost, but also has longer development cycle of software and hardware integration. AST1230 SoC is a product that integrates real-time multi-image splicing video and powerful audio processing capabilities to solve the pain points for current brand customers and improve product competitiveness.

(3) Technology and R&D

a. R&D Spending:

Unit: NT$1,000

Item Year	2020	2021
R&D expenditures	477,233	506,283

b. Successful R&D Technologies or Products

Important technologies and products successfully developed by ASPEED Technology are as follows:

Year	R&D Achievements	Description
2017	AST1220 360 6 CAM Processor	Real-time 6 Lenses 360 Degree Camera Image Processor
	MIPI D-PHY interface controller	MIPI Interface Control Technology
2018	AST2500 7th Generation Server Management Controller	7th Generation BMC
	ARM multi-core bus interface controller	ARM multi-core bus interface controller
	Hardware ECC crypto engine	Hardware ECC crypto engine for new crypto technology
	Hardware Root of Trust Technology	Hardware Root of Trust Technology to improve system security
	360 Camera APP	To enrich 360 camera product lines
2019	Security OTP Memory Management	For Root of Trust technology
	Trust Zone Bus Controller	For trusted bus management
	AST1530/AST1620 8K PC/AV Extension Controller	For next generation 8K extension
	Cupola360 Image Post Processing	Algorithm for functions Stabilizer、Stitching、Lighting、WDR、
	360 Stitching Calibration Fixture	360 stitching calibration fixture design
	Sensor/ISP Calibrated Tools	Camera sensor/ISP calibration tools design
	UVC/UAC Protocols	USB Video/Audio Class
	Image Adaptive FOV	Adaptive FOV algorithm
	360 Video Conference F/W, VxD, App	S/W to enable video conference product
	Individual EV, Adaptive EV	EV algorithm and setting

2019	ePTZ Technology	Digital PTZ application
	360 Dash Cam F/W，App	S/W to enable dash cam DVR
2020	Hardware ECDSA384 engine	For digital signature algorithm
	Platform Firmware Resiliency	For platform protection
	New 2D Noise Reduction	For image quality improvement
	New ISP De-mosaic	For image quality improvement
	High Performance Stitching Engine	Support 2x stitching engine performance improvement
	Color Difference Compensation for Stitching Engine	For stitching quality improvement
	MIPI TX Controller	MIPI TX Controller
	USB3.0 Controller	USB3.0 Controller
	I3C Controller	I3C Controller
	Cupola360 Studio Software	Software development
	In-Camera dynamic image composition	API development in F/W
	In-Camera AI SoC for Face Detection	Integrate with 3rd party AI chipset to enable face detection
	In-Camera Beamforming/ DoA	Integrate with 3rd party audio DSP to enable speaker tracking
	IQ Preference Setting for Vendors Customized, -> IQ preset and IQ Tuning Tool	IQ tuning tool
	GAIA Calibration and Manufacture Support	Camera calibration tool
	Hyperion algorithm development for camera jig assembly correction	Camera calibration tool
	TITAN facility development for stitching quality verified and camera color re-calibrated.	Camera calibration tool
2021	Platform Firmware Resiliency (PFR)	System security standard
	Frame base image tessellation engine for responsive composition	A framework-based image subdivision engine for fast compositing
	In- camera Smart Director to provide best user experience of video meeting	The camera has built-in smart director, providing the best video conferencing user experience
	Smart meeting agent to drive the meeting efficiency	Video conferencing tool
	On the fly pipeline buffering design for rapidly latency.	Hardware IP to improve video latency
	Reliable and real-time object tracking algorithm	People tracking algorithm

(4) Long- and Short-Term Business Development Plans

In response to future industry developments and trends in the overall economic environment, the Company formulates various plans for its future business direction to enhance its competitiveness. The Company's long-term and short-term business development plans are summarized below:

a. Short-Term Business Development Plan

(I) Product strategy:

(a) Multimedia IC

Closely follow industry standards and the organizations which set them when planning products to accurately determine market demand for technology development; next generation ICs are planned based on Intel's new generation platforms. Increase the breadth and depth of technologies at a faster pace to provide a diversified product line.

Besides maintaining existing customers, continue to develop new customers to increase the market share of products. Continue to improve current product processes to raise the barriers to entry.

(b) Computer peripherals IC

Adopt a spanning tree protocol, develop applications for video walls and digital signage, and use a serial structure to improve the spanning tree and increase use scenarios. The second generation product is currently the only 4K2K over IP solution in the market.

(c) High-end consumer electronics IC

"Cupola360" technology brand promotion: In recent years, European and American semiconductor technology companies have launched a technology brand strategy to obtain the mind share of end users in order to enhance product technology adoption and brand value-added effects. In the promotion of this video conferencing product, ASPEED Technology also launched the "Cupola360" technology brand strategy. In the future, we will reach an agreement with customers to jointly promote "Powered by Cupola360" on the end product and software.

(II) Sales and Marketing Strategies

(a) Server products with different functions satisfy the needs of different customers, and the Company offers the full array of VGA only, BMC only, to high-end product lines with complete functions. Products are developed to meet the specific needs of different customers to build stable, long-term partnerships.

(b) The rise of data centers has increased demand on entry level servers and increased the importance of such products in the product portfolio.

(c) AST1220 products has officially enter the mass production stage in 2021, and brand customers in Europe, America, Japan and other countries have successively launched end products in the market. Selectively listed brand customer marketing information as follows:

b. Long-Term Business Development Plan

(I) Product Development

Expand the field of application for core technologies, and develop new application products to develop new product lines, new customers, and increase the market share of current products.

(II) Sales and Marketing Strategies

(a) Strengthen the Company's systems and organizational performance, improve the sales management system, and establish a global technical cooperation and service network.

(b) Nurture professional marketing talent, build stronger customer relations, and closely monitor changes and development trends in the product application market.

(c) Gradually attain higher market share in the international market through joint development or strategic alliances with first tier multinational corporations.

2. Market, Production and Sales Outlook

(1) Market Analysis

a. Sales by Region of Major Products and Services

Unit: NT$1,000

Region \ Year		2020		2021	
		Amount	%	Amount	%
Domestic sales		1,416,487	46.24%	1,979,936	54.43%
Exports	Asia	1,149,189	37.51%	1,024,331	28.16%
	Europe and America	497,876	16.25%	633,365	17.41%
Total		3,063,552	100.00%	3,637,632	100.00%

b. Market share

According to Taiwan Semiconductor Industry Association (TSIA), citing data from the Industrial Technology Research Institute, the output value of Taiwan's IC design industry was reached at NT$ 40,820 billion in 2021. Estimating based on the Company's 2021 operating income of approximately NT$ 36.38 billion, ASPEED Technology has about 0.09% market share in Taiwan's fabless IC design market. Rough estimates of the market share of each product are as follows:

(I) Multimedia IC

According to the statistics of Digitimes Research, the total number of servers shipped worldwide was 16.05 million in 2021. Every motherboard needs at least one BMC, so the total number of BMCs shipped worldwide in 2021 was about 16.05 million. The Company shipped 12.90 million BMCs in 2021, so our market share was about 80%.

(II) Computer peripherals IC

According to IEK (Industrial Technology Research Institute), demand in stadiums, upgrade in the train stations, vending machines, indoor and outdoor panels will continue to drive the growth of digital signage solution. Visual and interactive solution especially facial recognition will be one of the important key factor to adopt digital signage.

With the rise of IoT and Big Data, the retail industry has gradually entered the era of smart retail, including the use of digital electronic signage, integrated IoT with AI systems, camera and facial recognition for analysis. Retailers will invest in digital signage throughout 2020, both in developed and emerging markets, because of the benefits that digital signage offers, and we'll see more retail shops, business disseminate information that is crucial to their business.

(III) High-end consumer electronics IC

In 2021, AST1220 products will officially enter the mass production stage in the video conferencing market. Brand customers in Europe, the United States, Japan and other markets have successively mass-produced products, and many international brands are designing-in. It is expected that the second-generation chip AST1230 will be mass-produced in 2022 with the advantages of highly integrated A/V technology. In addition to the originally targeted smart video conference market, ASPEED is also actively seeking new application markets and customers, hoping to expand the product coverage and bring benefits to various applications with innovative A/V integration.

c. Major Markets

(I) Multimedia IC

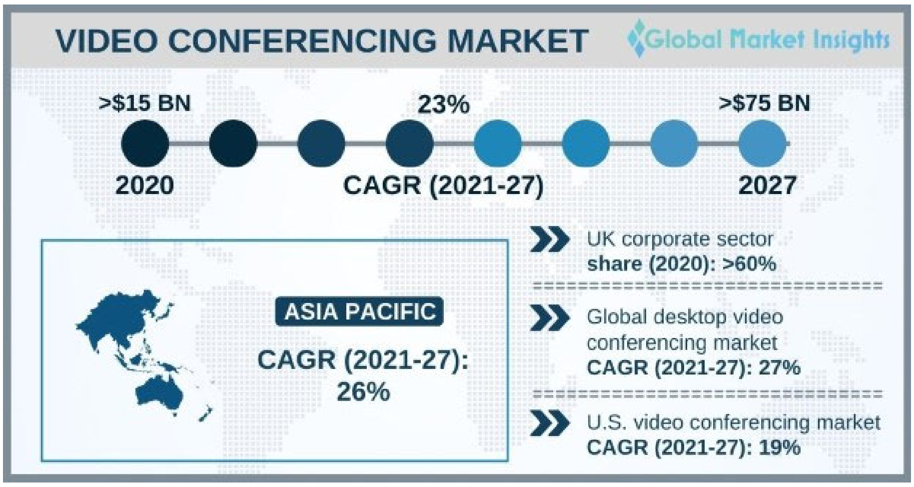
Following the popularization of mobile devices with Internet access, user behavior has overturned conventional business models. As innovative services create new trends, people’s lives are now inseparable from cloud computing. The ratio of structural data has increased as the total amount of data doubled. Services with added value and extended benefits, such as big data or artificial intelligence applications, continue to increase hardware requirements. Cloud computing products are customized products that usually involve controls of national policy. Taiwanese companies utilize the production foundation for end products along with local cloud computing services to aid the deployment of local data center hardware or integration solutions. Taiwanese companies have worked together with North American companies for a long period of time, and have maintained close cooperation in response to the rapid growth of China's cloud market. At present, China's local cloud computing service providers still mainly focus on the domestic market, and will work together with traditional brands before they achieve economies of scale.

(II) Computer peripherals IC

According to forecasts of Digital Signage M2M research a total of total of 17 million LCD digital signage systems were shipped worldwide in 2019, and forecasted to ship 32 million in 2024 with CAGR of 13.8%. Commercial segment is estimated to hold largest market share in 2026 for advertising and content delivery. APAC is projected to become the largest geographical market by 2026.

(III) High-end consumer electronics IC

According to the latest report from Global Market Insights, by 2027, the overall market for video conferencing software, hardware and cloud services will reach $75 billion. The CAGR from 2021 to 2027 is estimated to reach 23%.



The major market drivers come from below:

1. Growing demand for unified communication in the U.S. and Europe.
2. Increasing trend of work from home and online learning globally.
3. Demand for high-speed communication infrastructure in Asia Pacific.
4. Increasing trend for cloud applications in Latin America.
5. Rising need to reduce communication cost among organizations.

d. Competitive Advantage

(I) ASPEED Technology has independent development abilities and is fully aware of the latest market trends

The Company has a professional R&D team with excellent design and development abilities, integrating 2D VGA, BMC, and KVM over IP technologies, which is unlike competitors that need to acquire IP licensing from IP design service providers. This enables the Company to develop products that meet market demands anytime in response to market developments. Furthermore, our ability to design cloud computing remote management ICs for servers has gained recognition from Intel Capital, the global leader in the semiconductor industry. Intel Capital thus made a strategic investment to become a shareholder of ASPEED Technology, and will be able to offer advice on future development trends and market strategies, allowing us to stay up-to-date on the latest market trends.

(II) Long-term cooperation with semiconductor foundry service providers and business partners

Professional IC design companies rely almost entirely on foundry service providers, assembly houses and testing houses for product manufacturing. Hence, their process technologies, quality and yield, equipment capacity, and delivery speed are important factors to whether products are successful. The Company's good and close long-term relationships with semiconductor foundry service providers, business partners, and customers are key factors to its success.

The Company’s main products are sold to server ODMs, and comprehensive product development services are provided to customers to help shorten their development time, or rapidly begin mass production of new products. We have met the demands of our customers with respect to quality, yield, and delivery, and it has enabled us to maintain long-term relationships, which is a key factor to our success in the industry.

(III) Excellent quality control

The Company obtained ISO 9001 2015 quality certification, which is a guarantee of our product quality. We have also installed ERP software on our operating system to integrate and mechanize all processes from receiving purchase orders, production, material procurement, inventory, quality management, to financial management. The software can immediately provide correct statistics and data analysis results for the managers of each department to understand and control processes anytime.

(IV) Having an international strategic partner

Furthermore, our ability to design cloud computing management ICs for servers has gained recognition from Intel Capital, the global leader in the semiconductor industry. Intel Capital thus became our strategy partner. Besides making a strategic investment to become a shareholder of ASPEED Technology, it will also be able to offer advice on future development trends and market strategies, allowing us to develop the right products to meet market demand.

e. Favorable Developments, Unfavorable Factors and Countermeasures

Favorable Developments

(I) “Cloud” is the way of the future, and the corporate server market will flourish

Server market demand will be cut from various angles, including cloud, big data, artificial intelligence, Internet of Things (IoT), 5G applications and so on to create a faster and closer interconnection trend. These trends will also multiply the importance and quantity of servers in a further step. This contains the following:

- 5G servers will open up new computing and network connectivity.
- Artificial intelligence is gradually taking shape, driving technology trends and transformation.
- Internet of Things Technology Development.

- Cloud Computing Moves to Edge Computing.
- Virtual Reality/Virtual Education, etc.
- Cloud Streaming Games.

(II) Designated supplier of major Internet service providers

The amount of Internet services has grown significantly in recent years. In addition to the rise of Google, the leading search engine, the influence of social media platform Facebook on millennials has also created immense business opportunities. Under the explosive growth of online information, the demand on server hardware will only increase. Besides existing server brands, the supply chain of server hardware is also beginning to accommodate customized requirements. Internet service providers will directly designate suppliers and then directly purchase assembled products from server ODMs. This will benefit the development of Taiwan's overall cloud supply chain, and we will work together with ODMs to find a suitable entry point.

(III) Comprehensive IC Manufacturing Infrastructure in Taiwan

The semiconductor industry is a capital and technology intensive industry, and in Taiwan, the industrial chain's upstream and downstream all have clearly defined roles. Following the rapid development of process technologies, semiconductor foundry service providers, assembly houses, and testing houses are constantly increasing their capital expenditures on facilities and technologies under their economies of scale. This continues to enhance the international competitiveness of their IC manufacturing abilities. As semiconductor foundry service providers, assembly houses, and testing houses become more specialized and achieve economies of scale, they are able to provide professional IC design companies with logistic support, e.g., advanced technologies and processes, flexible production scheduling, world class service quality, and rapid response ability, allowing them to seize opportunities for entering the market.

(IV) Market share of Taiwan's server motherboards

Taiwan has about 80% of global market share in the design and production of server motherboards. The Company enjoys this geographic advantage and is able to provide faster technical support and information access than competitors.

(V) Difficulty of developing key technologies for products and high barriers to entry

The Company's SoC (System on Chip) product development requires the ability to design ICs with digital, analog, and remote management functions, and must develop controller firmware and server drivers based on server specifications, software system, and the integration functions of peripheral devices. This requires more advanced technologies, involves a wider range of fields, and therefore has higher barriers to entry than typical IC products. The Company is thus able to avoid bargaining or low-price competition from new competitors and maintain its profitability.

(VI) High control over independently developed technologies provides greater flexibility for making product adjustments.

Unlike competitors that develop products through patent licensing, the Company is able to develop SoC products that integrate 2D VGA, BMC, and KVM over IP using its own technologies. Hence, the Company has relatively higher control over technologies that it has independently developed. Since the Company is a Taiwanese company, it is located in the same region as Taiwanese server suppliers. The Company is geographically closer, speaks the same language, has no time zone difference, and can rapidly provide technical support with less time spent on discussing technologies with customers. Due to the different platforms of server products, their demand on remote management functions are not entirely the same, and the functional requirements of data centers are not entirely the same as for conventional servers. The Company is able to quickly make adjustments based on customers' requirements when facing such differences between platforms.

The Company currently provides ICs with different functions for the latest generation products that are in mass production, and pins are compatible, so that customers can use the same design module for different server platforms, which also reduces customers' development costs.

Unfavorable Factors

(I) Server virtualization

As cloud computing has doubled, servers are virtualizing and sharing system resources to increase system utilization. As a result, server growth has been far lower than cloud computing.

Countermeasures

BMCs can be applied in different markets, such as storage devices, high level adapters, and NAS.

(II) Difficulty of training professional IC designers

Due to the large number of IC related competing industries, it has become growingly difficult to recruit outstanding talent, which is often very expensive. The Company needs to spend even more to strengthen employees' loyalty to the Company.

Countermeasures

The Company provides generous compensation and a wide range of thoughtful employee benefits, caring for employees in every possible way, while providing an excellent working environment that is fair, healthy, pursues innovative R&D, and is performance based. We also implemented an employee stock option plan that allows employees to become shareholders and share the Company's profits, so as to attract outstanding talent.

(III) Exchange rate fluctuations

The Company's procurements and sales are all calculated in USD, so profits are highly affected by exchange rate fluctuations.

Countermeasures

(a) The Company's Finance Department utilizes the natural hedging effect from procurements and sales both denominated in foreign currency.

(b) Dedicated personnel closely follow exchange rate fluctuations, collect information on international exchange rate trends and exchange rate fluctuations, are fully aware of future trends in exchange rates, and keep in touch with the foreign exchange department of banks. After considering the professional advice provided by the departments and the Company's cash requirements, the personnel reduce risks by exchanging currency at appropriate times.

(c) Depending on the position of foreign currency, hedging is carried out in accordance with the Operating Procedures "Procedures Governing the Acquisition or Disposition of Assets" when necessary.

(2) Key Product Applications and Manufacturing Processes

a. Key Product Applications

Product Series	Major Applications
Multimedia IC	ASPEED Server Management product lines are designed to enrich the basic feature set with 2D graphic controller, hardware monitoring capabilities, and iKVM function. Customer can select and implement from our Graphics & Remote Management Processors to best fit their design needs.
Computer peripherals IC	Our core technology includes display over IP, USB over IP and audio over IP. With our core technologies, we are able to support PC Extensions for application scenario such as PC-to-TV, PC centralization for Internet Cafe, and Enterprise PC over IP.
High-end consumer electronics IC	Applied to video conferencing and live broadcast devices.

b. Key Product Manufacturing Process

ASPEED Technology is a professional fabless IC design house that outsources the back-end design process involving IC layout and routing to design service companies after completing RTL design and verification. The turnkey service company is responsible for processes such as wafer foundry, packaging, and testing processes during mass production. It then delivers the products to ASPEED Technology for IC system testing, and then the IC products are packaged and put in storage after their quality is further verified.

The flowchart below shows the process of developing an IC product:

RTL Design → SoC Design Services → Wafer Foundry → Wafer Testing → IC Packaging → IC Testing → System Testing → Packaging and Shipping

(3) Supply of Essential Raw Materials

The Company is an IC Design house and all products are coordinated with mid- and down-stream companies through a turnkey service provider. Hence, when deciding on the turnkey service provider, besides considering the completeness of its silicon IP and APR (Auto Place & Route) technical capabilities, which foundry, assembly house and testing house it is in a strategic alliance with is even more important because the foundry's process technologies, quality and yield are key factors to whether or not a product is successful. Our current turnkey service provider provides raw materials and products in good condition and with stable quality.

(4) Major Suppliers Accounting for over 10% of the Annual Total Purchase in either 2020 or 2021

Unit：NT$1,000

2020				2021			
Supplier	Amount Purchase	% of Total Purchases	Relations	Supplier	Amount Purchase	% of Total Purchases	Relations
A	961,752	81.76%	None	A	1,068,339	92.39%	None
B	214,545	18.24%	Note	B	84,754	7.33%	Note
Other	-	-	None	Other	3,305	0.28%	None
Total	1,176,297	100.00%		Total	1,156,398	100.00%	

Note: Investor with significant influence (non-related party since February 26, 2021).

Reasons for changes:

ASPEED purchases chips from a foundry through a turnkey service provider. Since foundries are technology and capital intensive, only a few companies provide such services and maintains long-term relationships with suppliers.

(5) Major Customers Accounting for over 10% of the Annual Total Sales in either 2020 or 2021

Unit：NT$1,000

2020				2021			
Customer	Amount Revenue	% of Total Revenue	Relations	Customer	Amount Revenue	% of Total Revenue	Relations
A	589,510	19.24%	None	A	661,271	18.18%	None
B	530,927	17.33%	None	B	407,221	11.19%	None
C	335,624	10.96%	None	C	363,936	10.00%	None
D	252,330	8.24%	None	D	302,483	8.32%	None
E	229,630	7.50%	None	E	293,596	8.07%	None
Other	1,125,531	36.74%	None	Other	1,609,125	44.24%	None
Total	3,063,552	100.00%		Total	3,637,632	100.00%	

(6) Production Volume and Value in the Past Two Years: Not applicable.

The Company does not manufacture chips. “Production Capacity” is not applicable as the ASPEED Group outsourced manufacturing procedures to wafer foundry, packaging and testing plants.

(7) Sales Volume and Value in the Past Two Years

Unit: 1,000PCS/NT$1,000

Year and Major Products	2020				2021			
	Domestic		Exports		Domestic		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Multimedia IC	4,666	1,256,963	6,556	1,643,531	6,419	1,740,349	6,475	1,652,058
Computer peripherals IC	227	152,578	4	3,385	346	220,687	7	4,673
Other	13	6,946	-	149	43	18,900	-	965
Total	4,907	1,416,487	6,560	1,647,065	6,808	1,979,936	6,482	1,657,696

3. Employees

Unit: Person/%

Year		2020	2021	2022 (As of April 02)
Number of Employees	R&D	67	68	70
	Sales and Management	18	28	29
	Total	85	96	99
Average Age		38.97	40.32	40.61
Average Years of Service		5.37	5.78	5.87
Education	Doctoral	2.25%	2.08%	2.02%
	Master	67.42%	67.71%	66.67%
	Bachelor	30.34%	30.21%	30.30%
	High School	—	—	—

4. Environmental Protection Expenditure

ASPEED Group's scope of business includes IC R&D, testing and sales, and focuses on product development and market sales. All products are manufactured through a turnkey service provider, so ASPEED Group does not cause any environmental pollution and is therefore not required to apply for a pollution control facility permit or pollutant emission permit, pay a pollution control fee, or establish a dedicated unit or personnel for environmental protection.

5. Labor-Management Relations

(1) The Group's employee welfare program, training and development, and retirement policy and settlement between employees and the employer

a. Labor Benefits and Welfare Program

ASPEED Group established the Staff Welfare Committee in accordance with laws and regulations, and makes monthly contributions to the Staff Welfare Fund, which is used by the Staff Welfare Committee to provide the following benefits: Employee trips, cultural and health activities, emergency aid, health exams, and gift certificates for Chinese New Year's. Benefits are also provided for marriage, childbirth, and funerals (condolence money). ASPEED Group also provides employee education and training, employee stock subscription, and bonuses. Furthermore, besides enrolling employees in the Labor Insurance and National Health Insurance in accordance with the Labor Standards Act and related laws and regulations, the Company also provides employees with group medical insurance and travel insurance for even greater protection.

b. Training and Development

ASPEED Technology provides employees with continuing education, utilizing both internal and external on-the-job training resources. With various learning resources and channels to encourage employees to do training for self-improvement to further uplift their performance and potential.

In order to enable the effective training plans which meet employees' requirements of general, professional, and management course as well, ASPEED Technology provides a diverse network of learning resources, including on-the-job training, classroom training, e-learning, mentoring, to realign and refresh its workforce skill set and are a useful tool for motivating and re-energizing employees morale. Company training will continue to be part of companies' strategies to achieve competitive advantage.

ASPEED's training programs include:

- New employee training

  Designed to meet each department's requirement, ASPEED introduce a senior mentor program for new employees, providing assistance in life and work techniques for them to quickly adapt to the environment.
- General Training

  To provide trainings on general subjects for all employees, or the trainings required by government regulations to enable employees to fit in the environment and meet business goal as soon as possible.
- Professional Skill Training

  Identify the professional training needs of each department, and provide the training to employees to strengthen their professional competence.
- Management Skill Training

  For potential employees with management talents, ASPEED provide training courses to establish management thinking, cultivate strategic analysis and planning capabilities for organization development and team operations.
- Celebrity Lectures

  The series of lectures provide the opportunity for employees to hear from a top thought leader in various fields to broaden their horizons.
- Workshop

  Through experiential learning, employees can learn how to implement theoretical management theory to practical daily work, hence high performance can be achieved.
- Self-Study and Development

  ASPEED offers an open and diversified platform for employees to access unlimited online courses which suitable for their professions. For external training courses, ASPEED also full subsidized the tuition for employees to participate in external training courses.

c. Retirement Systems

ASPEED Group established Regulations for Employee Retirement in accordance with the Labor Standards Act, and makes monthly contributions to employees' personal accounts at the Bureau of Labor Insurance in accordance with the Labor Pension Act if they select the new labor pension plan.

d. Negotiation and settlement between Interest of Employees and Management

The ASPEED Group emphasizes the right to know and therefore convenes quarterly business performance meetings and labor-management meetings, which allow employees to understand the Company's business performance and future plans. The ASPEED Group takes employees' opinions very seriously and encourages employees to offer their advice, which it uses as the basis for improving its management and benefits system. It is for this reason that labor and management are on good terms and there have been no litigations or matters requiring negotiation between labor and management.

(2) Losses incurred by Labor Disputes in recent years as at the Date of Print for Annual Report 2021

The ASPEED Group ensures that the relationship among employees and managements are harmonious by maintaining effective two-way communication channels at all times. No labor disputes were occurred in the past.

6. Cyber security management

(1) The cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

For business to proceed smoothly and to ensure confidentiality, integrity, and availability, ASPEED Technology formulated an information security policy that all employees must follow.

a. Information Security Policy

- Strengthen information security management systems and acquire third party certification.
- Strengthen information security and prevent hacker, virus, and extortion attacks.
- Implement an information and data backup plan that involves local and remote storage.
- Effective management of information assets, including continuing to implement risk analysis and adopting suitable prevention measures.
- Protect information systems to prevent unauthorized access and maintain confidentiality.
- Prevent unauthorized changes to protect the integrity of the information system.
- Ensure that authorized users can access information systems when needed.
- Adhere to all information rules and regulations.

- Establish disaster recovery plans for core information systems so that operations can continue after a manmade or natural disaster.
- Strengthen information security education and training to raise employee information security awareness.
- Establish information security management and advocacy programs for suppliers.
- Conduct audits and manage the review process to ensure continued improvements to information security management systems.

b. Information Security Objectives

- In 2021, the Company plans to adopt a new information security management system and pass thirdparty certification (ISO 27001), with certification expected to be awarded in 2022.
- At the end of September 2021, the Company completed integration of Cortex XDR 2.0 to stop hacking, virus, and extortion attacks.
- Achieve information system reliability of at least 99.99% (hours of interrupted service/total usage hours ≦ 0.01%).
- Achieve 100% rate of compliance with rules regarding reporting, response, and recovery following information security incidents.
- Complete information security education and training (once per year).
- No more than two data breaches affecting the Company's information systems in a year.
- Respond to legal and external technological changes in a timely manner by revising information security and maintenance procedures to avoid any attacks, including unauthorized access, use, control, leaks, damage, changes, or destruction, with the aim of ensuring confidentiality, integrity, and availability.
- Enhance supplier selection, monitoring, and management while rigorously reviewing commissioned contracts in order to confirm that supplier relations information is secure. Raise information security awareness among Company employees to effectively detect and prevent external attacks.

c. Information Security and Data Protection

As part of a commitment to managing information security, ASPEED Technology designated operating procedures for administrative management of information and operating procedures for software/hardware management. These procedures reduce information security risks in our network, protect personal information and customer privacy, and uphold the rights and interests of stakeholders. At the same time, we actively publicize information security measures to raise awareness among employees.

For internal management, ASPEED Technology established a comprehensive internet and computing security network to maintain vital corporate functions, such as manufacturing operations, procurement and sales, and accounting. The Company periodically reviews and assesses cybersecurity architecture to ensure adequacy and effectiveness. Besides enhancing efficiency and backing up important information stored in our databases, in an evolving landscape of internet security threats, the Company must protect computer systems to prevent external network attacks that can cripple our systems. These measures prevent theft or hacking attacks on our trade secrets, intellectual property, and confidential information.

For external suppliers and cooperative partners, ASPEED Technology achieves mutual assurance of information confidentiality by periodically confirming that suppliers have comprehensive information security management and backup plans in place. Furthermore, ASPEED Technology protects confidentiality by requiring 100% of employees to sign a nondisclosure agreement. For some projects and cases cooperative partners must also sign an NDA to guarantee that each parties' information is protected.

(2) 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

In 2020, ASPEED Technology was not aware of any material information security incidents or cyberattacks, nor had it been involved in any legal proceedings or regulatory investigations related thereof. The audit and assurance firm Deloitte conducted an information operations audit on the Company in 2020 that covered the following areas: understanding the customer's computer processing environment, general computer controls, and application system automated controls. It did not uncover any problems. To further strengthen risk management, ASPEED Technology plans to introduce an ISO 27001 Information Security Management plan starting in June 2021 and to complete certification in 2022. At the end of September 2021, the Company completed integration of Cortex XDR 2.0 to prevent hacking, virus, and extortion attacks. In 2020, the Risk Management Team reviewed and reformulated the Company's information security policies and made plans to change irregular information security education and training into an annual event to further strengthen information security awareness. Our aim is for ASPEED Technology's information security management to provide a more secure environment for employees, customers, suppliers, and cooperative partners.

7. Material Contracts

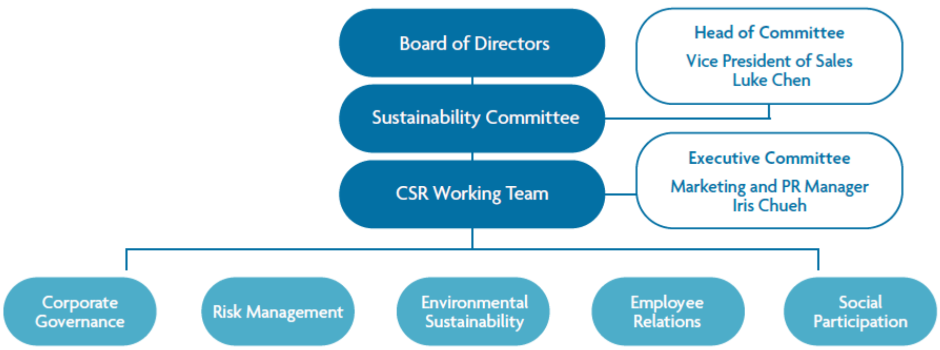
Agreement Type	Counterparty	Term	Summary	Restriction
Factory lease agreement	Taiwan Fertilizer Co., Ltd.	2019/09/01~ 2024/08/31	Factory lease agreement (4F., No. 1, Sec. 3, Gongdao 5th Rd., East Dist., Hsinchu City)	None
Factory lease agreement	Cathay Life Insurance Co., Ltd.	2021/10/01~ 2024/09/30	Factory lease agreement (5F, No. 16, Sec. 4, Nanjing East Road, Taipei)	None
Loan	Mega International Commercial Bank Hsinchu Science Park Hsin-an Branch	2021/06/23~ 2022/06/22	2021 Credit agreement/Credit limit of NT$300,000,000	None
Loan	Hua Nan Commercial Bank Zhubei Branch	2021/05/21~ 2022/05/21	2021 Credit agreement/Credit limit of NT$300,000,000	None
Loan	CTBC Bank Dunbei Branch	2021/06/30~ 2022/06/30	2021 Credit agreement/Credit limit of NT$300,000,000	None
Loan	E.SUN Bank Hsinchu Branch	2021/05/18~ 2022/05/18	2021 Credit agreement/Credit limit of NT$150,000,000	None
Loan	International Bills Finance Corporation	2022/02/14~ 2023/02/13	2021 Credit agreement/Credit limit of NT$150,000,000	None
Commercial fire insurance	Fubon Insurance	2021/11/21~ 2022/11/21	2021 Commercial fire insurance/Total insurance amount of NT$236,713 thousand	None

VI. Sustainability

ASPEED Technology firmly believes that business success and growth depend on the interplay of operational management with the pursuit of a sustainable development vision. As a leading fabless IC design company, we are committed to using innovative development, environmental sustainability, and social prosperity as objectives in the shared pursuit of sustainable development. At the same time, we steadfastly lead our employees, customers, suppliers & contractors, society, and other stakeholders in sharing the benefits of sustainability in this rapidly changing and competitive industry.

1. Sustainability Committee

In 2020, ASPEED Technology released our first Sustainability Report and ESG Summary to let all stakeholders to understand our corporate governance, environmental, and social contributions. ASPEED Technology's CSR Working Team is responsible for sustainability decision-making, regular monitoring of sustainability activity performance, and incorporation of sustainable development as a consideration when determining corporate affairs and major strategies. In 2012, the Company approved the "Corporate Social Responsibility Best Practice Principles." Recognizing the need for sustainable development in the corporate framework, in 2021 the Company established the Sustainability Committee as a new functional committee under the Board of Directors. Led and convened by the vice president of sales, the committee shall supervise and make decisions on sustainability-related issues while reporting on implementation of CSR sustainability to the Board of Directors. Under the committee will be the CSR Working Team and oversee five work teams: corporate governance, social participation, risk management, environmental sustainability, and employee relations. The CSR Working Team will be responsible for overall implementation, including compiling stakeholder-related topics and promoting sustainability issues, and shall meet biannually with each work team to report on implementation status and future planning.



2. Identification of Stakeholders and Communication

ASPEED Technology's CSR Working Team identifies and evaluates core stakeholders based on the business and interactions of each department, pursuant to the five principles of the AA1000 Stakeholder Engagement Standard (AA1000 SES): Responsibility, Influence, Dependency, Tension, and Diverse Perspectives. In 2020, nine key stakeholders were ultimately identified as priority targets for engagement: employees, shareholders & investors, customers, suppliers, government agencies, media, public welfare organizations, academic research organizations, and partners.

Stakeholders	Communication Frequency	Topics of Concern
Employees	- Opinions mailbox: hr@aspeedtech.com (regular) - Labor-management coordination meeting (quarterly) - Meeting of Employee Welfare Committee (quarterly) - Manager discussions (biannual) - Employee satisfaction survey (annually) - Expressing opinions at the end of the year (annually)	- Operational achievements and financial performance - Compensation and employee care - Talent recruitment and cultivation - Community contributions and social participation
Shareholders/ Investors	- Investor relations email address: ir@aspeedtech.com - Shareholders' meeting (annually) - Investors' conferences (ad hoc)	- Corporate governance and ethical corporate management - Legal compliance - R&D innovations and technological improvements - Operational achievements and financial performance - Risk management
Customers	- Customer contact email address: sales@aspeedtech.com - Customer satisfaction survey (annually) - Sales interviews and interactions (ad hoc)	- Customer privacy and confidentiality measures - Product quality and customer satisfaction - Legal compliance - R&D innovations and technological improvements - Sustainable supply chain management - Response to international organizations and initiatives - Management of hazardous substances and chemical products
Suppliers	- General inquiry email address: info@aspeedtech.com - Supplier meetings (annually) - Supplier audits (annually)	- Product quality and customer satisfaction - Operational achievements and financial performance - Risk management - Legal compliance - Sustainable supply chain management
Government Agencies	- Official documents, emails, and meetings (ad hoc) - Advocacy meetings, public hearings (ad hoc)	- Corporate governance and ethical corporate management - Customer privacy and confidentiality measures - Operational achievements and financial performance - Risk management - Legal compliance - Labor-management relations
Media	- Media inquiry email address: media@aspeedtech.com - Press releases for major news (ad hoc)	- Corporate governance and ethical corporate management - Operational achievements and financial performance - R&D innovations and technological improvements - Legal compliance

Public Welfare Organizations/ Academic and Research Organizations/ Cooperative Partners	- Stakeholder inquiry email address: info@aspeedtech.com - Social participation and public welfare activities (ad hoc)	- Compensation and employee care - Talent recruitment and cultivation - Response to international organizations and initiatives - R&D innovations and technological improvements - Community contributions and social participation

Contact window:
Iris Chueh
Deputy Spokesperson / Executive of Sustainability Committee
Tel: +886-3-5751185 #8659

3. Risk Management

1. Risk Management Policy

To respond to global economic and environmental changes as well as the potential impact that sustainability risks pose to internal and external operations, the Company established risk management policies and business continuity plans. Using corporate governance, environmental, and social topics as a foundation, we sought to identify risks that could have an impact on the Company's sustainable development then formulated follow-up response strategies that are in line with primary areas of concern for our stakeholders as well as international trends.

2. Major Risk Management and Structure

ASPEED Technology has established a risk management team under the CSR Working Team. The risk management team system is built up based on multiple business operation continuity standards and internal evaluations, and the management structure is composed of finance, business, information security, and administration and environmental safety & health units responsible for monitoring, analyzing and confirming risks, then reporting to management level and initiating a response mechanism. As for external communication, investor relations and public relations units are responsible for communicate with the stakeholders at appropriate times to eliminate doubts and concerns. The Company hold biannual meeting for process management and risk management planning.

- The Risk Management Team, which is under the CSR Working Team, is responsible for identifying risk factors related to business operations.
- Assess the impact of risk factors on business operations. Also formulate countermeasures for handling risks that could have a significant impact on operations.
- Track risk management items and report to the Board of Directors on a biannual basis.

3. Risk Identification

ASPEED Technology carries out risk identification, analysis, evaluation, response, and tracking based on the Company's internal organization and core business as well as external environmental conditions. Scope covers corporate governance, environmental, and social aspects and other sustainable development areas. In 2021, five material risk factors we identified were: interest rate & exchange rate fluctuation, research and development and intellectual property protection, supply chain management, information security, and facility management & disaster response. For each risk factor we formulate emergency response management processes to ensure that when a disaster or other event that has a major impact on the business does occur, we can maintain operations at an acceptable level and have a path to recovery. These measures protect the rights and interests of our customers and stakeholders.

Type	Risk Factor Explanation	Responsible Unit	Management Strategies
Market Risk	- Impact of interest rate and foreign currency exchange rate changes on income and expenditures	- Financial Unit	- Long-term monitoring of international conditions and investment markets. Follow appropriate risk standards when evaluating investments and hedging interest and foreign exchange rates.
Operational Risk	- R&D investment to create competitive advantage - Protection of trade secret and intellectual property - The impact of R&D brain drains	- Business Unit - Administration and environment safety & health unit	- Continue to invest in R&D and innovation. - Establish short-, mid-, and long-term plans for intellectual property and global development - Focus on employee benefits and the potential IC talent cultivation.
	- Information system abnormalities or disasters lead to system interruptions that harm the Company's operations	- Information security unit - Administration and environment safety & health unit	- Establish information security backup plans and periodically back up information - Incorporate information security management and ISO certifications
Environmental Risk	- Accidents and natural disasters can lead to injuries; facility management interruptions can disrupt operations	- Administration and environment safety & health unit	- Add a class 1 manager of occupational safety and health who periodically plans, implements, and reviews related advocacy and drills

4. Information Security Risk Management

Information Security & Data Protection

As part of a commitment to managing information security, ASPEED Technology designated operating procedures for administrative management of information and operating procedures for software/hardware management. These procedures reduce information security risks in our network, protect personal information and customer privacy, and uphold the rights and interests of stakeholders. For internal management, ASPEED Technology established a comprehensive internet and computing security network to maintain vital corporate functions, such as manufacturing operations, procurement and sales, and accounting. The Company periodically reviews and assesses cybersecurity architecture to ensure adequacy and effectiveness. Besides enhancing efficiency and backing up important information stored in our databases, in an evolving landscape of internet security threats, the Company must protect computer systems to prevent external network attacks that can cripple our systems. These measures prevent theft or hacking attacks on our trade secrets, intellectual property, and confidential information. For external suppliers and cooperative partners, ASPEED Technology achieves mutual assurance of information confidentiality by periodically confirming that suppliers have comprehensive information security management and backup plans in place. Furthermore, ASPEED Technology protects confidentiality by requiring 100% of employees to sign a nondisclosure agreement. For some projects and cases cooperative partners must also sign an NDA to guarantee that each parties' information is protected.

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5. Supply Chain Management

ASPEED Technology's suppliers can be divided into two main categories: critical suppliers and general business suppliers. Critical suppliers provide main raw materials, production, and testing. Considering the importance of this group towards the Company's operations, we only choose world-class Tier 1 manufacturers and suppliers and confirm that they meet our standards for social responsibility, green environmental protection, occupational safety and health, labor rights, and human rights. They must follow the Code of Conduct-Responsible Business Alliance, and priority shall be given to suppliers that pass ISO9001, ISO14001, or ISO45001 certification. In addition, the Company requests that suppliers produce and publicly release annual sustainable management reports to support audits and assessments. The Company also monitors to see whether the suppliers have any incidents that cause reputational damage or face any fines from international customers.

1. Supplier Audit Management

ASPEED Technology conducts annual onsite or written supplier assessments. Suppliers must score at least 75 points to pass; those who fail must make improvements within a limited time period then apply for reassessment. If a supplier fails reassessment it no longer qualifies to be a supplier of the Company. The assessment process includes quality control, design procedures and management, document records, storage, and inspections, as well as green product management and ESG. If a serious quality problem occurs with an approved supplier, ASPEED Technology increases the proportion of sampling tests in accordance with the inspection and testing management procedures. Rigorous reviews continue until improvements are completed. If following guidance, a supplier is still unable to make expected improvements the supplier loses its supplier qualification.

ASPEED Technology supported the Company's green pledge, human rights protection, and conflict-free minerals policy by issuing a public statement on the corporate website proclaiming that the Company and the Company's suppliers shall uphold their social and environmental protection responsibilities. They shall not accept minerals from conflict zones or illegal mines. The Company required that all suppliers commit to implementing these measures. Since 2020, ASPEED Technology requests all supplier strictly follow international standard to implement their social responsibility and also to sign the agreement of corporate social responsibility commitment as well.

2. Declaration of Minerals Conflict-Free

ASPEED Technology subscribes to the responsible minerals procurement position raised by the RBA (formerly the Electronic Industry Citizenship Coalition) and the Global e-Sustainability Initiative (GeSI). We expect and require our suppliers to purchase from conflict-free and qualified mineral suppliers and faithfully disclose their conflict minerals information. Compliance is included in annual supplier evaluations, which enables us to implement our conflict-free procurement program. In the event that we discover that products or raw materials from suppliers contain conflict minerals from non-qualified sources, we take the necessary measures to stop use. ASPEED Technology issued a public declaration of support for responsible minerals procurement on the Company's corporate website and seeks to fully implement this social responsibility.

3. RBA Code of Conduct

To comply with the RBA Code of Conduct, ASPEED Technology is committed to ensuring that working conditions at the Company and in the Company's supply chain are safe; that workers have a safe and healthy work environment and are treated with respect and dignity; and that business operations are environmentally responsible and conducted ethically.

6. Green Environment

1. Environmental Management Policy

- Fully implement ISO 14001:2015 Environmental Management Systems
- Create procedures related to environmental management
- Raise environmental awareness, and full participation
- Record and publicly report the GHG emission, water withdrawal, and waste management

In everyday operations ASPEED Technology makes every effort to implement environmental protection policies. We formulate environmentally sound operating standards suited to our industry and scrupulously observe norms. We adopt energy saving, carbon reducing, and GHG reduction policies while taking steps towards increasing energy efficiency and lowering water use, with the objective of reducing the burden on the environment. Since ASPEED Technology does not operate a factory, we mostly produce general waste. Our waste management therefore primarily involves implementing and promoting strict waste separation, recycling, and reduction. The industrial waste that we do produce are ICs, BGA IC substrates, PCBs, and other items used for R&D. Each year we commission an operator with a level A waste management license to dispose of these items in accordance with procedures that include making an inventory, taking photos, and recording weight.

Year	GHG emission		Water Use		Industrial Waste (Kg)
	Emissions (metric tons of CO2e)	GHG Emission Intensity (metric tons of CO2e/square meter)	Water Use (metric tons)	Water Use Intensity (metric tons/square meter)	
2019	177.66	0.33	892	1.66	151
2020	271.66	0.21	3531	2.74	23.7

*Average fuel consumed during business travel is assumed as 10km/L
*Each carbon emission factor is referred from the GHG emission factor management list by Environmental Protection Administration Taiwan.

2. Green Breakthrough

To support environmental protection and energy savings, on the supplier side ASPEED Technology seeks to strengthen supplier management and reduce environmental risk by suppliers. Internally, the Company seeks to design more energy efficient products. Companies that use our BMC SoC in data centers can reduce their cloud service computing costs, energy use, and carbon emissions.

- ASPEED AST2600 7th generation BMC SoC can achieve the same work output as the AST2000 1st generation model with 93.21% lower energy use. In 2020, energy savings from this new generation BMC were equivalent to a reduction of 4,187.63 metric tons of carbon emissions, or about the equivalent of the carbon absorbency of 5,131 acres of U.S. forests in one year.
- The 7th generation AST2600 BMC SoC is 61.34% more efficient than the 6th generation AST2500 model, which in 2020 was equivalent to savings of 483.42 metric tons of carbon emissions, or about the 10-year absorbency of 7,993 trees in the U.S.

*Based on the 2019 electricity carbon emission factor of 0.509 kg of CO2e per kWh, as announced by the Bureau of Energy, Ministry of Economic Affairs
*Used 2020 AST2600 deliveries to calculate total carbon emissions savings for the year
*Used the Greenhouse Gas Equivalencies Calculator, from the US Environmental Protection Agency, to calculate carbon absorption capacity

7. Employee Welfare

1. Compliance with International Human Rights Norms

ASPEED Technology scrupulously abides by the laws and regulations of each location it operates while following the principles of international human rights conventions, including upholding employees' freedom to form associations and opposing any behaviors that infringe on or violate people's rights. In employment, the Company opposes any form of discrimination. Employees shall not be discriminated against on the basis of their race, age, gender, sexual orientation, disability, maternity, politics, or religion. All employees sign a labor agreement in accordance with the law, and work regulations stipulate that employees' freedom to assemble or form associations shall not be infringed upon, child labor shall not be used, and there shall be no forced labor. These rules protect workers' basic human rights. If a special circumstance arises in Taiwan where the Company must terminate a labor agreement with an employee, the Company prepares and pays severance in accordance with the "Labor Standards Act." In 2020, the Company did not have any incidents of employing child laborers or forced labor, and did not receive any complaints related to human rights, child labor, or forced labor.

2. Employee Care and Communications Channels

Employees are the most valuable resource of ASPEED Technology. We have a high-quality labor force that we provide with comprehensive employee welfare benefits. We care for our employees and their households while supporting their lifestyles. By conscientiously heeding employee opinions, we use communication as a bridge for connecting employees’ work with the Company vision. Employees build trust with one another, which encourages joint hard work and continued growth. ASPEED Technology’s organizational framework has a linear design that supports internal free flow of opinions and open communications channels. Employees share their opinions at the end of each year in Company satisfaction surveys as well as labor management meetings, digital mailboxes, and through the Employee Welfare Committee. These channels make it easy for employees to share their thoughts with the Company, so that the responsible Company unit can offer a timely response, fostering positive interaction and trust between labor and management. Creating a seamless communication culture and an active, enlightened work environment enables us to better guarantee workers’ rights and interests.

Channel	Contents	Frequency
Digital mailbox	Any opinions or topics relating to the Company	Ad Hoc
Labor management meeting	Labor-management relations, labor conditions	Quarterly
Employee welfare committee	Employee welfare topics	Quarterly
Manager discussions	Work performance, goals and plans, career development	Biannual
Employee satisfaction survey	Corporate environment, administrative affairs support, various welfare activities, and open questions about anything else relating to the Company	Yearly
Annual prospect meeting	Company performance and communication of coming year goals、employees feedbacks	Yearly

3. Compensation and Employee Welfare

ASPEED Technology provides employees with an excellent work environment. Using a people oriented management approach, the Company respects employees’ autonomy and offers compensation that is competitive on the open market and fair based on internal standards while providing diverse, meaningful benefits that consolidate team spirit, so that we can grow together. After moving to our new office building at the end of 2019, the Company had 2.4 times as much space. The average floor space per employee increased from 21.81 m2 in 2019 to 47.93 m2, an increase of more than 2.2 times.

In 2020, the Company spent NT$288 million on employee welfare fees, which was an increase of 18.06% compared to 2019. Total salary of non-managerial, fulltime employees was NT$184 million, for a year-on-year increase of 14.2%, and average salary was NT$2.361 million. We ranked 10th among listed firms in 2020 for average salary of non-management employees. In the future we will continue to provide more comprehensive salary and welfare packages.

- Designing a Performance-based Compensation System
  ASPEED Technology's incentives system was designed to support the Company's operational goals and was formulated based on our employees' duties, professional knowledge and skills, and performance. The Company's employee assessments are 100% individual based, and employee rewards include the stipulation that at least 8% of the Company's annual profits (if any) shall be distributed to employees as a bonus, which exceeds the standard of distributing at least 1% of annual profits as bonuses that is generally followed by other companies. Salary raises and bonuses shall also reflect employee performance, in order for our compensation system to have a stronger impact on the Company. We want to encourage employees to demonstrate team spirit and show cooperation, so they can find innovative ways to generate more profits to share in the future.

- Birth Incentives/Parental Leave
  In accordance with the "Labor Standards Act," ASPEED Technology's "Worker attendance and leave rules" state that the Company shall not terminate an employee's labor contract when the employee is on parental leave. Female workers qualify for a combined total of 56 days of maternity leave before and after childbirth. An employee may take five days paid leave during a spouse's pregnancy or within 15 days before, after, or on the day of birth (miscarriage). The Staff Welfare Committee provides birth gifts to congratulate the addition of a new member to an employee's family. Employees who need to provide child care can apply for parental leave. Since the Company offers flexible work hours, employees can arrange their schedules in a way that helps them to care for their families.

- Comprehensive Employee Insurance Plan
  Besides enrolling employees in the government-mandated Labor Insurance and National Health Insurance, the Company also provides employees with comprehensive group insurance that covers life, major illness, accident and injury, medical, cancer, and disaster. When employees face an unexpected major illness or accident, they can receive comprehensive medical care, financial support, and economic protection. For employees who travel overseas for business, we offer high coverage travel insurance to provide even greater guarantees.

- Retirement Planning
  ASPEED Technology established the "Regulations for Employee Retirement" in accordance with the "Labor Standards Act" and the "Labor Pension Act." Following enactment of the "Labor Pension Act" on July 1st, 2005, all employees adopted the new retirement system. For employees who use the new retirement system, every month the Company deposits 6% of their salary into their personal retirement account at the Bureau of Labor Insurance. We also assist in voluntary submission in accordance with the wishes of each employee.

- Talent Development
  ASPEED Technology is a leading IC design company that has always relied on an innovative R&D team and cooperation with customers to provide the highest quality services and technologies. For talent management, we analyze each position to determine the needed knowledge, techniques, capabilities, and personality characteristics. We then formulate recruitment policies based on required core skills. At the same time, ASPEED Technology regularly holds school recruitment activities to connect and interact with our core targets while promoting the Company's image and expanding our influence. Summer internships, which offer flexible learning opportunities for students and an early experience of life in the workplace, help us to attract top quality talents. We also cooperate with the government by recruiting R&D substitute service members, which provides another steady source of talent for the Company. Besides active recruitment of new employees, ASPEED Technology cultivates internal talent. The Company consolidates internal and external resources to build a diverse, rich learning environment that favors continuing learning. Through training and results-based mechanisms, we help employees and managers to examine past performance then use their insights to establish future work objectives and development guidelines. These become a foundation for learning development. We place great importance on employees' long-term career planning. By helping employees to open new directions of development and tap their individual potential, we help our employees to grow with the Company.

  - New Employee Training: Designed to meet each department's requirements, ASPEED Technology introduced a senior mentor program for new employees. The program provides basic training and employment guidance to assist new employees in quickly adapting to the team.
  - General Training: Skills training that embodies the core values of the Company and teaches employees knowledge they will routinely need in their everyday work and lives. Includes training required by government regulations and professional skills that employees must possess. Besides professional skills and classes, the Company considers general training classes that are needed as part of continuing education.

- Professional Skill Training: Identify the professional training needs of each department then provide to employees to strengthen their professional skills.
- Management Skill Training: For employees with management potential, the Company provides training courses to build management thinking, cultivate strategic analysis, and foster organizational planning capabilities. Our objective is continuity of organizational development and team operations.
- Celebrity Lectures: A series of lectures planned to provide opportunities for employees to hear from top thought leaders in various fields to broaden their horizons and inspire new thinking.
- Workshops: Through experiential learning, employees join situational activities to learn how to incorporate business management theory into their regular work, leading to higher quality, better results.
- Self-study and Development: We offers an open, diversified study platform for employees to access professional online courses that can raise their professional skills. The Company also fully subsidizes tuition for external training courses.

8. Social Participation

Besides focusing on core operations, every year ASPEED Technology contributes towards social participation so that we can give back to the community. Our focus has always been on disadvantaged people and rural communities. The Company cooperates with first-rate universities to keep top professors in Taiwan and encourages students to focus on academic research. We aim to fulfill our role as a corporate advisor that provides direction for students engaged in life planning.

1. Rural Education

ASPEED Technology is committed to the idea that reducing the gap between rural and urban communities must begin from education. Since 2013, we have cooperated with the Hsinchu Branch of the Taiwan Fund for Children and Families in holding the “Let the Books Roll” project and reading promotion. The program circulates a large quantity of books and other reading materials between various rural schools. Our employees are encouraged to join in book organization and donation activities so that they can personally experience the importance of direct action. In 2014, we sponsored the Boyo Social Welfare Foundation in providing schoolwork guidance to children from disadvantaged families. Our hope is that rural children can enjoy abundant resources and develop good study habits, so that they can lead a successful life. Since 2015, for six consecutive years we have participated in the Global Views Educational Foundation’s “Sow the Seeds of Reading to Give Children a Great Future” activity by donating periodicals to Children in the Taitung area. Enthusiasm among the children led to us to turn this into a long-term endeavor and to expand the scope of our donations from elementary schools to junior high schools. Through 2020, we had already donated 12,516 magazines to 84 schools in 16 townships in Taitung. Starting in 2017, the Company began paying even closer attention to the uneven distribution of educational resources. Whether in terms of reading or learning, we advocated for more suitable development of rural students by investing in children who showed talent for sports or music. Besides subsidizing repairs to school facilities, so that the children could confidently study, we began sponsoring sports and music events, such as offering financial assistance to the Vox Nativa Association in Nantou, supporting winter training activities for the baseball and judo teams at Pei Nan Junior High School in Taitung, and sponsoring dragon boat and canoe teams in Taitung. These initiatives made it possible for students to develop their talents without worrying about funding. We hope that as the students showcase their gifts, in the future they will also be able to give back to their home communities.

2. Combining Public Welfare and Corporate Core Development Through Higher Education Programs

In recent years, as ASPEED Technology conducted CSR, we considered ways to tie public welfare activities back to the Company's core business so that our charitable and regular work could complement each other. In 2015, we participated in the "Beyond the world of exams and credits" initiative with the Electrical Engineering Department of National Tsing Hua University, which provides corporate mentoring to students, and for three consecutive years we offered scholarships to the electrical engineering students at Tsing Hua. Our aim was to provide financial support to young scholars while giving the students a chance to interact with our Company chairman, who could inspire the students to explore their interests and clarify their career ambitions.

(1) Junior Chair Professor Sponsorship Program: The program is contributing approximately NT$11.52 million over four years to sponsor junior chair professors at National Chiao Tung University and National Tsing Hua University. The program consists of monthly contributions that sponsor young professors, which supports the local higher education environment by helping schools to keep talented teachers in Taiwan. When connections exist between the young professors' R&D plans and ASPEED Technology's business, the Company promotes further interaction. We started the program with National Chiao Tung University in 2020 then expanded it to National Tsing Hua University in 2021.

(2) National Tsing Hua University Sunrise Scholarship Program: The program provides financial support to underprivileged students. Over the course of four years the Company is contributing NT$1.6 million, providing aid to four underprivileged students each year so they study without facing financial concerns.

(3) Academic Exchange: We offer a series of speeches, lectures, and course planning for both schools. One aim of the program is to promote our brand as an employer among young adults who will soon enter the workforce, in order to support future recruitment. In this way the program supports the Company's internal core talent development program and talent cultivation.

VII. Financial Information

1. Financial Status

(1) Condensed Balance Sheet

a. Condensed Balance Sheet－IFRS (Consolidated)

Unit: NT$1,000

Account Title \ Year		Financial Information for the last five years				
		2017	2018	2019	2020	2021
Current assets		1,599,460	1,819,316	2,316,234	2,675,184	3,508,766
Investment accounted for under equity method		—	—	—	—	—
Property, plant, and equipment		53,213	84,841	123,198	143,889	188,622
Investment property		—	—	—	—	—
Right-of-use assets		—	—	110,675	89,749	63,909
Intangible assets		938,585	841,843	811,085	748,292	641,677
Other assets		72,105	86,675	57,702	53,518	70,982
Total assets		2,663,363	2,832,675	3,418,894	3,710,632	4,556,682
Current liabilities	before distribution	510,660	424,282	636,265	589,596	931,197
	after distribution	1,020,267	1,037,333	1,389,211	1,481,800	2,133,624
Non-current liabilities		85,779	74,756	79,453	149,243	79,279
Total liabilities	before distribution	585,416	503,735	785,508	706,954	1,010,476
	after distribution	1,095,023	1,116,786	1,538,454	1,599,158	2,212,903
Equity attributable to owners of the parent		2,077,947	2,328,940	2,633,386	3,003,678	3,546,206
Capital		339,378	340,656	341,848	343,200	343,694
Capital surplus		960,462	1,056,831	1,145,044	1,273,540	1,371,130
Retained earnings	before distribution	788,275	962,953	1,181,087	1,432,830	1,853,551
	after distribution	278,668	349,902	428,141	504,626	651,124
Other equity		(10,168)	(31,500)	(34,593)	(45,892)	(22,169)
Treasury shares		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	before distribution	2,077,947	2,328,940	2,633,386	3,003,678	3,546,206
	after distribution	1,568,340	1,715,889	1,880,440	2,111,474	2,343,779

Note: The 2021 earnings distribution proposal was approved in the Board meeting on March 7, 2022.

b. Condensed Balance Sheet－IFRS (Parent Company Only)

Unit: NT$1,000

Account Title \ Year		Financial Information for the last five years				
		2017	2018	2019	2020	2021
Current assets		1,570,138	1,788,817	2,279,842	2,634,495	3,467,566
Investment accounted for under equity method		19,085	38,055	42,372	42,953	43,508
Property, plant, and equipment		52,442	84,277	122,691	143,664	188,523
Investment property		—	—	—	—	—
Right-of-use assets		—	—	98,690	81,399	58,745
Intangible assets		938,585	832,937	804,275	743,578	639,058
Other assets		65,807	81,100	51,102	46,114	62,045
Total assets		2,646,057	2,825,186	3,398,972	3,692,203	4,542,131
Current liabilities	before distribution	494,143	418,402	625,420	576,621	918,813
	after distribution	1,003,750	1,031,453	1,378,366	1,468,825	2,121,240
Non-current liabilities		73,967	77,844	140,166	111,904	77,112
Total liabilities	before distribution	568,110	496,246	765,586	688,525	995,925
	after distribution	1,077,717	1,109,297	1,518,532	1,580,729	2,198,352
Equity attributable to owners of the parent		2,077,947	2,328,940	2,633,386	3,003,678	3,546,206
Capital		339,378	340,656	341,848	343,200	343,694
Capital surplus		960,462	1,056,831	1,145,044	1,273,540	1,371,130
Retained earnings	before distribution	788,275	962,953	1,181,087	1,432,830	1,853,551
	after distribution	278,668	349,902	428,141	540,626	651,124
Other equity		(10,168)	(31,500)	(34,593)	(45,892)	(22,169)
Treasury shares		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	before distribution	2,077,947	2,328,940	2,633,386	3,003,678	3,546,206
	after distribution	1,568,340	1,715,889	1,880,440	2,111,474	2,343,779

Note: The 2021 earnings distribution proposal was approved in the Board meeting on March 7, 2022.

(2) Condensed Statement of Comprehensive Income

a. Condensed Statement of Comprehensive Income－IFRS(Consolidated)

Unit: NT$1,000

Year / Account Title	Financial information over the last five years				
	2017	2018	2019	2020	2021
Operating revenues	1,894,194	2,153,519	2,484,295	3,063,552	3,637,632
Gross profit	1,096,841	1,289,831	1,571,047	1,935,854	2,375,558
Operating Gain (loss)	647,571	799,888	1,008,389	1,270,781	1,652,380
Non-operating income and expenses	(18,478)	54,142	2,178	(43,733)	(42,303)
Income before income tax	629,093	854,030	1,010,567	1,227,048	1,610,077
Earnings from continuing operations	531,366	685,922	831,185	1,004,689	1,312,925
Profit or loss of discontinued operations	—	—	—	—	—
Net income	531,366	685,922	831,185	1,004,689	1,312,925
Other comprehensive income	(6,153)	(152)	(1,097)	(1,995)	(1,167)
Total comprehensive income	525,213	685,770	830,088	1,002,694	1,311,758
Net income attributable to owners of the Company	531,366	685,922	831,185	1,004,689	1,312,925
Net income attributable to non-controlling interest	—	—	—	—	—
Total comprehensive income attributable to owners of the Company	525,213	685,770	830,088	1,002,694	1,311,758
Total comprehensive income attributable to non-controlling interest	—	—	—	—	—
EPS	15.70	20.20	24.39	29.38	38.30

b. Condensed Statement of Comprehensive Income－IFRS
(Parent Company only)

Unit: NT$1,000

Account Title \ Year	Financial information over the last five years				
	2017	2018	2019	2020	2021
Operating revenues	1,894,194	2,153,519	2,484,295	3,063,552	3,637,632
Gross profit	1,096,841	1,289,831	1,571,047	1,935,854	2,375,558
Operating Gain (loss)	666,656	794,819	1,002,748	1,267,706	1,650,170
Non-operating income and expenses	(41,819)	58,208	7,768	(40,913)	(40,403)
Income before income tax	624,837	853,027	1,010,516	1,226,793	1,609,767
Earnings from continuing operations	531,366	685,922	831,185	1,004,689	1,312,925
Profit or loss of discontinued operations	—	—	—	—	—
Net income	531,366	685,922	831,185	1,004,689	1,312,925
Other comprehensive income	(6,153)	(152)	(1,097)	(1,995)	(1,167)
Total comprehensive income	525,213	685,770	830,088	1,002,694	1,311,758
Net income attributable to owners of the Company	531,366	685,922	831,185	1,004,689	1,312,925
Net income attributable to non-controlling interest	—	—	—	—	—
Total comprehensive income attributable to owners of the Company	525,213	685,770	830,088	1,002,694	1,311,758
Total comprehensive income attributable to non-controlling interest	—	—	—	—	—
EPS	15.70	20.20	24.39	29.38	38.30

Note: The financial statements were prepared under IFRS and audited.

(3) Information on CPAs and Auditors' Opinions

a. Information on CPAs and Auditors' Opinion

Year	Name of auditors (CPA)	CPA firm	Auditors' opinion
2017	Ming-Hui Chen and Su-Li Fang	Deloitte & Touche	Unqualified opinion
2018	Ming-Hui Chen and I-Hsin Kao	Deloitte & Touche	Unqualified opinion
2019	Ming-Hui Chen and I-Hsin Kao	Deloitte & Touche	Unqualified opinion
2020	Ming-Hui Chen and I-Hsin Kao	Deloitte & Touche	Unqualified opinion
2021	Ming-Yuan Chung and I-Hsin Kao	Deloitte & Touche	Unqualified opinion

b. Reason for replacement of accountants in the most recent five years:
Due to internal adjustments of the accounting firm.

2. Five-Year Financial Analysis

(1) Financial analysis

a. Five-Year Financial Analysis－IFRS (Consolidated)

Analysis item \ Year		Financial information from 2017 to 2021				
		2017	2018	2019	2020	2021
Capital Structure (%)	Debt ratio	21.98	17.78	22.97	19.05	22.17
	Long-term capital to Property , plant, and equipment ratio	4,045.44	2,838.71	2,258.66	2,169.05	1,921.68
Ability to repay debts	Current ratio %	313.21	428.79	364.03	453.73	376.80
	Quick ratio %	294.25	393.73	349.05	410.33	358.83
	Times Interest Earned(Times)	254.25	1,182.23	543.15	355.84	493.98
Operation ability	A/R turnover (times)	5.81	5.63	4.82	5.35	5.41
	A/R collection days	62.82	64.83	75.72	68.22	67.46
	Inventory turnover (times)	9.30	7.53	8.26	9.08	7.80
	A/P turnover (times)	13.96	13.22	8.73	8.79	6.92
	Inventory turnover days	39.24	48.47	44.18	40.19	46.79
	Property , plant, and equipment ratio turnover rate (times)	46.85	31.19	23.88	22.94	21.87
	Total assets turnover rate (times)	0.71	0.78	0.79	0.85	0.88
Profitability	Return on assets (%)	20.18	24.98	26.63	28.26	31.82
	Return on equity attributable to shareholders of the parent (%)	26.70	31.13	33.50	35.64	40.09
	EBIT proportion to paid-in capital (%)	185.36	250.70	295.61	357.53	468.46
	Net profit margin (%)	28.05	31.85	33.45	32.79	36.09
	Basic earnings per share (NT$)	15.70	20.20	24.39	29.38	38.30
Cash flow	Cash flow ratio (%)	160.64	183.62	157.36	199.57	181.25
	Cash flow adequacy ratio (%)	157.12	143.78	140.82	133.22	140.62
	Cash reinvestment ratio (%)	34.52	17.20	20.67	18.15	27.45
Leverage	Operation leverage	2.93	2.69	2.46	2.41	2.20
	Financial leverage	1	1	1	1	1

Changes in financial ratios that exceed 20% in the past two years:

1. Increase in times interest earned (times): Due to increase in income before income tax and interest expenses.
2. Decrease in A/P turnover (times): Due to increase in account payables.
3. Increase in EBIT proportion to paid-in capital ratio: Due to increase in revenue.
4. Increase in EPS: Due to increase in revenue.
5. Increase in cash reinvestment ratio: Due to increase in net cash flow from operation.

Note 1:The financial statements for each year above were certified by the accountant.

Note 2:The formula for financial analysis is as follows:

1. Capital structure

(1) Debt-ratio = Total liabilities / Total assets.
(2) Long-term capital to Property, plant, and equipment ratio= (Shareholders' equity + long-term liabilities)/ net fixed assets

2. Ability to repay debts
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
   (3) Times interest earned (times) = EBIT/interest expense for the current period
3. Operating ability
   (1) A/R (including account receivable and business notes receivable) turnover times= net sales / average balance of receivables (including account receivable and business notes receivable)
   (2) Average A/R turnover days = 365 / A/R turnover times
   (3) Inventory turnover = cost of goods sold/ average inventory balance
   (4) A/P turnover (including account payable and business notes payable) = cost of goods sold/average balance of payables (including account payable and business notes payable)
   (5) Inventory turnover days = 365/ inventory turnover times
   (6) Property, plant, and equipment ratio turnover = net sales/ net fixed assets
   (7) Total assets turnover = net sales/ total assets
4. Profitability
   (1) Return on assets = [Earnings + interest expenses x (1 – tax rate)]/average total assets
   (2) Return on shareholders' equity = Earnings/ net average shareholders' equity
   (3) Net profit margin= Earnings /net sales
   (4) Earning per share = (earning –preferred stock dividend)/weighed average outstanding shares
5. Cash flows
   (1) Cash ratio = net cash flow from operation/ current liabilities
   (2) Cash flow adequacy ratio = net cash flow from operation over the last five years/ (capital spending + increase in inventory+ cash dividend) in the last five years
   (3) Cash reinvestment ratio = (net cash flow from operation – cash dividend)/ (gross fixed assets + long-term investment+ other assets + working capital)
6. Leverage:
   (1) Operating leverage = (net income from operation – variable operating cost and expenses)/ income from operation
   (2) Financial leverage = income from operation/ (income from operation – interest expenses)

b. Five-Year Financial analysis－IFRS (Parent Company only)

Analysis item / Year		Financial information from 2017 to 2021				
		2017	2018	2019	2020	2021
Capital Structure (%)	Debt ratio	21.47	17.56	22.52	18.64	21.92
	Long-term capital to Property, plant, and equipment ratio	4,103.41	2,855.80	2,260.59	2,168.65	1,921.95
Ability to repay debts	Current ratio %	317.75	427.53	364.52	456.88	377.39
	Quick ratio %	298.31	392.23	349.38	412.76	359.19
	Times Interest Earned(Times)	252.54	1180.84	562.70	311.57	515.96
Operation ability	A/R turnover (times)	5.81	5.63	4.82	5.35	5.41
	A/R collection days	62.82	64.83	75.72	68.22	67.46
	Inventory turnover (times)	9.30	7.53	8.26	9.08	7.80
	A/P turnover (times)	13.96	13.22	8.73	8.79	6.92
	Inventory turnover days	39.24	48.47	44.18	40.19	46.79
	Property , plant, and equipment ratio turnover rate (times)	47.94	31.50	24.00	23.00	21.90
	Total assets turnover rate (times)	0.71	0.78	0.79	0.86	0.88
Profitability	Return on assets (%)	20.25	25.09	26.75	28.40	31.94
	Return on equity attributable to shareholders of the parent (%)	26.70	31.13	33.49	35.64	40.09
	EBIT proportion to paid-in capital (%)	184.11	250.40	293.33	369.37	480.12
	Net profit margin (%)	28.05	31.85	33.45	32.79	36.09
	Basic earnings per share (NT$)	15.70	20.20	24.39	29.38	38.29
Cash flow	Cash flow ratio (%)	169.19	187.69	158.42	202.70	183.15
	Cash flow adequacy ratio (%)	158.80	146.13	142.20	103.33	141.20
	Cash reinvestment ratio (%)	35.73	17.48	20.42	18.04	27.56
Leverage	Operation leverage	2.84	2.71	2.47	2.41	2.20
	Financial leverage	1	1	1	1	1

Changes in financial ratios that exceed 20% in the past two years:

1. Increase in times interest earned (times): Due to increase in income before income tax and interest expenses.
2. Decrease in A/P turnover (times): Due to increase in account payables.
3. Increase in EBIT proportion to paid-in capital ratio: Due to increase in revenue.
4. Increase in EPS: Due to increase in revenue.
5. Increase in cash flow adequacy ratio: Due to increase in net cash flow from operation over the last five years.
6. Increase in cash reinvestment ratio: Due to increase in net cash flow from operation.

Note 1:The financial statements for each year above were certified by the accountant.

Note 2:The formula for financial analysis is as follows:

1. Capital structure

(1) Debt-ratio = Total liabilities / Total assets.
(2) Long-term capital to Property, plant, and equipment ratio= (Shareholders' equity + long-term liabilities)/ net fixed assets

2. Ability to repay debts
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
   (3) Times interest earned (times) = EBIT/interest expense for the current period
3. Operating ability
   (1) A/R (including account receivable and business notes receivable) turnover times= net sales / average balance of receivables (including account receivable and business notes receivable)
   (2) Average A/R turnover days = 365 / A/R turnover times
   (3) Inventory turnover = cost of goods sold/ average inventory balance
   (4) A/P turnover (including account payable and business notes payable) = cost of goods sold/average balance of payables (including account payable and business notes payable)
   (5) Inventory turnover days = 365/ inventory turnover times
   (6) Property, plant, and equipment ratio turnover = net sales/ net fixed assets
   (7) Total assets turnover = net sales/ total assets
4. Profitability
   (1) Return on assets = [Earnings + interest expenses x (1 – tax rate)]/average total assets
   (2) Return on shareholders' equity = Earnings/ net average shareholders' equity
   (3) Net profit margin= Earnings /net sales
   (4) Earning per share = (earning –preferred stock dividend)/weighed average outstanding shares
5. Cash flows
   (1) Cash ratio = net cash flow from operation/ current liabilities
   (2) Cash flow adequacy ratio = net cash flow from operation over the last five years/ (capital spending + increase in inventory+ cash dividend) in the last five years
   (3) Cash reinvestment ratio = (net cash flow from operation – cash dividend)/ (gross fixed assets + long-term investment+ other assets + working capital)
6. Leverage:
   (1) Operating leverage = (net income from operation – variable operating cost and expenses)/ income from operation
   (2) Financial leverage = income from operation/ (income from operation – interest expenses)

3. Audit Committee’s Review Report

ASPEED Technology Inc.

Audit Committee’s Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of Deloitte & Touche was retained to audit ASPEED's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of ASPEED Technology Inc. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

ASPEED Technology Inc.

Chairman of the Audit Committee: Chyan Yang

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
ASPEED Technology Inc.

Opinion

We have audited the accompanying consolidated financial statements of ASPEED Technology Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

<u>Recognition of revenue</u>

The Group operates principally as a supplier of multimedia integrated circuits (ICs) and computer peripherals oriented ICs. For the year ended December 31, 2021, the Group recognized revenue of NT$3,637,632 thousand, which increased by 19% compared with that of last year, refer to Note 21 for related information. Due to the increasing market demand for remote server management system, the significant changes in the amount of the Group's operating revenue in recent years have a significant impact on the consolidated financial statements for the year ended December 31, 2021. For customers whose sales growth rates were significant, we considered the existence and occurrence of sales as key audit matters of the current period.

The audit procedures that we performed included, but not limited to the following: We evaluated the appropriateness of the Company's accounting policies relating to revenue recognition. We obtained an understanding of the internal controls over the approval of sales order and shipping. We tested the effectiveness of those internal controls and selected samples of sales documents to verify the sales authenticity by inspecting sales details, including cash collections in the audited period and the subsequent period. Moreover, we checked for abnormalities between the recorded sales and cash received.

Other Matter

We have also audited the parent company only financial statements of ASPEED Technology Inc. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 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.

The engagement partners on the audits resulting in this independent auditors' report are Ming Yuan Chung and Yi Shin Kao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 1,977,448	43	$ 1,548,713	42
Financial assets at fair value through profit or loss - current (Note 7)	532,115	12	352,850	10
Trade receivables, net (Notes 8 and 21)	828,723	18	515,341	14
Inventories (Note 9)	157,513	4	166,062	4
Prepayments and other current assets (Note 15)	12,967	-	92,218	2
Total current assets	3,508,766	77	2,675,184	72
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	82,686	2	-	-
Property, plant and equipment (Note 11)	188,662	4	143,889	4
Right-of-use assets (Note 12)	63,909	2	89,749	3
Goodwill (Notes 5 and 13)	369,040	8	369,040	10
Other intangible assets, net (Note 14)	272,637	6	379,252	10
Deferred tax assets (Note 23)	48,978	1	40,144	1
Refundable deposits (Note 15)	10,411	-	10,420	-
Other non-current assets (Note 15)	11,593	-	2,954	-
Total non-current assets	1,047,916	23	1,035,448	28
TOTAL	$ 4,556,682	100	$ 3,710,632	100

	2021		2020	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Trade payables (Note 16)	$ 264,119	6	$ 87,414	2
Payables to related parties (Note 28)	-	-	13,208	-
Accrued compensation of employees and remuneration of directors (Note 22)	159,208	3	121,913	3
Other payables (Note 17)	81,622	2	54,349	2
Current tax liabilities (Note 23)	222,026	5	149,615	4
Provisions - current (Note 18)	39,686	1	32,809	1
Lease liabilities - current (Note 12)	23,668	-	23,939	1
Other current liabilities (Notes 17 and 21)	140,868	3	106,349	3
Total current liabilities	931,197	20	589,596	16
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 23)	35,143	1	49,209	1
Lease liabilities - non-current (Note 12)	37,689	1	61,702	2
Provisions - non-current (Note 18)	6,447	-	6,447	-
Total non-current liabilities	79,279	2	117,358	3
Total liabilities	1,010,476	22	706,954	19
SHAREHOLDERS' EQUITY (Note 20)				
Capital				
Share capital	343,694	8	343,200	9
Capital surplus	1,371,130	30	1,273,540	34
Retained earnings				
Legal reserve	470,328	10	369,858	10
Special reserve	45,891	1	34,592	1
Unappropriated earnings	1,337,332	30	1,028,380	28
Total retained earnings	1,853,551	41	1,432,830	39
Other equity	(22,169)	(1)	(45,892)	(1)
Total equity	3,546,206	78	3,003,678	81
TOTAL	$ 4,556,682	100	$ 3,710,632	100

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

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21, 28 and 32)				
Sales	$ 3,636,161	100	$ 3,063,403	100
Other operating revenue	1,471	-	149	-
Total operating revenue	3,637,632	100	3,063,552	100
OPERATING COSTS (Notes 9, 22 and 28)	1,262,074	35	1,127,698	37
GROSS PROFIT	2,375,558	65	1,935,854	63
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	62,623	2	57,832	2
General and administrative expenses	154,272	4	130,008	4
Research and development expenses	506,283	14	477,233	16
Total operating expenses	723,178	20	665,073	22
INCOME FROM OPERATIONS	1,652,380	45	1,270,781	41
NON-OPERATING INCOME AND EXPENSES (Note 22)				
Interest income	10,141	-	10,284	1
Other income	5,043	-	5,339	-
Other gains and losses	(54,221)	(1)	(55,898)	(2)
Finance costs	(3,266)	-	(3,458)	-
Total non-operating income and expenses, net	(42,303)	(1)	(43,733)	(1)
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,610,077	44	1,227,048	40
INCOME TAX EXPENSE (Note 23)	297,152	8	222,359	7
NET INCOME FOR THE YEAR	1,312,925	36	1,004,689	33
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(1,167)	-	(1,995)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,311,758	36	$ 1,002,694	33

(Continued)

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,312,925	36	$ 1,004,689	33
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,311,758	36	$ 1,002,694	33
EARNINGS PER SHARE (Note 24)				
Basic	$ 38.30		$ 29.38	
Diluted	$ 38.17		$ 29.25	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Per Share Data)

	Share Capital - Ordinary Shares			Retained Earnings			Other Equity		
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Employee Unearned Compensation	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2020	34,184	$ 341,848	$ 1,145,044	$ 286,740	$ 31,499	$ 862,848	$ (32,371)	$ (2,222)	$ 2,633,386
Appropriations of prior year's earnings									
Legal reserve	-	-	-	83,118	-	(83,118)	-	-	-
Special reserve	-	-	-	-	3,093	(3,093)	-	-	-
Cash dividends to shareholders - NT$22.00 per share	-	-	-	-	-	(752,946)	-	-	(752,946)
Net income for the year ended December 31, 2020	-	-	-	-	-	1,004,689	-	-	1,004,689
Other comprehensive loss after tax	-	-	-	-	-	-	-	(1,995)	(1,995)
Comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,004,689	-	(1,995)	1,002,694
Employee share bonus - Record date: August 10, 2020	98	976	91,385	-	-	-	-	-	92,361
Issuance of restricted shares under employees share options on February 5, 2020 and March 2, 2020	40	400	38,157	-	-	-	(38,557)	-	-
Cancellation of restricted shares under employees share options on August 3, 2020	(2)	(24)	(1,046)	-	-	-	1,070	-	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	28,183	-	28,183
BALANCE AT DECEMBER 31, 2020	34,320	343,200	1,273,540	369,858	34,592	1,028,380	(41,675)	(4,217)	3,003,678
Appropriations of prior year's earnings									
Legal reserve	-	-	-	100,470	-	(100,470)	-	-	-
Special reserve	-	-	-	-	11,299	(11,299)	-	-	-
Cash dividends to shareholders - NT$26.00 per share	-	-	-	-	-	(892,204)	-	-	(892,204)
Net income for the year ended December 31, 2021	-	-	-	-	-	1,312,925	-	-	1,312,925
Other comprehensive loss after tax	-	-	-	-	-	-	-	(1,167)	(1,167)
Comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,312,925	-	(1,167)	1,311,758
Employee share bonus - Record date: August 13, 2021	60	602	107,763	-	-	-	-	-	108,365
Cancellation of restricted shares under employees share options on March 8, 2021	(5)	(45)	(4,239)	-	-	-	4,284	-	-
Cancellation of restricted shares under employees share options on August 11, 2021	(2)	(27)	(2,543)	-	-	-	2,570	-	-
Cancellation of restricted shares under employees share options on November 8, 2021	(4)	(36)	(3,391)	-	-	-	3,427	-	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	14,609	-	14,609
BALANCE AT DECEMBER 31, 2021	34,369	$ 343,694	$ 1,371,130	$ 470,328	$ 45,891	$ 1,337,332	$ (16,785)	$ (5,384)	$ 3,546,206

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

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,610,077	$ 1,227,048
Adjustments for:		
Depreciation expense	93,826	91,765
Amortization expense	124,923	115,647
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(550)	1,979
Finance costs	3,266	3,458
Interest income	(10,141)	(10,284)
Compensation cost of employee restricted shares	14,609	28,183
Loss on disposal of property, plant and equipment	1,746	98
Gain on disposal of financial assets	(378)	(7,740)
Write-down (reversal) of inventories	(4,067)	10,682
Net gain on foreign currency exchange	(38,808)	(35,519)
Loss on disposal of Inventories	4,694	2,552
Gain on lease modification	(8)	-
Recognition of provisions	6,877	6,238
Changes in operating assets and liabilities:		
Trade receivables (related parties included)	(321,126)	97,635
Inventories	7,922	(97,218)
Other current assets	77,807	(75,062)
Trade payables (related parties included)	165,054	(52,424)
Other payables	9,078	11,332
Other current liabilities	47,183	(27,339)
Payables for compensation of employees and remuneration of directors	145,660	110,773
Other non-current liabilities	-	(108)
Cash generated from operations	1,937,644	1,401,696
Interest paid	(3,266)	(3,458)
Income taxes paid	(246,550)	(221,567)
Net cash generated from operating activities	1,687,828	1,176,671
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(279,411)	(251,888)
Proceeds from sale of financial assets at fair value through profit or loss	18,388	67,740
Payments for property, plant and equipment	(93,149)	(84,083)
Disposal of property, plant and equipment	-	61
Decrease in refundable deposits	9	1,518
Payments for intangible assets	(26,658)	(52,854)
Increase in prepayments for equipment	(93)	(2,954)
Increase in other prepayments	(3,150)	-
Interest received	10,141	10,586
Net cash used in investing activities	(373,923)	(311,874)

(Continued)

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	$ (24,263)	$ (23,733)
Cash dividends	(892,204)	(752,946)
Net cash used in financing activities	(916,467)	(776,679)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	31,297	38,636
NET INCREASE IN CASH AND CASH EQUIVALENTS	428,735	126,754
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,548,713	1,421,959
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,977,448	$ 1,548,713

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

ASPEED Technology Inc. (the “Company”) has been approved by the Ministry of Economic Affairs for establishment on November 15, 2004. The Company is mainly engaged in the manufacturing of electronic products, wholesale of information software, retail and service industry, international trade, intellectual property, product design, and other industrial and commercial services. The Company’s shares have been traded on the Taipei Exchange since April 30, 2013.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 7, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the accounting policies of the Company and its subsidiaries (collectively referred to as the “Group”).

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018–2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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 IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17—Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail.

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Refer to Note 10 and Note 31 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries that use currency different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

g. Inventories

Inventories consist of work-in-process and finished goods are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

h. Property, plant, and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units or groups of cash-generating units (referred to as “cash-generating units”) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables (including related parties)).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liabilities derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group's obligations.

2) Decommissioning

The Group has the obligation for decommissioning at the end of the useful lives of offices. Pursuant to regulations, the Group estimates the decommissioning costs, which are discounted by applying the effective interest rate and recognized as the carrying amount. The decommissioning costs are capitalized and added to the carrying amount of property, plant and equipment.

The Group recognizes both the increased decommissioning provisions discounted on a time basis and interest expense. The Group regularly reviews the change of decommissioning obligation at each end of the reporting period and adjusts it to reflect the best estimates.

n. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and past experience and other relevant factors.

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of multimedia integrated circuits (ICs) and computer peripherals oriented ICs. Sales of multimedia ICs and computer peripherals oriented ICs are recognized as revenue when the ICs are delivered to the customer. Trade receivables are recognized concurrently because it is the time when the customer has full discretion to set the price, use, resell the goods to future customers and bears the risks of obsolescence.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control. There were no materials delivered to subcontractors in 2021.

2) Royalties Revenue

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement and provided that it is probable that the economic benefits will flow to the Group and that the amount of revenue can be measured reliably. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognized by reference to the underlying arrangements.

o. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

q. Restricted shares for employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in other equity - unearned employee benefit. It is recognized as an expense in full at the grant date if vesting immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and should be returned, they are recognized as payables. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in capital surplus - restricted shares for employees.

At the end of each reporting period, the Group revises its estimate of the number of restricted shares for employees expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital surplus - restricted share option for employees.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

If a temporary difference arises from the initial recognition of assets and liabilities in a transaction that (other than in the acquisition of a subsidiary) affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on any taxable temporary difference arising from the initial recognition of goodwill included in the investment in the subsidiary.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the COVID-19 when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	$ 101	$ 86
Checking accounts and demand deposits	1,254,955	1,006,976
Cash equivalents		
Repurchase agreements collateralized by bonds	722,392	541,651
	$ 1,977,448	$ 1,548,713

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2021	2020
Bank deposits	0.01%-0.20%	0.01%-0.20%
Repurchase agreements collateralized by bonds	0.30%	0.43%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 300,681	$ 225,625
Foreign shares	12,541	-
Domestic listed shares	218,893	127,225
	$ 532,115	$ 352,850
Financial assets mandatorily classified as at FVTPL - non-current		
Non-derivative financial assets		
Foreign corporate bonds	$ 82,686	$ -

8. TRADE RECEIVABLES

	December 31	
	2021	2020
Trade receivables		
Non-related parties	$ 828,723	$ 515,341
Trade receivables		
At amortized cost		
Gross carrying amount	$ 828,723	$ 515,341
Less: Allowance for impairment loss	-	-
	$ 828,273	$ 515,341

The average credit period of sale of goods was 30-60 days. The Group adopted a policy that is in order to minimize credit risk, the management of the Group regularly reviews credit limits and credit approvals and performs other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Before trading with new customers, the Group assesses the potential customer's credit quality and defines credit limits based on the credit rating system. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers.

As for the trade receivables that are overdue at the end of the reporting date but not yet recognized as the allowance for bad debts, the credit quality has not changed significantly; thus, the management of the Group believes that the amount can still be recovered. The Group does not hold any collateral or other credit enhancements to those trade receivables.

The Group which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2021

	Gross Carrying Amount	Loss Allowance	Amortized Cost
Not past due	$ 561,879	$	$ 561,879
Past due			
Within 30 days	249,288		249,288
31-60 days	17,418		17,418
61-90 days	138		138
91-180 days	-		-
	$ 828,723	$	$ 828,723

December 31, 2020

	Gross Carrying Amount	Loss Allowance	Amortized Cost
Not past due	$ 424,780	$ -	$ 424,780
Past due			
Within 30 days	71,774	-	71,774
31-60 days	18,787	-	18,787
61-90 days	-	-	-
91-180 days	-	-	-
	$ 515,341	$ -	$ 515,341

9. INVENTORIES

	December 31	
	2021	2020
Finished goods	$ 110,533	$ 165,689
Work in progress	46,980	373
	$ 157,513	$ 166,062

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was $1,262,074 thousand and $1,127,698 thousand, respectively. The cost of inventories recognized as operating cost were as follows:

	December 31	
	2021	2020
Inventory write-downs (reversed)	$ (4,067)	$ 8,130
Loss on disposal of inventories	$ 4,694	$ 2,552

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

			Proportion of Ownership (%)	
			December 31	
Investor	Investee	Nature of Activities	2021	2020
ASPEED Technology Inc.	ASPEED Technology (Samoa) Inc.	Investment holding company	100	100
	ASPEED Technology India Private Limited	R&D and technical services	1	1
	Cupola360 Inc.	Software Design Services	100	100
ASPEED Technology (Samoa) Inc.	ASPEED Technology (U.S.A) Inc.	R&D and technical services	100	100
	ASPEED Technology India Private Limited	R&D and technical services	99	99

Remarks:

1) The investment accounted for using the equity method and the calculation of the share of profit or loss and other comprehensive income were recognized based on the financial statements of subsidiaries that have been audited.

11. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	2020
Assets used by the Company	$ 188,662	$ 143,889

a. Assets used by the Group

	Year Ended December 31, 2021					
	Balance at Beginning of the Year	Additions	Disposals	Reclassification Adjustment	Net Exchange Differences	Balance at End of the Year
Cost						
Machinery equipment	$ 26,826	$ 2,326	$ (5,627)	$ -	$ -	$ 23,525
Office equipment	13,760	3,783	(1,946)	-	(25)	15,572
Other equipment	193,979	105,423	(43,197)	2,954	-	259,159
	234,565	$ 111,532	$ (50,770)	$ 2,954	$ (25)	298,256
Accumulated depreciation						
Machinery equipment	12,946	$ 5,907	$ (3,881)	$ -	$ -	14,972
Office equipment	6,001	2,891	(1,946)	-	(19)	6,927
Other equipment	71,729	59,163	(43,197)	-	-	87,695
	90,676	$ 67,961	$ (49,024)	$ -	$ (19)	109,594
Carrying amount	$ 143,889					$ 188,662

	Year Ended December 31, 2020					
	Balance at Beginning of the Year	Additions	Disposals	Reclassification Adjustment	Net Exchange Differences	Balance at End of the Year
Cost						
Machinery equipment	$ 26,696	$ 2,706	$ (2,576)	$ -	$ -	$ 26,826
Office equipment	9,855	1,806	(678)	2,845	(68)	13,760
Other equipment	121,694	79,303	(32,115)	25,097	-	193,979
Construction in progress	25,097	-	-	(25,097)	-	-
	183,342	$ 83,815	$ (35,369)	$ 2,845	$ (68)	234,565
Accumulated depreciation						
Machinery equipment	8,936	$ 6,586	$ (2,576)	$ -	$ -	12,946
Office equipment	3,677	2,889	(519)	-	(46)	6,001
Other equipment	47,531	56,313	(32,115)	-	-	71,729
	60,144	$ 65,788	$ (35,210)	$ -	$ (46)	90,676
Carrying amount	$ 123,198					$ 143,889

The above items of property, plant and equipment are depreciated on a straight-line basis over their following estimated useful lives as follows:

Machinery equipment	3-5 years
Office equipment	3-7 years
Other equipment	3-5 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Buildings	$ 63,909	$ 89,087
Transportation equipment	-	662
	$ 63,909	$ 89,749

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 637	$ 5,537
Depreciation charge for right-of-use assets		
Buildings	$ 25,203	$ 25,095
Transportation equipment	662	882
	$ 25,865	$ 25,977

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 23,668	$ 23,939
Non-current	$ 37,689	$ 61,702

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	2.00%	2.00%
Transportation equipment	-	2.50%

c. Material lease-in activities and terms

The Group leases certain buildings for the use of manufacturing and office with lease terms of 1 to 5 years. The Group doesn't have options to purchase the equipment for a nominal amount at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 407	$ 186
Expenses relating to low-value asset leases	$ 127	$ 178
Total cash outflow for leases	$ (26,292)	$ (26,080)

The Group's leases of certain office equipment qualify as short-term and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. GOODWILL

	December 31	
	2021	2020
Cost		
Balance at the January 1 and December 31	$ 369,040	$ 369,040

On December 30, 2016, the Group acquired the pilot product line, which was mainly expected to create synergies and benefits to the Group's existing products. When an impairment test is performed, the goodwill is related to the Group and deemed as a single cash-generating unit. Therefore, the impairment of goodwill is assessed by calculating the recoverable amount of the Group and the carrying amount of the net assets.

In addition, according to the asset impairment assessment analysis report issued by the Group, the financial forecast of the Group from 2022 to 2026 is based on the financial analysis according to the following: (a) management's reference to revenue growth rate of historical period, and (b) the difference between actual results and estimates of operating profit in 2021 and 2020, with conservative data as the basis for prediction.

The recoverable amount of the consolidated total cash-generating unit is still greater than the carrying amount, so no impairment loss is recognized.

The Group's recoverable amount is determined on the basis of the value in use, and the cash flow estimate of the financial budget for the next five years is approved by the management of the Group and is calculated using the annual discount rate of 15.26%.

14. OTHER INTANGIBLE ASSETS

	For the Years Ended December 31, 2021			
	Balance at Beginning of the Year	Additions	Disposals	Balance at End of the Year
Cost				
Licenses	$ 201,106	$ 17,134	$ -	$ 218,240
Software	1,841	174	(829)	1,186
Client relationship	145,552	-	-	145,552
Existing technology	359,030	-	-	359,030
Trademark	45,283	-	-	45,283
Others	13,476	1,000	-	14,476
Carrying amount	766,288	$ 18,308	$ (829)	783,767
Accumulated amortization				
Licenses	76,028	$ 45,462	$ -	121,490
Software	1,073	455	(829)	699
Client relationship	72,776	18,194	-	90,970
Existing technology	205,160	51,290	-	256,450
Trademark	25,876	6,469	-	32,345
Others	6,123	3,053	-	9,176
Balance at December 31, 2020	387,036	$ 124,923	$ (829)	511,130
Carrying amount	$ 379,252			$ 272,637

	For the Years Ended December 31, 2020			
	Balance at Beginning of the Year	Additions	Disposals	Balance at End of the Year
Cost				
Licenses	$ 164,931	$ 49,810	$ (13,635)	$ 201,106
Software	1,634	494	(287)	1,841
Client relationship	145,552	-	-	145,552
Existing technology	359,030	-	-	359,030
Trademark	45,283	-	-	45,283
Others	10,926	2,550	-	13,476
Carrying amount	727,356	$ 52,854	$ (13,922)	766,288
Accumulated amortization				
Licenses	52,797	$ 36,866	$ (13,635)	76,082
Software	964	396	(287)	1,073
Client relationship	54,582	18,194	-	72,776
Existing technology	153,870	51,290	-	205,160
Trademark	19,407	6,469	-	25,876
Others	3,691	2,432	-	6,123
Balance at December 31, 2020	285,311	$ 115,647	$ (13,922)	387,036
Carrying amount	$ 442,045			$ 379,252

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Licenses	3-7 years
Software	3 years
Client relationship	8 years
Existing technology	7 years
Trademark	7 years
Others	3-5 years

15. OTHER ASSETS

	December 31	
	2021	2020
Current		
Prepayments	$ 9,819	$ 89,774
Tax refund receivables	2,198	1,264
Overpaid sales tax	537	534
Others	413	646
	$ 12,967	$ 92,218

(Continued)

	December 31	
	2021	2020
Non-current		
Refundable deposits	$ 10,411	$ 10,420
Prepayments for computer software	8,350	-
Prepayments for maintenance fee	3,150	-
Prepayments for equipment	93	2,954
	$ 22,004	$ 13,374

(Concluded)

16. TRADE PAYABLES

	December 31	
	2021	2020
Trade payables		
Operating	$ 264,119	$ 87,414

17. OTHER PAYABLES

	December 31	
	2021	2020
Current		
Other payables		
Payables for salaries or bonuses	$ 40,822	$ 31,208
Payables for purchases of equipment	18,463	80
Payables for services	6,123	5,638
Payables for royalties	4,928	4,198
Payables for employee welfare	4,731	2,835
Payables for pension	1,645	1,504
Payables for sales tax	-	3,665
Others	4,910	5,221
	$ 81,622	$ 54,349
Other liabilities		
Refund liabilities	$ 139,270	$ 105,185
Receipts under custody	1,527	1,060
Contract liabilities (Note 21)	71	-
Others	-	104
	$ 140,868	$ 106,349

18. PROVISIONS

	December 31	
	2021	2020
Current		
Warranties (a)	$ 39,686	$ 32,809
Non-current		
Decommissioning (b)	$ 6,447	$ 6,447

	Warranties	Decommissioning
Balance at January 1, 2021	$ 32,809	$ 6,447
Additional provisions recognized	6,877	-
Balance at December 31, 2021	$ 39,686	$ 6,447

a. The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

b. The provision for decommissioning represents the Company's obligation to decommission (including the restoration of the office). The costs are estimated based on internal research, and the Company regularly reviews and adjusts it to reflect the best estimates.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is deemed a defined contribution plan. Pursuant to the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

ASPEED Technology (U.S.A.) Inc. and ASPEED Technology India Private Limited contribute a specified percentage of employees' monthly payroll costs to the retirement benefit scheme.

The total expenses recognized in the consolidated statement of comprehensive income were $6,447 thousand and $5,777 thousand, representing the contributions made and to be made to these plans by the Company at the rates specified in the plans for the years ended December 31, 2021 and 2020, respectively.

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands of shares)	50,000	50,000
Shares authorized par value $10 (in thousands of NTD)	$ 500,000	$ 500,000
Number of shares issued and fully paid (in thousands of shares)	34,369	34,320
Shares issued and fully paid (in thousands of NTD)	$ 343,694	$ 343,200

Ordinary shares issued and fully paid have a par value of NT$10. Each share has one voting right and the right to receive dividends.

On March 7, 2011, the board of directors of the Company resolved that the Company will take back 14,000 new shares of restricted employee rights from former employees without compensation in accordance with the law.The capital reduction operation was planned, and the base date for capital reduction was planned to be March 7, 2011.

On March 7, 111, the board of directors of the Company made a resolution in accordance with the Company's Article, article 241 subparagraphs 1 and 2 of paragraph 1 which stipulate that capital reserves should be used for capital, and the total amount of the annual capital shall not exceed 10% of the paid-in capital. The proposed capital reserve of NT$34,355 thousand was converted into capital for the issuance of new shares at NT$10 per share, with 3,436 thousand shares allotted to 100 shares for every 1,000 shares.

Changes in the Company's share capital are mainly due to the issuance of employee share compensation.

For the Group's acquisition of Emulex Corporation's server remote management chip pilot product line and related assets and for follow-up strategic cooperation plan, the Company held an extraordinary shareholders' meeting on December 23, 2016 and issued 2,022 thousand shares through a private placement in accordance with Article 43-6 of the Securities Exchange Act. The price of private placement per share was NT$297.6. The total private placement price was NT$601,747 thousand, and the capital increase base date was December 30, 2016.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)		
Issuance of ordinary shares	$ 793,019	$ 793,019
Employee share bonus	467,500	359,737
From expired/vested employee restricted shares	54,483	38,409
From exercised/expired employee share options	2,156	2,156
May not be used for any purpose		
Employee restricted shares	53,972	80,219
	$ 1,371,130	$ 1,273,540

a) The capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

The shareholders of the Company held their regular meeting on May 29, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge. When the reserves are to be distributed in cash, the distribution may be approved by the board of directors and reported to the shareholders' meeting.

Under the dividends policy as set forth in the Articles after the amendments, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution bonuses to shareholders.

For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 22(g).

The Company's Articles stipulate the dividends policy based on present and future projects, investment environment, capital requirements, domestic and international competitive environment, and the interests of shareholders, whereby the Company distributes no less than 10% of the distributable earnings in the form of dividend bonus. If the accumulatively distributable earnings were less than 50% of the Company's paid-in capital, the dividend bonus would not distributed. In principle, cash dividends are limited to no less than 10% of the total dividends distributed.

The appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset any deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 approved in the shareholders' meetings on July 30, 2021 and May 19, 2020, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	**2019**
Legal reserve	$ 110,470	$ 83,118
Special reserve	$ 11,299	$ 3,093
Cash dividends	$ 892,204	$ 752,946
Cash dividends per share (NT$)	$ 26.00	$ 22.00

The above appropriations for cash dividends were resolved by the Company's board of directors on March 8, 2021 and March 2, 2020.

The appropriation of earnings for 2020 has been proposed by the Company's board of directors on March 7, 2022. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ 131,292
Special reserve	$ (23,722)
Cash dividends	$ 1,202,427
Cash dividends per share (NT$)	$ 35.00

The above cash dividends have been distributed by the Company's boards of directors and the rest are yet to be resolved at the shareholders' meetings expected to be held on May 31, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 34,592	$ 31,499
Appropriation (reversal)		
Debits (reversal of debits) to other equity items	11,299	3,093
Balance at December 31	$ 45,891	$ 34,592

e. Other equity items

1) Unearned employee benefits

For information about the restricted share plans for employees, refer to Note 25.

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (41,675)	$ (32,371)
Issued	-	(38,557)
Cancelled	10,281	1,070
Share-based payment expenses recognized	14,609	28,183
Balance at December 31	$ (16,785)	$ (41,675)

2) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (4,217)	$ (2,222)
Exchange differences on translation of the financial statements of foreign operations	(1,167)	(1,995)
Balance at December 31	$ (5,384)	$ (4,217)

21. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2021	2020
Revenue from the sale of goods	$ 3,636,161	$ 3,063,403
Royalty income	1,471	149
	$ 3,637,632	$ 3,063,552

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Trade receivables (Note 8)	$ 828,723	$ 515,341	$ 628,847
Contract liabilities (Note 17)			
Sale of goods	$ 71	$ -	$ -

The changes in the contract liability balances primarily result from the timing difference between the Company's performance and the customer's payment.

c. Disaggregation of revenue

For the year ended December 31, 2021

	Reportable Segments			
	Multimedia Integrated Circuits (ICs)	Computer Peripherals Oriented ICs	Others	Total
Type of goods or services				
Sale of goods	$ 3,392,407	$ 225,360	$ 18,394	$ 3,636,161
Royalty	-	-	1,471	1,471
	$ 3,392,407	$ 225,360	$ 19,865	$ 3,637,632

For the year ended December 31, 2020

	Reportable Segments			
	Multimedia Integrated Circuits (ICs)	Computer Peripherals Oriented ICs	Others	Total
Type of goods or services				
Sale of goods	$ 2,900,494	$ 155,963	$ 6,946	$ 3,063,403
Royalty	-	-	149	149
	$ 2,900,494	$ 155,963	$ 7,095	$ 3,063,552

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2021	2020
Interest income		
Bank deposits	$ 291	$ 2,330
Repurchase agreements collateralized by bonds	3,006	5,684
Financial asset or financial liability at fair value through profit	6,775	2,186
Others	69	84
	$ 10,141	$ 10,284

b. Other income

	For the Year Ended December 31	
	2021	2020
Others	$ 5,043	$ 5,339

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange (losses) gains	$ (53,403)	$ (61,503)
Net gain on fair value changes of financial assets through profit or loss	550	(1,979)
Gain (loss) on disposal of investment properties	378	7,740
Loss on disposal of property, plant and equipment	(1,746)	(98)
Others	-	(58)
	$ (54,221)	$ (55,898)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on loans	$ 1,771	$ 1,475
Interest on lease liabilities	1,495	1,983
	$ 3,266	$ 3,458

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ -	$ -
Operating expenses	93,826	91,765
	$ 93,826	$ 91,765
An analysis of amortization by function		
Operating costs	$ -	$ -
Selling and marketing expenses	18,194	18,194
General and administration expenses	6,816	6,772
Research and development expenses	99,913	90,681
	$ 124,923	$ 115,647

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits (Note 19)		
Defined contribution plans	$ 6,447	$ 5,777
Share-based payments (Note 25)	14,609	28,183
Other employee benefits	412,885	338,746
Total employee benefits expense	$ 433,941	$ 372,706
An analysis of employee benefits expense by function		
Operating costs	$ -	$ -
Operating expenses	433,941	372,706
	$ 433,941	$ 372,706

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 8% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2021 and 2020, which have been approved by the Company's board of directors on March 7, 2022 and March 8, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	8%	8%
Remuneration of directors and supervisors	1%	1%

Amount

	For the Year Ended December 31			
	2021		2020	
	Cash	Shares	Cash	Shares
Compensation of employees	$ -	$ 141,518	$ -	$ 108,367
Remuneration of directors and supervisors	17,609	-	13,546	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The number of shares of the compensation of employees, which was determined by dividing the amount of the compensation of employees resolved for 2021 and 2020 by the closing price per share of NT$2,695 and NT$1,800, respectively, which is the closing price per share determined on the day immediately preceding the meeting of the Company's board of directors, was 53 thousand shares and 60 thousand shares for 2021 and 2020, respectively.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 10,231	$ 16,222
Foreign exchange losses	(63,634)	(77,725)
	$ (53,403)	$ (61,503)

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 324,944	$ 239,085
Adjustments for prior years	(4,892)	(6,575)
	320,052	232,510
Deferred tax		
In respect of the current year	(22,900)	(10,151)
Income tax expense recognized in profit or loss	$ 297,152	$ 222,359

A reconciliation of accounting loss and income tax expense was as follows:

	For the Year Ended December 31	
	2021	2020
Income before tax from continuing operations	$ 1,610,077	$ 1,227,048
Income tax expense calculated at the statutory rate	$ 325,600	$ 248,940
Non-deductible expenses in determining taxable income	(4,413)	(2,421)
Deductible temporary differences	812	(2,081)
Additional income tax under the Alternative Minimum Tax Act	22	24
Investment credits	(19,977)	(15,528)
Adjustments for prior years' tax	(4,892)	(6,575)
Income tax expense recognized in profit or loss	$ 297,152	$ 222,359

b. Current tax liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	$ 222,026	$ 149,615

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred Tax Assets			
Temporary differences			
Inventory write-down	$ 1,813	$ (813)	$ 1,000
Investments accounted for using the equity method	3,352	(344)	3,008
Depreciation of decommissioning right-of-use assets	258	258	516
Provisions	6,562	1,375	7,937
Refund liabilities	21,037	6,816	27,853
Estimated expense payable and others	7,122	1,542	8,664
	$ 40,144	$ (8,834)	$ 48,978
Deferred Tax Liabilities			
Temporary differences			
Unrealized net foreign exchange gains	$ 3,880	$ (169)	$ 3,711
Other intangible assets - acquisitions	45,329	(13,897)	31,432
	$ 49,209	$ (14,066)	$ 35,143

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred Tax Assets			
Temporary differences			
Inventory write-down	$ 188	$ 1,625	$ 1,813
Investments accounted for using the equity method	3,867	(515)	3,352
Depreciation of decommissioning right-of-use assets	-	258	258
Provisions	5,314	1,248	6,562
Refund liabilities	28,203	(7,166)	21,037
Estimated expense payable and others	5,347	1,775	7,122
	$ 42,919	$ (2,775)	$ 40,144
Deferred Tax Liabilities			
Temporary differences			
Unrealized net foreign exchange gains	$ 2,909	$ 971	$ 3,880
Other intangible assets - acquisitions	59,226	(13,897)	45,329
	$ 62,135	$ (12,926)	$ 49,209

d. Income tax assessments

The Company's tax returns through 2019 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31 2021	2020
Basic earnings per share	$ 38.30	$ 29.38
Diluted earnings per share	$ 38.17	$ 29.25

The income and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Income for the Year

	For the Year Ended December 31 2021	2020
Income for the year attributable to owners of the Company	$ 1,312,925	$ 1,004,689

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares in computation of basic earnings per share	34,283	34,192
Effect of potentially dilutive ordinary shares:		
Compensation of employees	51	79
Restricted shares to employees	64	74
Weighted average number of ordinary shares in computation of diluted earnings per share	34,398	34,345

The Group may settle the compensation in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. SHARE-BASED PAYMENT ARRANGEMENTS

a. Restricted share plan for employees

Information on restricted share plan for employees was as follows:

Approved Date	Grant Shares (Thousand)	Board of Directors Approved Issue Date	Issued Date	Issued Shares (Thousand)	Fair Value
2016/06/29	100	2016/11/04	2016/12/05	30	446
2017/05/26	100	2017/11/03	2018/02/05	26	740
2018/05/30	40	2018/11/05	2018/11/12	21	481
2019/05/29	100	2019/08/02	2019/09/10	28	791
2019/05/29	100	2019/08/02	2020/02/05	31	952
2019/05/29	100	2019/08/02	2020/03/02	9	1,005

On May 29, 2019, the shareholder’s meeting resolved to issue a restricted share plan for employees with a total of 100 thousand shares. The Company shall set up the actual issuance date(s) in one tranche or in installments within one year from the date of receipt of the effective registration of the competent authority. The board of directors authorized the Company’s chairman to determine the issue date. The main elements of the restricted share plan for employees were as follows:

1) Issue price: the Company issued the gratuitous restricted shares for employees.

2) Vesting conditions of restricted shares for employees are as follows:

   a) To meet the vesting conditions, an employee has to meet performance and other conditions over the vesting period, as follows:

      Remain employed by the Company within 1 year - 10% of restricted shares will be vested;

      Remain employed by the Company within 2 year - 10% of restricted shares will be vested;

Remain employed by the Company within 3 year - 40% of restricted shares will be vested;

Remain employed by the Company within 4 year - 40% of restricted shares will be vested;

b) When the employees do not reach the vesting conditions, the Company will recover and cancel the shares.

c) During the vesting period, the dividends will distribute to employees gratuitously.

3) In addition to the vesting conditions, the limitations are as follows:

a) The employees cannot sell, pledge, transfer, donate or, in any other way, dispose of these shares.

b) During the vesting period, the rights of attending shareholders' meeting, proposal, speech, resolution and voting right, etc., will enforce by trust institutions.

Information on restricted share plan for employees was as follows:

	Number of Shares (In Thousands)	
	For the Year Ended December 31	
	2021	2020
Balance at January 1	100	78
Granted	-	40
Vested	(22)	(16)
Cancelled	(11)	(2)
Balance at December 31	67	100

For the years ended December 31, 2021 and 2020, the compensation costs recognized were NT$14,609 thousand and NT$28,183 thousand, respectively.

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to operate under the premises of going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on a regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders and the number of new shares issued.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 300,681	$ -	$ -	$ 300,681
Foreign shares	12,541	-	-	12,541
Domestic listed shares	218,893	-	-	218,893
Financial assets at FVTPL - non-current				
Foreign corporate bonds	-	82,686	-	82,686
	$ 532,115	$ 82,686	$ -	$ 614,801

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 225,625	$ -	$ -	$ 225,625
Domestic listed shares	127,225	-	-	127,225
	$ 352,850	$ -	$ -	$ 352,850

There were no transfers between Level 1 and Level 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Foreign corporate bonds	It is based on the market transaction price provided by a third-party institution as a measurement.

c. Categories of financial instruments

	December 31 2021	December 31 2020
Financial assets		
Financial assets at amortized cost (1)	$ 2,816,995	$ 2,075,120
Financial assets at FVTPL	614.801	352,850
Financial liabilities		
Measured at amortized cost (2)	303,274	120,333

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, trade and other receivables and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise trade payables (including related parties) and other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include mutual investments, trade receivables and trade payables. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), and interest rates (see (b) below).

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Approximately 100% of the Group's sales were denominated in currencies other than the functional currency, whilst almost 99% of costs were denominated in the functional currency of the entity in the Group.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2021	**2020**
Pre-tax profit	$ 80,963	$ 71,335

This was mainly attributable to the exposure on outstanding receivables and payables in USD which were not hedged at the end of the reporting period.

The Group's sensitivity to USD currency decreased during the current period mainly due to the increase in the net assets of the USD which was due to the increase in bank deposits, cash equivalents, accounts receivable and financial assets measured at fair value through profit and loss denominated in USD.

The management believes that the sensitivity analysis cannot represent the inherent risk of the exchange rate, because the foreign currency risk at the end of the reporting period cannot reflect the mid-year risk situation.

b) Interest rate risk

Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring that the most cost-effective hedging strategies are applied.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 805,078	$ 541,651
Cash flow interest rate risk		
Financial assets	1,254,955	1,006,976

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

A 0.1 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The Group had no floating rate liabilities for the years ended December 31, 2021 and 2020.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Group had available unutilized short-term bank loan facilities of $1,050,000 and $650,000 thousand, respectively.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The Group's remaining contractual maturity for its non-derivative financial liabilities were drawn up based on the undiscounted cash flows (included principal and interest) of financial liabilities from the earliest date on which the Group can be required to pay.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Lease liabilities	$ 2,053	$ 4,108	$ 18,517	$ 38,337	$ -	$ 63,015
Non-interest bearing						
Trade payables	134,509	129,610	-	-	-	264,119
Other payables	18,110	12,554	8,491	-	-	39,155
	$ 154,672	$ 146,272	$ 27,008	$ 38,337	$ -	$ 366,289

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 24,678	$ 38,337	$ -	$ -	$ -	$ -

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Lease liabilities	$ 2,137	$ 4,271	$ 19,026	$ 63,369	$ -	$ 88,803
Non-interest bearing						
Trade payables (including related parties)	77,867	22,755	-	-	-	100,622
Other payables	13,916	1,234	4,569	-	-	19,719
	$ 93,920	$ 28,260	$ 23,595	$ 63,369	$ -	$ 209,144

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 25,434	$ 63,369	$ -	$ -	$ -	$ -

b) Financing facilities:

	December 31	
	2021	2020
Unsecured borrowings facilities		
Amount unused	$ 1,050,000	$ 650,000

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below:

a. Related parties and their relationships associated with the Group:

Related Parties	Relationship with the Group
ATEN International Co., Ltd.	Investor with significant influence over the Group (non-related party since April 1, 2020)
Avago Technologies International Sales PTE. Limited	Investor with significant influence over the Group (non-related party since February 26, 2021)

b. Operating revenue

Related Party Category	For the Year Ended December 31	
	2021	2020
Investor with significant influence over the Group	$ -	$ 1,459

The sales of the related parties are determined according to the agreed terms of both parties, and the collection conditions are equivalent to the general trading conditions.

c. Purchases

Related Party Name	For the Year Ended December 31	
	2021	2020
Avago Technologies International Sales PTE. Limited	$ 3,612	$ 214,545

The purchase of the related party is determined according to the agreed terms of the two parties, and there is no other suitable trading object to compare.

d. Production overheads

Related Party Category	For the Year Ended December 31	
	2021	2020
Investor with significant influence over the Group	$ -	$ 1,119

e. Payables to related parties

Related Party Name	December 31 2021	December 31 2020
Avago Technologies International Sales PTE. Limited	$ -	$ 13,208

The outstanding trade payables from related parties are unsecured. The transaction price was based on the market price and is determined by both parties.

f. Compensation of key management personnel

The total amount of payroll to directors and supervisors and other key executives in 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 39,415	$ 30,636
Post-employment benefits	324	324
Share-based payments	3,125	4,091
	$ 42,864	$ 35,051

The remuneration of key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2021 and 2020 were as follows:

Under the agreement, the Group shall pay royalties at a percentage of the sales volume of certain products. For the years ended December 31, 2021 and 2020, royalty expense amounted to $14,149 thousand and $14,166 thousand, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 74,697	27.68	$ 2,067,623
Financial liabilities			
Monetary items			
USD	16,198	27.68	448,361

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 60,806	28.48	$ 1,731,754
Financial liabilities			
Monetary items			
USD	7,642	28.48	217,644

The significant (unrealized) foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2021		2020	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	27.68 (USD:NTD)	$ 18,555	28.48 (USD:NTD)	$ 19,401

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Marketable securities held:

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (In Thousands)	Carrying Amount (In Thousands)	Percentage of Ownership (%)	Fair Value (In Thousands)	
ASPEED Technology Inc.	Shares - Shin Kong Financial Holding Co., Ltd. Preference Shares A	-	Financial assets at FVTPL - current	1,500	$ 63,900	-	$ 63,900	Note
	Shares - CTBC Financial Holding Co., Ltd. Preference Shares C	-	Financial assets at FVTPL - current	1,000	61,600	-	61,600	Note
	Shares -ARK INNOVATION ETF	-	Financial assets at FVTPL - current	5	12,541	-	12,541	Note
	Shares -Yuanta Securities Investment Trust Co., Ltd. 2881A Fubon Te	-	Financial assets at FVTPL - current	213	13,462	-	13,462	Note
	Shares -Yuanta Securities Investment Trust Co., Ltd. 2882A Cathay Pacific	-	Financial assets at FVTPL - current	311	19,562	-	19,562	Note
	Shares -Yuanta Securities Investment Trust Co., Ltd. 2881C Fubon Gold Brite	-	Financial assets at FVTPL - current	1,004	60,369	-	60,369	Note

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021 Number of Shares (In Thousands)	Carrying Amount (In Thousands)	Percentage of Ownership (%)	Fair Value (In Thousands)	Note
ASPEED Technology Inc.	Funds - Yuanta Taiwan High-yield Leading Company Fund-TWD (A) No Dividend	-	Financial assets at FVTPL - current	138	$ 2,179	-	$ 2,179	Note
	Funds - Fuh Hwa US S&P 500 Low Volatility Index Fund	-	Financial assets at FVTPL - current	6,000	67,080	-	67,080	Note
	Funds - Allianz Global Investors Fund - Allianz Flexi Asia Bond AT USD	-	Financial assets at FVTPL - current	85	26,013	-	26,013	Note
	Funds - Allianz Multi-Credit Bond Fund-AT Accumulated Shares (USD)	-	Financial assets at FVTPL - current	90	27,755	-	27,755	Note
	Funds - JPMorgan Global Bond Yield USD Cumulative USD	-	Financial assets at FVTPL - current	8	28,539	-	28,539	Note
	Funds - ETF-0050 Yuanta Taiwan 50	-	Financial assets at FVTPL - current	254	37,010	-	37,010	Note
	Funds - Fuhua Ruihua Fund	-	Financial assets at FVTPL - current	4,827	52,137	-	52,137	Note
	Funds - PIMCO Multi-Yield Bond Fund-Class E (Accumulated Shares)	-	Financial assets at FVTPL - current	23	15,816	-	15,816	Note
	Funds - Pictet-Environmental Opportunities-P USD	-	Financial assets at FVTPL - current	1	14,516	-	14,516	Note
	Funds - JPM China (USD)-A shares (distribution)	-	Financial assets at FVTPL - current	6	15,895	-	15,895	Note
	Funds - Allianz Income Growth Fund-AM stable monthly closing stocks in USD	-	Financial assets at FVTPL - current	24	6,954	-	6,954	Note
	Funds - Linked bonds/structured commodities OTHST-0007 UBS EQT PREFERENCE UBS CIO 30 051028	-	Financial assets at FVTPL - current	250	6,787	-	6,787	Note
	Bonds - Foxconn Far East HONHAI Corporate Bonds	-	Financial assets at FVTPL – non-current	30	82,686	-	82,686	Note

(Concluded)

Note: The value is calculated by net value on December 31, 2020.

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: (Table 1)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions (Table 2)

11) Information on investees:

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (In thousands) December 31		As of December 31, 2021			Net Income (Loss) of the Investee (In Thousands)	Share of Profits (Loss) (In Thousands)	Note
				2021	2020	Number of Shares (In Thousands)	%	Carrying Amount (In Thousands)			
ASPEED Technology Inc.	ASPEED Technology (Samoa) Inc.	Samoa	Investment holding company	$ 48,763	$ 48,763	1,550	100	$ 36,771	$ 3,930	$ 3,930	-
	ASPEED Technology India Private Limited	India	R&D and technical services	166	166	35	1	75	(1,717)	(18)	-
	Cupola360 Inc.	Taiwan	Software Design Services	15,000	15,000	1,500	100	6,662	(2,190)	(2,190)	-
ASPEED Technology (Samoa) Inc.	ASPEED Technology (U.S.A) Inc.	U.S.A.	R&D and technical services	31,460	31,460	1,000	100	28,901	5,666	5,666	-
	ASPEED Technology India Private Limited	India	R&D and technical services	16,068	16,068	3,465	99	7,435	(1,717)	(1,699)	-

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gains or losses, carrying amount of the investment at the end of the period, repatriations investment gains or losses, and limit on the amount of investment in the mainland China area: None

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period

   c) The amount of property transactions and the amount of the resultant gains or losses

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

   e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds

   f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder

Name of Major Shareholder	Shares: Number of Shares	Shares: Percentage of Ownership (%)
Fenghua Investment Co., Ltd.	4,775,524	13.89

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

32. SEGMENT INFORMATION

The Group is considered as a single operating segment. Profit and loss, assets and liabilities are measured on the same basis as the basis for the preparation of the consolidated financial statements. For relevant operating information, refer to the consolidated financial statements.

a. Major revenue of products and services

The following was an analysis of the Group's major revenue by products and services from continuing operations by reportable segments.

	For the Year Ended December 31	
	2021	2020
Multimedia Integrated Circuits (ICs)	$ 3,392,407	$ 2,900,494
Computer Peripherals Oriented ICs	225,360	155,963
Other	19,865	7,095
	$ 3,637,632	$ 3,063,552

b. Geographical information

The Group's net operating revenue from external customers by location of customer and information about its non-current assets by location are detailed below.

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2021	2020	2021	2020
Taiwan	$ 1,979,936	$ 1,416,487	$ 900,265	$ 976,310
China	1,024,331	1,149,189	-	-
U.S.A.	417,711	300,815	5,576	8,574
Others	215,654	197,061	-	-
	$ 3,637,632	$ 3,063,552	$ 905,841	$ 984,884

Non-current assets exclude financial instruments and deferred tax assets.

c. Information about major customers

Single customers who contributed 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2021	2020
Customer A	$ 661,271	$ 589,510
Customer B	407,221	530,927
Customer C	363,936	335,624

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Beginning Balance		Acquisition		Disposal				Ending Balance	
			Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
ASPEED TECHNOLOGY INC.	Bonds - Foxconn Far East HONHAI Corporate Bonds	Financial assets at FVTPL - non - current	-	$ -	30	$ 83,738	-	$ -	$ -	$ -	30	$ 82,686

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items.

Note 2: The accumulated buying and selling amount should be calculated separately based on the market price whether it reaches 300 million yuan or 20% of the paid-in capital.

Note 3: The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

Note 4: The amount at the end of the period includes the amount of amortization of bond investment premiums and discounts and related adjustment items.

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	The Company	ASPEED Technology (U.S.A.) Inc.	1	Other payables	$ 7,427	Note 2	0.16
				Technical services expense	79,807	Note 2	2.19

Note 1: No.1 represents the transactions from parent company to subsidiary.

Note 2: Payment terms are determined according to the agreed terms of the two parties.

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
ASPEED Technology Inc.

Opinion

We have audited the accompanying financial statements of ASPEED Technology Inc. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2021 are stated as follows:

Recognition of revenue

The Company operates principally as a supplier of multimedia integrated circuits (ICs) and computer peripherals oriented ICs. For the year ended December 31, 2021, the Company recognized revenue of NT$3,637,632 thousand, which increased by 19% compared with that of last year, refer to Note 21 for related information. Due to the increasing market demand for remote server management system, the significant changes in the amount of the Company's operating revenue in recent years have a significant impact on the financial statements for the year ended December 31, 2021. For customers whose sales growth rates were significant, we considered the existence and occurrence of sales as key audit matters of the current period.

The audit procedures that we performed included, but not limited to the following: We evaluated the appropriateness of the Company's accounting policies relating to revenue recognition. We obtained an understanding of the internal controls over the approval of sales order and shipping. We tested the effectiveness of those internal controls and selected samples of sales documents to verify the sales authenticity by inspecting sales details, including cash collections in the audited period and the subsequent period. Moreover, we checked for abnormalities between the recorded sales and cash received.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2021 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.

The engagement partners on the audits resulting in this independent auditors' report are Ming Yuan Chung and Yi Shin Kao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2022

<u>*Notice to Readers*</u>

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

ASPEED TECHNOLOGY INC.

BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021 Amount	2021 %	2020 Amount	2020 %
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 1,938,022	43	$ 1,511,379	41
Financial assets at fair value through profit or loss - current (Note 7)	532,115	12	352,850	10
Trade receivables, net (Notes 8 and 21)	828,723	18	515,341	14
Inventories (Note 9)	157,513	3	166,062	4
Prepayments and other current assets (Note 15)	11,193	-	88,863	2
Total current assets	3,467,566	76	2,634,495	71
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	82,686	2	-	-
Investment accounted for using equity method (Notes 10 and 30)	43,508	1	42,953	1
Property, plant and equipment (Note 11)	188,523	4	143,664	4
Right-of-use assets (Note 12)	58,745	2	81,399	2
Goodwill (Notes 5 and 13)	369,040	8	369,040	10
Other intangible assets, net (Note 14)	270,018	6	374,538	10
Deferred tax assets (Note 23)	40,314	1	33,022	1
Refundable deposits (Note 15)	10,138	-	10,138	1
Other non-current assets (Note 15)	11,593	-	2,954	-
Total non-current assets	1,074,565	24	1,057,708	29
TOTAL	$ 4,542,131	100	$ 3,692,203	100

LIABILITIES AND EQUITY	2021 Amount	2021 %	2020 Amount	2020 %
CURRENT LIABILITIES				
Trade payables (Note 16)	$ 264,119	6	$ 87,414	3
Payables to related parties (Note 28)	-	-	13,208	-
Accrued compensation of employees and remuneration of directors (Note 22)	159,208	4	121,913	3
Other payables (Note 17)	64,945	1	36,097	1
Other payables to related parties (Note 28)	7,427	-	8,447	-
Current tax liabilities (Note 23)	222,026	5	149,615	4
Provisions - current (Note 18)	39,686	1	32,809	1
Lease liabilities - current (Note 12)	20,534	-	20,873	1
Other current liabilities (Notes 17 and 21)	140,868	3	106,245	3
Total current liabilities	918,813	20	576,621	16
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 23)	35,143	1	49,209	1
Lease liabilities - non-current (Note 12)	35,522	1	56,248	2
Provisions - non-current (Note 18)	6,447	-	6,447	-
Total non-current liabilities	77,112	2	111,904	3
Total liabilities	995,925	22	688,525	19
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)				
Share capital				
Ordinary shares	343,694	8	343,200	9
Capital surplus	1,371,130	30	1,273,540	34
Retained earnings				
Legal reserve	470,328	10	369,858	10
Special reserve	45,891	1	34,592	1
Unappropriated earnings	1,337,332	30	1,028,380	28
Total retained earnings	1,853,551	41	1,432,830	39
Other equity	(22,169)	(1)	(45,892)	(1)
Total equity	3,546,206	78	3,003,678	81
TOTAL	$ 4,542,131	100	$ 3,692,203	100

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

ASPEED TECHNOLOGY INC.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 21 and 28)				
Sales	$ 3,636,161	100	$ 3,063,403	100
Other operating revenue	1,471	-	149	-
Total operating revenue	3,637,632	100	3,063,552	100
OPERATING COSTS (Notes 9, 22 and 28)				
Cost of goods sold	1,262,074	35	1,127,698	37
GROSS PROFIT	2,375,558	65	1,935,854	63
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing expenses	62,623	2	57,832	2
General and administrative expenses	115,810	3	97,558	3
Research and development expenses	546,955	15	512,758	17
Total operating expenses	725,388	20	668,148	22
INCOME FROM OPERATIONS	1,650,170	45	1,267,706	41
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	10,071	-	10,141	1
Other income (Notes 22 and 28)	5,079	-	5,375	-
Other gains and losses (Note 22)	(54,149)	(1)	(55,756)	(2)
Finance costs (Note 22)	(3,126)	-	(3,249)	-
Share of profit or loss of subsidiaries	1,722	-	2,576	-
Total non-operating income and expenses, net	(40,403)	(1)	(40,913)	(1)
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,609,767	44	1,226,793	40
INCOME TAX EXPENSE (Note 23)	296,842	8	222,104	7
NET INCOME FOR THE YEAR	1,312,925	36	1,004,689	33

(Continued)

ASPEED TECHNOLOGY INC.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	$ (1,167)	-	$ (1,995)	-
Other comprehensive loss for the year, net of income tax	(1,167)	-	(1,995)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,311,758	36	$ 1,002,694	33
EARNINGS PER SHARE (Note 24)				
Basic	$ 38.30		$ 29.38	
Diluted	$ 38.17		$ 29.25	

The accompanying notes are an integral part of the financial statements. (Concluded)

ASPEED TECHNOLOGY INC.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Share Capital			Retained Earning			Other Equity		
	Shares (In Thousands)	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Employee Unearned Compensation	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2020	34,184	$ 341,848	$ 1,145,044	$ 286,740	$ 31,499	$ 862,848	$ (32,371)	$ (2,222)	$ 2,633,386
Appropriation of prior year's earnings									
Legal reserve	-	-	-	83,118	-	(83,118)	-	-	-
Special reserve	-	-	-	-	3,093	(3,093)	-	-	-
Cash dividends to shareholders - NT$22.00 per share	-	-	-	-	-	(752,946)	-	-	(752,946)
Net income for the year ended December 31, 2020	-	-	-	-	-	1,004,689	-	-	1,004,689
Other comprehensive loss after tax	-	-	-	-	-	-	-	(1,995)	(1,995)
Comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,004,689	-	(1,995)	1,002,694
Employee share bonus - Record date: August 10, 2020	98	976	91,385	-	-	-	-	-	92,361
Issuance of restricted shares under employees share options on February 5, 2020 and March 2, 2020	40	400	38,157	-	-	-	(38,557)	-	-
Cancellation of restricted shares under employees share options on August 3, 2020	(2)	(24)	(1,046)	-	-	-	1,070	-	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	28,183	-	28,183
BALANCE AT DECEMBER 31, 2020	34,320	343,200	1,273,540	369,858	34,592	1,028,380	(41,675)	(4,217)	3,003,678
Appropriation of prior year's earnings									
Legal reserve	-	-	-	100,470	-	(100,470)	-	-	-
Special reserve	-	-	-	-	11,299	(11,299)	-	-	-
Cash dividends to shareholders - NT$26.00 per share	-	-	-	-	-	(892,204)	-	-	(892,204)
Net income for the year ended December 31, 2021	-	-	-	-	-	1,312,925	-	-	1,312,925
Other comprehensive loss after tax	-	-	-	-	-	-	-	(1,167)	(1,167)
Comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,312,925	-	(1,167)	1,311,758
Employee share bonus - Record date: August 13, 2021	60	602	107,763	-	-	-	-	-	108,365
Cancellation of restricted shares under employees share options on March 8, 2021	(5)	(45)	(4,239)	-	-	-	4,284	-	-
Cancellation of restricted shares under employees share options on August 11, 2021	(2)	(27)	(2,543)	-	-	-	2,570	-	-
Cancellation of restricted shares under employees share options on November 8, 2021	(4)	(36)	(3,391)	-	-	-	3,427	-	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	14,609	-	14,609
BALANCE AT DECEMBER 31, 2021	34,369	$ 343,694	$ 1,371,130	$ 470,328	$ 45,891	$ 1,337,332	$ (16,785)	$ (5,384)	$ 3,546,206

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

ASPEED TECHNOLOGY INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,609,767	$ 1,226,793
Adjustments for:		
Depreciation expense	90,761	88,515
Amortization expense	122,828	113,551
Net loss (gain) on fair value changes of financial assets designated as at fair value through profit or loss	(550)	1,979
Finance costs	3,126	3,249
Interest income	(10,071)	(10,141)
Compensation cost of employee restricted shares	14,609	28,183
Share of gain of subsidiaries	(1,722)	(2,576)
Loss on disposal of property, plant and equipment	1,746	-
Gain on disposal of financial assets	(378)	(7,740)
Write-down (reversal of) of inventories	(4,067)	10,682
Net gain on foreign currency exchange	(37,956)	(33,948)
Loss on disposal of Inventories	4,694	2,552
Recognition of provisions	6,877	6,238
Gain on lease modification	(8)	-
Changes in operating assets and liabilities		
Trade receivables (related parties included)	(321,126)	97,635
Inventories	7,922	(97,218)
Other current assets	77,664	(73,927)
Trade payables (related parties included)	165,054	(52,424)
Other payables (related parties included)	9,633	9,303
Other current liabilities	47,287	(27,440)
Payables for compensation of employees and remuneration of directors	145,660	110,773
Cash generated from operations	1,931,750	1,394,039
Interest paid	(3,126)	(3,249)
Income tax paid	(245,789)	(221,957)
Net cash generated from operating activities	1,682,835	1,168,833
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(279,411)	(251,888)
Proceeds from sale of financial assets at fair value through profit or loss	18,388	67,740
Payments for property, plant and equipment	(93,149)	(84,083)
Increase in refundable deposits	-	547
Payments for intangible assets	(26,658)	(52,854)
Increase in prepayments for equipment	(93)	(2,954)
Increase in other prepayments	(3,150)	-
Interest received	10,071	10,443
Net cash used in investing activities	(374,002)	(313,049)

(Continued)

ASPEED TECHNOLOGY INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of the principal portion of lease liabilities	$ (21,283)	$ (20,820)
Cash dividends	(892,204)	(752,946)
Net cash used in financing activities	(913,487)	(773,766)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	31,297	38,636
NET INCREASE IN CASH AND CASH EQUIVALENTS	426,643	120,654
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,511,379	1,390,725
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,938,022	$ 1,511,379

The accompanying notes are an integral part of the financial statements. (Concluded)

ASPEED TECHNOLOGY INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

ASPEED Technology Inc. (the “Company”) has been approved by the Ministry of Economic Affairs for establishment on November 15, 2004. The Company is mainly engaged in the manufacturing of electronic products, wholesale of information software, retail and service industry, international trade, intellectual property, product design, and other industrial and commercial services. The Company’s shares have been traded on the Taipei Exchange since April 30, 2013.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors and authorized for issue on March 7, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018–2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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 IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17-Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

For the convenience of readers, the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language parent company only financial statements shall prevail.

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing its parent company only financial statements, the Company used equity method to account for its investment in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries and related equity items, as appropriate, in the parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

e. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

f. Inventories

Inventories consist of work-in-process and finished goods are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

g. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment in a subsidiary is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. Any difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized in equity.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables (including related parties)).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial Liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liabilities derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

2) Decommissioning

The Company has the obligation for decommissioning at the end of the useful lives of offices. Pursuant to regulations, the Company estimates the decommissioning costs, which are discounted by applying the effective interest rate and recognized as the carrying amount. The decommissioning costs are capitalized and added to the carrying amount of property, plant and equipment.

The Company recognizes both the increased decommissioning provisions discounted on a time basis and interest expense. The Company regularly reviews the change of decommissioning obligation at each end of the reporting period and adjusts it to reflect the best estimates.

n. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of multimedia integrated circuits (ICs) and computer peripherals oriented ICs. Sales of multimedia ICs and computer peripherals oriented ICs are recognized as revenue when the ICs are delivered to the customer. Trade receivables are recognized concurrently because it is the time when the customer has full discretion to set the price, use, resell the goods to future customers and bears the risks of obsolescence.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Royalties revenue

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement and provided that it is probable that the economic benefits will flow to the Company and that the amount of revenue can be measured reliably. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognized by reference to the underlying arrangements.

o. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

q. Restricted shares for employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in other equity - unearned employee benefit. It is recognized as an expense in full at the grant date if vesting immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and should be returned, they are recognized as payables. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in capital surplus - restricted shares for employees.

At the end of each reporting period, the Company revises its estimate of the number of restricted shares for employees expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital surplus - restricted share option for employees.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the income tax law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

If a temporary difference arises from the initial recognition of assets and liabilities in a transaction that (other than in the acquisition of a subsidiary) affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on any taxable temporary difference arising from the initial recognition of goodwill included in the investment in the subsidiary.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the COVID-19 when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 101	$ 86
Demand deposits	1,215,529	969,642
Cash equivalents		
Repurchase agreements collateralized by bonds	722,392	541,651
	$ 1,938,022	$ 1,511,379

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31	
	2021	**2020**
Bank deposits	0.01%-0.20%	0.01%-0.20%
Repurchase agreements collateralized by bonds	0.30%	0.43%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	**2020**
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 300,681	$ 225,625
Foreign shares	12,541	-
Domestic listed shares	218,893	127,225
	$ 532,115	$ 352,850
Financial assets mandatorily classified as at FVTPL - non-current		
Non-derivative financial assets		
Foreign corporate bonds	$ 82,686	$ -

8. TRADE RECEIVABLES

	December 31	
	2021	2020
Trade receivables		
Non-related parties	$ 828,723	$ 515,341
Trade receivables		
At amortized cost		
Gross carrying amount	$ 828,723	$ 515,341
Less: Allowance for impairment loss	-	-
	$ 828,723	$ 515,341

The average credit period of sale of goods was 30-60 days. The Company adopted a policy that is in order to minimize credit risk, the management of the Company regularly reviews credit limits and credit approvals and performs other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Before trading with new customers, the Company assesses the potential customer's credit quality and defines credit limits based on the credit rating system. Credit rating information is obtained from independent rating agencies where available or, if not available, the Company uses other publicly available financial information or its own trading records to rate its major customers.

As for the trade receivables that are overdue at the end of the reporting date but not yet recognized as the allowance for bad debts, the credit quality has not changed significantly; thus, the management of the Company believes that the amount can still be recovered. The Company does not hold any collateral or other credit enhancements to those trade receivables.

The Company which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2021

	Gross Carrying Amount	Loss Allowance	Amortized Cost
Not past due	$ 561,879	$ -	$ 561,879
Past due			
Within 30 days	249,288	-	249,288
31-60 days	17,418	-	17,418
61-90 days	138	-	138
91-180 days	-	-	-
	$ 828,723	$ -	$ 828,723

December 31, 2020

	Gross Carrying Amount	Loss Allowance	Amortized Cost
Not past due	$ 424,780	$ -	$ 424,780
Past due			
Within 30 days	71,774	-	71,774
31-60 days	18,787	-	18,787
61-90 days	-	-	-
91-180 days	-	-	-
	$ 515,341	$ -	$ 515,341

9. INVENTORIES

	December 31	
	2021	2020
Finished goods	$ 110,533	$ 165,689
Work in progress	46,980	373
	$ 157,513	$ 166,062

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was $1,262,074 thousand and $1,127,698 thousand, respectively. The cost of inventories recognized as operating cost were as follows:

	December 31	
	2021	2020
Inventory write-downs (reversed)	$ (4,067)	$ 8,130
Loss on disposal of inventories	$ 4,694	$ 2,552

10. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

a. Investments in subsidiaries

	December 31	
	2021	2020
ASPEED Technology (Samoa) Inc.	$ 36,771	$ 34,004
ASPEED Technology India Private Limited	75	97
Cupola360 Inc.	6,662	8,852
	$ 43,508	$ 42,953

Name of Subsidiaries	Proportion of Ownership and Voting Rights December 31 2021	Proportion of Ownership and Voting Rights December 31 2020
ASPEED Technology (Samoa) Inc.	100%	100%
ASPEED Technology India Private Limited	1%	1%
Cupola360 Inc.	100%	100%

1) The Company holds 99% shares of ASPEED Technology India Private Limited through ASPEED Technology (Samoa) Inc., as ASPEED Technology India Private Limited is a 100% owned subsidiary of the Company.

2) The investment accounted for using the equity method and the calculation of the share of profit or loss and other comprehensive income were recognized based on the financial statements of subsidiaries that have been audited.

11. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	2020
Assets used by the Company	$ 188,523	$ 143,664

a. Assets used by the Company

	Year Ended December 31, 2021				
	Balance at Beginning of the Year	Additions	Disposals	Reclassification Adjustment	Balance at End of the Year
Cost					
Machinery equipment	$ 26,826	$ 2,326	$ (5,627)	$ -	$ 23,525
Office equipment	12,879	3,783	(1,946)	-	14,716
Other equipment	193,979	105,423	(43,197)	2,954	259,159
	233,684	$ 111,532	$ (50,770)	$ 2,954	297,400

(Continued)

	Year Ended December 31, 2021				
	Balance at Beginning of the Year	Additions	Disposals	Reclassification Adjustment	Balance at End of the Year
Accumulated depreciation					
Machinery equipment	$ 12,946	$ 5,907	$ (3,881)	$ -	$ 14,972
Office equipment	5,345	2,811	(1,946)	-	6,210
Other equipment	71,729	59,163	(43,197)	-	87,695
	90,020	$ 67,881	$ (49,024)	$ -	108,877
Carrying amount	$ 143,664				$ 188,523

(Concluded)

	Year Ended December 31, 2020				
	Balance at Beginning of the Year	Additions	Disposals	Reclassification Adjustment	Balance at End of the Year
Cost					
Machinery equipment	$ 26,696	$ 2,706	$ (2,576)	$ -	$ 26,826
Office equipment	8,488	1,806	(260)	2,845	12,879
Other equipment	121,694	79,303	(32,115)	25,097	193,979
Construction in progress	25,097	-	-	(25,097)	-
	181,975	$ 83,815	$ (34,951)	$ 2,845	233,684
Accumulated depreciation					
Machinery equipment	8,936	$ 6,586	$ (2,576)	$ -	12,946
Office equipment	2,817	2,788	(260)	-	5,345
Other equipment	47,531	56,313	(32,115)	-	71,729
	59,284	$ 65,687	$ (34,951)	$ -	90,020
Carrying amount	$ 122,691				$ 143,664

The above items of property, plant and equipment are depreciated on a straight-line basis over their following estimated useful lives as follows:

Machinery equipment	3-5 years
Office equipment	4-5 years
Other equipment	3-5 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Buildings	$ 58,745	$ 80,737
Transportation equipment	-	662
	$ 58,745	$ 81,399

	For the Year Ended December 31	
	2021	**2020**
Additions to right-of-use assets	$ 637	$ 5,537
Depreciation charge for right-of-use assets		
Buildings	$ 22,218	$ 21,946
Transportation equipment	662	882
	$ 22,880	$ 22,828

b. Lease liabilities

	December 31	
	2021	**2020**
Carrying amount		
Current	$ 20,534	$ 20,873
Non-current	$ 35,522	$ 56,248

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	**2020**
Buildings	2.00%	2.00%
Transportation equipment	-	2.50%

c. Material lease-in activities and terms

The Company leases certain buildings for the use of manufacturing and office with lease terms of 1 to 5 years. The Company doesn't have options to purchase the equipment for a nominal amount at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2021	**2020**
Expenses relating to short-term leases	$ 229	$ -
Expenses relating to low-value asset leases	$ 127	$ 178
Total cash outflow for leases	$ (22,994)	$ (22,772)

The Company's leases of certain office equipment qualify as short-term and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. GOODWILL

	December 31	
	2021	2020
Cost		
Balance at the January 1 and December 31	$ 369,040	$ 369,040

On December 30, 2016, the Company acquired the pilot product line, which was mainly expected to create synergies and benefits to the company's existing products. When an impairment test is performed, the goodwill is related to the Company and deemed as a single cash-generating unit. Therefore, the impairment of goodwill is assessed by calculating the recoverable amount of the Company and the carrying amount of the net assets.

In addition, according to the asset impairment assessment analysis report issued by the Company, the financial forecast of the company from 2022 to 2026 is based on the financial analysis, according to the following: (a) management's reference to revenue growth rate of historical period, and (b) the difference between actual results and estimates of operating profit in 2021 and 2020, with conservative data as the basis for prediction.

The recoverable amount of the total cash-generating unit is still greater than the carrying amount, so no impairment loss is recognized.

The Company's recoverable amount is determined on the basis of the value in use, and the cash flow estimate of the financial budget for the next five years is approved by the management of the Company and is calculated using the annual discount rate of 15.26%.

14. OTHER INTANGIBLE ASSETS

	For the Years Ended December 31, 2021			
	Balance at Beginning of the Year	Additions	Disposals	Balance at End of the Year
Cost				
Licenses	$ 201,106	$ 17,134	$ -	$ 218,240
Software	1,841	174	(829)	1,186
Client relationship	145,552	-	-	145,552
Existing technology	359,030	-	-	359,030
Trademark	45,283	-	-	45,283
Others	3,000	1,000	-	4,000
	755,812	$ 18,308	$ (829)	773,291
Accumulated amortization				
Licenses	76,028	$ 45,462	$ -	121,490
Software	1,073	455	(829)	699
Client relationship	72,776	18,194	-	90,970
Existing technology	205,160	51,290	-	256,450
Trademark	25,876	6,469	-	32,345
Others	361	958	-	1,319
	381,274	$ 122,828	$ (829)	503,273
Carrying amount	$ 374,538			$ 270,018

	For the Years Ended December 31, 2020			
	Balance at Beginning of the Year	Additions	Disposals	Balance at End of the Year
Cost				
Licenses	$ 164,931	$ 49,810	$ (13,635)	$ 201,106
Software	1,634	494	(287)	1,841
Client relationship	145,552	-	-	145,552
Existing technology	359,030	-	-	359,030
Trademark	45,283	-	-	45,283
Others	450	2,550	-	3,000
	716,880	$ 52,854	$ (13,922)	755,812
Accumulated amortization				
Licenses	52,797	$ 36,866	$ (13,635)	76,028
Software	964	396	(287)	1,073
Client relationship	54,582	18,194	-	72,776
Existing technology	153,870	51,290	-	205,160
Trademark	19,407	6,469	-	25,876
Others	25	336	-	361
	281,645	$ 113,551	$ (13,922)	381,274
Carrying amount	$ 435,235			$ 374,538

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Licenses	3-7 years
Software	3 years
Client relationship	8 years
Existing technology	7 years
Trademark	7 years
Others	3-4 years

15. OTHER ASSETS

	December 31	
	2021	2020
Current		
Prepayments	$ 9,755	$ 88,360
Tax refund receivables	1,025	-
Other receivables	413	503
	$ 11,193	$ 88,863

(Continued)

	December 31	
	2021	2020
Non-current		
Refundable deposits	$ 10,138	$ 10,138
Prepayments for computer software	8,350	-
Prepayments for maintenance fee	3,150	-
Prepayments for equipment	93	2,954
	$ 21,731	$ 13,092

(Concluded)

16. TRADE PAYABLES

	December 31	
	2021	2020
Trade payables		
Operating	$ 264,119	$ 87,414

17. OTHER PAYABLES

	December 31	
	2021	2020
Current		
Other payables		
Payables for salaries or bonuses	$ 25,334	$ 14,230
Payables for purchases of equipment	18,463	80
Payables for services	5,210	4,695
Payables for royalties	4,928	4,198
Payables for employee welfare	4,731	2,835
Payables for pension	1,645	1,504
Payables for sales tax	-	3,665
Others	4,634	4,890
	$ 64,945	$ 36,097
Other liabilities		
Refund liabilities	$ 139,270	$ 105,185
Receipts under custody	1,527	1,060
Contract liabilities (Note 21)	71	-
	$ 140,868	$ 106,245

18. PROVISIONS

	December 31	
	2021	2020
Current		
Warranties (a)	$ 39,686	$ 32,809
Non-current		
Decommissioning (b)	$ 6,447	$ 6,447

	Warranties	Decommissioning
Balance at January 1, 2021	$ 32,809	$ 6,447
Additional provisions recognized	6,877	-
Balance at December 31, 2021	$ 39,686	$ 6,447

a. The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

b. The provision for decommissioning represents the Company's obligation to decommission.(including the restoration of the office). The costs are estimated based on internal research, and the Company regularly reviews and adjusts it to reflect the best estimates.

19. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (LPA), which is deemed a defined contribution plan. Pursuant to the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expenses recognized in the consolidated statement of comprehensive income were $6,447 thousand and $5,777 thousand, representing the contributions made and to be made to these plans by the Company at the rates specified in the plans for the years ended December 31, 2021 and 2020, respectively.

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands of shares)	50,000	50,000
Shares authorized par value $10 (in thousands of NTD)	$ 500,000	$ 500,000
Number of shares issued and fully paid (in thousands of shares)	34,369	34,320
Shares issued and fully paid (in thousands of NTD)	$ 343,694	$ 343,200

Ordinary shares issued and fully paid have a par value of NT$10. Each share has one voting right and the right to receive dividends.

On March 7, 2011, the board of directors of the Company resolved that the Company will take back 14,000 new shares of restricted employee rights from former employees without compensation in accordance with the law. The capital reduction operation was planned, and the base date for capital reduction was planned to be March 7, 2011.

On March 7, 111, the board of directors of the Company made a resolution in accordance with the Company's Article, article 241 subparagraphs 1 and 2 of paragraph 1 which stipulate that capital reserves should be used for capital, and the total amount of the annual capital shall not exceed 10% of the paid-in capital. The proposed capital reserve of NT$34,355 thousand was converted into capital for the issuance of new shares at NT$10 per share, with 3,436 thousand shares allotted to 100 shares for every 1,000 shares.

Changes in the Company's share capital are mainly due to the issuance of employee share compensation.

For the Company's acquisition of Emulex Corporation's server remote management chip pilot product line and related assets and for follow-up strategic cooperation plan, the Company held an extraordinary shareholders' meeting on December 23, 2016 and issued 2,022 thousand shares through a private placement in accordance with Article 43-6 of the Securities Exchange Act. The price of private placement per share was NT$297.6. The total private placement price was NT$601,747 thousand, and the capital increase base date was December 30, 2016.

b. Capital surplus

	December 31	
	2021	**2020**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)		
Issuance of ordinary shares	$ 793,019	$ 793,019
Employee share bonus	467,500	359,737
From expired/vested employee restricted shares	54,483	38,409
From exercised/expired employee share options	2,156	2,156
May not be used for any purpose		
Employee restricted shares	53,972	80,219
	$ 1,371,130	$ 1,273,540

a) The capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

The shareholders of the Company held their regular meeting on May 29, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge. When the reserves are to be distributed in cash, the distribution may be approved by the board of directors and reported to the shareholders' meeting.

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting when the reserves are to be distributed as bonuses to shareholders.

For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 22(g).

The Company's Articles stipulate the dividends policy based on present and future projects, investment environment, capital requirements, domestic and international competitive environment, and the interests of shareholders, whereby the Company distributes no less than 10% of the distributable earnings in the form of dividend bonus. If the accumulatively distributable earnings were less than 50% of the Company's paid-in capital, the dividend bonus would not be distributed. In principle, cash dividends are limited to no less than 10% of the total dividends distributed.

The appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset any deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 approved in the shareholders' meetings on July 30, 2021 and May 19, 2020, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	2019
Legal reserve	$ 100,470	$ 83,118
Special reserve	$ 11,299	$ 3,093
Cash dividends	$ 892,204	$ 752,946
Cash dividends per share (NT$)	$ 26.00	$ 22.00

The above appropriations for cash dividends had been resolved by the Company's board of directors on March 8, 2021 and March 2, 2020.

The appropriation of earnings for 2021 has been proposed by the Company's board of directors on March 7, 2022. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ 131,292
Special reserve	$ (23,722)
Cash dividends	$ 1,202,427
Cash dividends per share (NT$)	$ 35.00

The above cash dividends have been distributed by the Company's boards of directors and the rest are yet to be resolved at the shareholder's meetings expected to be held on May 31, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 34,592	$ 31,499
Debits (reversal of debits) to other equity items	11,299	3,093
Balance at December 31	$ 45,891	$ 34,592

e. Other equity items

1) Unearned employee benefits

For information about the restricted share plans for employees, refer to Note 25.

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (41,675)	$ (32,371)
Issued	-	(38,557)
Cancelled	10,281	1,070
Share-based payment expenses recognized	14,609	28,183
Balance at December 31	$ (16,785)	$ (41,675)

2) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (4,217)	$ (2,222)
Exchange differences on translation of the financial statements of foreign operations	(1,167)	(1,995)
Balance at December 31	$ (5,384)	$ (4,217)

21. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2021	2020
Revenue from the sale of goods	$ 3,636,161	$ 3,063,403
Royalty income	1,471	149
	$ 3,637,632	$ 3,063,552

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Trade receivables (Note 8)	$ 828,723	$ 515,341	$ 628,847
Contract liabilities (Note 17)			
Sale of goods	$ 71	$ -	$ -

The changes in the contract liability balances primarily result from the timing difference between the Company's performance and the customer's payment.

c. Disaggregation of revenue

For the year ended December 31, 2021

	Reportable Segments			
	Multimedia Integrated Circuits (ICs)	Computer Peripherals Oriented ICs	Others	Total
Type of goods or services				
Sale of goods	$ 3,392,407	$ 225,360	$ 18,394	$ 3,636,161
Royalty	-	-	1,471	1,471
	$ 3,392,407	$ 225,360	$ 19,865	$ 3,637,632

For the year ended December 31, 2020

	Reportable Segments			
	Multimedia Integrated Circuits (ICs)	Computer Peripherals Oriented ICs	Others	Total
Type of goods or services				
Sale of goods	$ 2,900,494	$ 155,963	$ 6,946	$ 3,063,403
Royalty	-	-	149	149
	$ 2,900,494	$ 155,963	$ 7,095	$ 3,063,552

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2021	2020
Interest income		
Bank deposits	$ 221	$ 2,187
Repurchase agreements collateralized by bonds	3,006	5,684
Financial asset or financial liability at fair value through profit	6,775	2,186
Others	69	84
	$ 10,071	$ 10,141

b. Other income

	For the Year Ended December 31	
	2021	**2020**
Others	$ 5,079	$ 5,375

c. Other gains and losses

	For the Year Ended December 31	
	2021	**2020**
Net foreign exchange (losses) gains	$ (53,331)	$ (61,459)
Net (loss) gain on fair value changes of financial assets through profit or loss	550	(1,979)
Gain on disposal of investment properties	378	7,740
Loss on disposal of property, plant and equipment	(1,746)	-
Others	-	(58)
	$ (54,149)	$ (55,756)

d. Finance costs

	For the Year Ended December 31	
	2021	**2020**
Interest on loans	$ 1,771	$ 1,475
Interest on lease liability	1,355	1,774
	$ 3,126	$ 3,249

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	**2020**
An analysis of depreciation by function		
Operating costs	$ -	$ -
Operating expenses	90,761	88,515
	$ 90,761	$ 88,515
An analysis of amortization by function		
Operating costs	$ -	$ -
Selling and marketing expenses	18,194	18,194
General and administration expenses	6,816	6,772
Research and development expenses	97,818	88,585
	$ 122,828	$ 113,551

f. Employee benefits expense

	For the Year Ended December 31	
	2021	**2020**
Post-employment benefits (Note 19)		
Defined contribution plans	$ 6,447	$ 5,777
Share-based payments (Note 25)	14,609	28,183
Other employee benefits	346,289	271,330
Total employee benefits expense	$ 367,345	$ 305,290
An analysis of employee benefits expense by function		
Operating costs	$ -	$ -
Operating expenses	367,345	305,290
	$ 367,345	$ 305,290

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 8% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2021 and 2020, which have been approved by the Company's board of directors on March 7, 2022 and March 8, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	**2020**
Compensation of employees	8%	8%
Remuneration of directors and supervisors	1%	1%

Amount

	For the Year Ended December 31			
	2021		**2020**	
	Cash	**Shares**	**Cash**	**Shares**
Compensation of employees	$ -	$ 141,518	$ -	$ 108,367
Remuneration of directors and supervisors	17,690	-	13,546	-

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The number of shares of the compensation of employees, which was determined by dividing the amount of the compensation of employees resolved for 2021 and 2020 by the closing price per share of NT$2,695 and NT$1,800, respectively, which is determined on the day immediately preceding the meeting of the Company's board of directors, was 53 thousand shares and 60 thousand shares for 2021 and 2020, respectively.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	**2020**
Foreign exchange gains	$ 10,303	$ 16,310
Foreign exchange losses	(63,634)	(77,769)
	$ (53,331)	$ (61,459)

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2021	**2020**
Current tax		
In respect of the current year	$ 323,092	$ 237,055
Adjustments for prior years	(4,892)	(6,575)
	318,200	230,480
Deferred tax		
In respect of the current year	(21,358)	(8,376)
Income tax expense recognized in profit or loss	$ 296,842	$ 222,104

A reconciliation of accounting loss and income tax expense was as follows:

	For the Year Ended December 31	
	2021	**2020**
Income before tax from continuing operations	$ 1,609,767	$ 1,226,793
Income tax expense calculated at the statutory rate (20%)	$ 321,953	$ 245,359
Non-deductible expenses in determining taxable income	(3,578)	(1,036)
Deductible temporary differences	3,336	(116)
Investment credits	(19,977)	(15,528)
Adjustments for prior years' tax	(4,892)	(6,575)
Income tax expense recognized in profit or loss	$ 296,842	$ 222,104

b. Current tax liabilities

	December 31 2021	December 31 2020
Current tax liabilities		
Income tax payable	$ 222,026	$ 149,615

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred Tax Assets			
Temporary differences			
Inventory write-down	$ 1,813	$ (813)	$ 1,000
Investments accounted for using the equity method	3,352	(344)	3,008
Provisions	6,562	1,375	7,937
Refund liabilities	21,037	6,816	27,853
Deferred depreciation expense for decommissioning of right-of-use assets	258	258	516
	$ 33,022	$ 7,292	$ 40,314
Deferred Tax Liabilities			
Temporary differences			
Unrealized net foreign exchange gains	$ 3,880	$ (169)	$ 3,711
Other intangible assets - acquisitions	45,329	(13,897)	31,432
	$ 49,209	$ (14,066)	$ 35,143

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred Tax Assets			
Temporary differences			
Inventory write-down	$ 188	$ 1,625	$ 1,813
Investments accounted for using the equity method	3,867	(515)	3,352
Provisions	5,314	1,248	6,562
Refund liabilities	28,203	(7,166)	21,037
Deferred depreciation expense for decommissioning of right-of-use assets	-	258	258
	$ 37,572	$ (4,550)	$ 33,022

(Continued)

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred Tax Liabilities			
Temporary differences			
Unrealized net foreign exchange gains	$ 2,909	$ 971	$ 3,880
Other intangible assets - acquisitions	59,226	(13,897)	45,329
	$ 62,135	$ (12,926)	$ 49,209

(Concluded)

d. Income tax assessments

The Company's tax returns through 2019 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	$ 38.00	$ 29.38
Diluted earnings per share	$ 38.17	$ 29.25

The income and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Income for the Year

	For the Year Ended December 31	
	2021	2020
Income for the year attributable to owners of the Company	$ 1,312,925	$ 1,004,689

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares in computation of basic earnings per share	34,283	34,192
Effect of potentially dilutive ordinary shares:		
Compensation of employees	51	79
Restricted shares to employees	64	74
Weighted average number of ordinary shares in computation of diluted earnings per share	34,398	34,345

The Company may settle the compensation in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted share plan for employees

Information on restricted share plan for employees was as follows:

Approved Date	Grant Shares (Thousand)	Board of Directors Approved Issue Date	Issued Date	Issued Shares (Thousand)	Fair Value
2016/06/29	100	2016/11/04	2016/12/05	30	$ 446
2017/05/26	100	2017/11/03	2018/02/05	36	740
2018/05/30	40	2018/11/05	2018/11/12	21	481
2019/05/29	100	2019/08/02	2019/09/10	28	791
2019/05/29	100	2019/08/02	2020/02/05	31	952
2019/05/29	100	2019/08/02	2020/03/02	9	1,005

On May 29, 2019, the shareholder’s meeting resolved to issue a restricted share plan for employees with a total of 100 thousand shares. The Company shall set up the actual issuance date (s) in one tranche or in installments within one year from the date of receipt of the effective registration of the competent authority. The board of directors authorized the Company’s chairman to determine the issue date. The main elements of the restricted share plan for employees were as follows:

a. Issue price: the Company issued the gratuitous restricted shares for employees.

b. Vesting conditions of restricted shares for employees are as follows:

    a) To meet the vesting conditions, an employee has to meet performance and other conditions over the vesting period, as follows:

        Remain employed by the Company within 1 year - 10% of restricted shares will be vested;

        Remain employed by the Company within 2 year - 10% of restricted shares will be vested;

        Remain employed by the Company within 3 year - 40% of restricted shares will be vested;

        Remain employed by the Company within 4 year - 40% of restricted shares will be vested;

    b) When the employees do not reach the vesting conditions, the Company will recover and cancel the shares.

    c) During the vesting period, the dividends will distribute to employees gratuitously.

c. In addition to the vesting conditions, the limitations are as follows:

a) The employees cannot sell, pledge, transfer, donate or, in any other way, dispose of these shares.

b) During the vesting period, the rights of attending shareholders' meeting, proposal, speech, resolution and voting right, etc., will enforce by trust institutions.

Information on restricted share plan for employees was as follows:

	Number of Shares (In Thousands) For the Year Ended December 31	
	2021	**2020**
Balance at January 1	100	78
Granted	-	40
Vested	(22)	(16)
Cancelled	(11)	(2)
Balance at December 31	67	100

For the years ended December 31, 2021 and 2020, the compensation costs recognized were NT$14,609 thousand and NT$28,183 thousand, respectively.

26. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to operate under the premises of going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on a regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders and the number of new shares issued.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 300,681	$ -	$ -	$ 300,681
Foreign shares	12,541	-	-	12,541
Domestic listed shares	218,893	-	-	218,893
Financial assets at FVTPL - non-current				
Foreign corporate bonds	-	82,686	-	82,686
	$ 532,115	$ 82,686	$ -	$ 614,801

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 225,625	$ -	$ -	$ 225,625
Domestic listed shares	127,225	-	-	127,225
	$ 352,850	$ -	$ -	$ 352,850

There were no transfers between Level 1 and Level 2 in the current and prior years.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Foreign corporate bonds	It is based on the market transaction price provided by a third-party institution as a measurement.

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
Financial assets at amortized cost (1)	$ 2,777,296	$ 2,037,361
Financial assets at FVTPL	614,801	352,850
Financial liabilities		
Measured at amortized cost (2)	309,512	124,359

1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, trade and other receivables and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise trade payables (including related parties) and other payables.

d. Financial risk management objectives and policies

The Company's major financial instruments include mutual investments, trade receivables and trade payables. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), and interest rates (see (b) below).

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Approximately 100% of the Company's sales were denominated in currencies other than the functional currency, whilst almost 99% of costs were denominated in the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Company was mainly exposed to the USD.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2021	**2020**
Pre-tax profit	$ 80,963	$ 71,335

This was mainly attributable to the exposure on outstanding receivables and payables in USD which were not hedged at the end of the reporting period.

The Company's sensitivity to USD currency increased during the current period mainly due to the increase in the net assets of the USD which was due to the increase in bank deposits, cash equivalents, accounts receivable and financial assets measured at fair value through profit and loss denominated in USD.

The management believes that the sensitivity analysis cannot represent the inherent risk of the exchange rate, because the foreign currency risk at the end of the reporting period cannot reflect the mid-year risk situation.

b) Interest rate risk

Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring that the most cost-effective hedging strategies are applied.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	$ 805,078	$ 541,651
Cash flow interest rate risk		
Financial assets	1,215,529	969,642

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

A 0.1 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The Company had no floating rate liabilities for the years ended December 31, 2021 and 2020.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company had available unutilized short-term bank loan facilities of $1,050,000 and $650,000 thousand, respectively.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The Company's remaining contractual maturity for its non-derivative financial liabilities were drawn up based on the undiscounted cash flows (included principal and interest) of financial liabilities from the earliest date on which the Company can be required to pay.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Lease liabilities	$ 1,789	$ 3,578	$ 16,100	$ 36,153	$ -	$ 57,620
Non-interest bearing						
Trade payables	134,509	129,610	-	-	-	264,119
Other payables	24,348	12,554	8,491	-	-	45,393
	$ 160,646	$ 145,742	$ 24,591	$ 36,153	$ -	$ 367,132

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 21,467	$ 36,153	$ -	$ -	$ -	$ -

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Lease liabilities	$ 1,871	$ 3,742	$ 16,612	$ 57,818	$ -	$ 80,043
Non-interest bearing						
Trade payables (including related parties)	77,867	22,755	-	-	-	100,622
Other payables (including related parties)	17,942	1,234	4,569	-	-	23,745
	$ 97,680	$ 27,731	$ 21,181	$ 57,818	$ -	$ 204,410

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 22,225	$ 57,818	$ -	$ -	$ -	$ -

b) Financing facilities:

	December 31	
	2021	2020
Unsecured borrowings facilities		
Amount unused	$ 1,050,000	$ 650,000

28. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, detail of transactions between the Company and related parties are disclosed below.

a. Related parties and their relationships associated with the Company:

Related Parties	Relationship with the Company
ATEN International Co., Ltd.	Investor with significant influence over the Company (non-related party since April 1, 2020)
Avago Technologies International Sales PTE. Limited	Investor with significant influence over the Company (non-related parties since February 26, 2021)
ASPEED Technology (U.S.A.) Inc.	Subsidiary
ASPEED Technology India Private Limited	Subsidiary
Cupola360 Inc.	Subsidiary

b. Operating revenue

	For the Year Ended December 31	
Related Party Category	2021	2020
Investor with significant influence over the Company	$ -	$ 1,459

The sales of the related party are determined according to the agreed terms of both parties, and the collection conditions are equivalent to the general trading conditions.

c. Purchases

	For the Year Ended December 31	
Related Party Name	2021	2020
Avago Technologies International Sales PTE. Limited	$ 3,612	$ 214,545

The purchase of the related party is determined according to the agreed terms of the two parties, and there is no other suitable trading object to compare.

d. Production overheads

Related Party Category	For the Year Ended December 31 2021	2020
Investor with significant influence over the Group	$ -	$ 1,119

e. Operating expenses - Technology services expense

Related Party Name	December 31 2021	2020
ASPEED Technology (U.S.A.) Inc.	$ 79,807	$ 80,986

f. Payables to related parties

Line Items	Related Party Name	December 31 2021	2020
Payables to related parties	Avago Technologies International Sales PTE. Limited	$ -	$ 13,208
Other payables to related parties	ASPEED Technology (U.S.A.) Inc.	$ 7,427	$ 8,447

The outstanding trade payables to related parties are unsecured. The transaction price was based on the market price and is determined by both parties.

g. Lease arrangements - Company is lessor arrangements

Lease arrangements - Company is lessor under operating leases

The Company leases out its equipment to its subsidiary - Cupola360 Inc. under operating leases with lease terms of 1 year.

Future lease payment receivables are as follows:

Related Party Category/Name	December 31 2021	2020
Cupola360 Inc.	$ 36	$ 36

Lease income was as follows:

Related Party Category/Name	For the Year Ended December 31 2021	2020
Cupola360 Inc.	$ 36	$ 36

h. Compensation of key management personnel

The total amount of payroll to directors and supervisors and other key executives in 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 39,415	$ 30,636
Post-employment benefits	324	324
Share-based payments	3,125	4,091
	$ 42,864	$ 35,051

The remuneration of key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2021 and 2020 were as follows:

Under the agreement, the Company shall pay royalties at a percentage of the sales volume of certain products. For the years ended December 31, 2021 and 2020, royalty expenses amounted to $14,149 thousand and $14,166 thousand, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 74,697	27.68	$ 2,067,623
Non-monetary items			
Investments accounted for using the equity method			
USD	1,331	27.68	36,846
Financial liabilities			
Monetary items			
USD	16,198	27.68	448,361

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 60,806	28.48	$ 1,731,754
Non-monetary items			
Investments accounted for using the equity method			
USD	1,197	28.48	34,101
Financial liabilities			
Monetary items			
USD	7,642	28.48	217,644

The significant (unrealized) foreign exchange gains (losses) were as follows:

	2021		2020	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	27.68 (USD:NTD)	$ 18,555	28.48 (USD:NTD)	$ 19,401

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Marketable securities held:

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (In Thousands)	Carrying Amount (In Thousands)	Percentage of Ownership (%)	Fair Value (In Thousands)	
ASPEED Technology Inc.	Shares - Shin Kong Financial Holding Co., Ltd. Preference Shares A	-	Financial assets at FVTPL - current	1,500	$ 63,900	-	$ 63,900	Note
	Shares - CTBC Financial Holding Co., Ltd. Preference Shares C	-	Financial assets at FVTPL - current	1,000	61,600	-	61,600	Note
	Shares -ARK INNOVATION ETF	-	Financial assets at FVTPL - current	5	12,541	-	12,541	Note
	Shares -Yuanta Securities Investment Trust Co., Ltd. 2881A Fubon Te	-	Financial assets at FVTPL - current	213	13,462	-	13,462	Note
	Shares -Yuanta Securities Investment Trust Co., Ltd. 2882A Cathay Pacific	-	Financial assets at FVTPL - current	311	19,562	-	19,562	Note

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (In Thousands)	Carrying Amount (In Thousands)	Percentage of Ownership (%)	Fair Value (In Thousands)	
ASPEED Technology Inc.	Shares -Yuanta Securities Investment Trust Co., Ltd. 2881C Fubon Gold Brite	-	Financial assets at FVTPL - current	1,004	$ 60,369	-	$ 60,369	Note
	Funds - Yuanta Taiwan High-yield Leading Company Fund-TWD (A) No Dividend	-	Financial assets at FVTPL - current	138	2,179	-	2,179	Note
	Funds - Fuh Hwa US S&P 500 Low Volatility Index Fund	-	Financial assets at FVTPL - current	6,000	67,080	-	67,080	Note
	Funds - Allianz Global Investors Fund - Allianz Flexi Asia Bond AT USD	-	Financial assets at FVTPL - current	85	26,013	-	26,013	Note
	Funds - Allianz Multi-Credit Bond Fund-AT Accumulated Shares (USD)	-	Financial assets at FVTPL - current	90	27,755	-	27,755	Note
	Funds - JPMorgan Global Bond Yield USD Cumulative USD	-	Financial assets at FVTPL - current	8	28,539	-	28,539	Note
	Funds - ETF-0050 Yuanta Taiwan 50	-	Financial assets at FVTPL - current	254	37,010	-	37,010	Note
	Funds - Fuhua Ruihua Fund	-	Financial assets at FVTPL - current	4,827	52,137	-	52,137	Note
	Funds - PIMCO Multi-Yield Bond Fund-Class E (Accumulated Shares)	-	Financial assets at FVTPL - current	23	15,816	-	15,816	Note
	Funds - Pictet-Environmental Opportunities-P USD	-	Financial assets at FVTPL - current	1	14,516	-	14,516	Note
	Funds - JPM China (USD)-A shares (distribution)	-	Financial assets at FVTPL - current	6	15,895	-	15,895	Note
	Funds - Allianz Income Growth Fund-AM stable monthly closing stocks in USD	-	Financial assets at FVTPL - current	24	6,954	-	6,954	Note
	Funds - Linked bonds/structured commodities OTHST-0007 UBS EQT PREFERENCE UBS CIO 30 051028	-	Financial assets at FVTPL - current	250	6,787	-	6,787	Note
	Bonds - Foxconn Far East HONHAI Corporate Bonds	-	Financial assets at FVTPL - non-current	30	82,686	-	82,686	Note

(Concluded)

Note: The value is calculated by net value on December 31, 2020.

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: (Table 1)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: None

10) Information on investees:

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (In thousands) December 31		As of December 31, 2021			Net Income (Loss) of the Investee (In thousands)	Share of Profits (Loss) (In thousands)	Note
				2021	2020	Number of Shares (In thousands)	%	Carrying Amount (In thousands)			
ASPEED Technology Inc.	ASPEED Technology (Samoa) Inc.	Samoa	Investment holding company	$ 48,763	$ 48,763	1,550	100	$ 36,771	$ 3,930	$ 3,930	-
	ASPEED Technology India Private Limited	India	R&D and technical services	166	166	35	1	75	(1,717)	(18)	-
	Cupola360 Inc.	Taiwan	Software Design Services	15,000	15,000	1,500	100	6,662	(2,190)	(2,190)	-

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gains or losses, carrying amount of the investment at the end of the period, repatriations investment gains or losses, and limit on the amount of investment in the mainland China area: None

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder

Name of Major Shareholder	Shares	
	Number of Shares	**Percentage of Ownership (%)**
Fenghua Investment Co., Ltd.	4,775,524	13.89

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

32. SEGMENT INFORMATION

The Company has disclosed the department information in the financial report, and the individual financial report does not disclose relevant information.

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Beginning Balance		Acquisition		Disposal				Ending Balance	
			Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
ASPEED TECHNOLOGY INC.	Bonds - Foxconn Far East HONHAI Corporate Bonds	Financial assets at FVTPL - non - current	-	$ -	30	$ 83,738	-	$ -	$ -	$ -	30	$ 82,686

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items.

Note 2: The accumulated buying and selling amount should be calculated separately based on the market price whether it reaches 300 million yuan or 20% of the paid-in capital.

Note 3: The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer’s stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

Note 4: The amount at the end of the period includes the amount of amortization of bond investment premiums and discounts and related adjustment items.

6. The Effect of Insolvency of the Company and Affiliates on the Financial Status of the Company：None

VIII. Financial Status, Operating Results and Status of Risk Management

1. Financial Status

(1) Consolidated Report

Unit: NT$1,000 / %

Item \ Year	2020	2021	Change	% of Change
Current Assets	2,675,184	3,508,766	833,582	31.16%
Property, Plant and Equipment	143,889	188,662	44,773	31.12%
Right-of-use assets	89,749	63,909	(25,840)	(28.79)%
Intangible Assets	748,292	641,677	(106,615)	(14.25)%
Other non-current assets	53,518	70,982	17,464	32.63%
Total assets	**3,710,632**	**4,556,682**	**846,050**	**22.80%**
Current Liabilities	589,596	931,197	341,601	57.94%
Non-current Liabilities	117,358	79,279	(38,079)	(32.45)%
Total liabilities	**706,954**	**1,010,476**	**303,522**	**42.93%**
Capital	343,200	343,694	494	0.14%
Capital surplus	1,273,540	1,371,130	97,590	7.66%
Retained Earnings	1,432,830	1,853,551	420,721	29.36%
Other Equity	(45,892)	(22,169)	23,723	51.69%
Total equity	**3,003,678**	**3,546,206**	**542,528**	**18.06%**

a. Explanation for changes that exceed 20% and reached NT$10 million in the past two years:

(I) Increase in Current Assets: Due to increase in cash and cash equivalents and account receivables.

(II) Increase in Property, Plant and Equipment: Due to the acquisition of property, plant and equipment for operating.

(III) Decrease in Right-of-use assets: Due to recognition of depreciation expense annually.

(IV) Increase in Current Liabilities: Due to increase in account payables and current tax liabilities.

(V) Decrease in Non-current Liabilities: Due to decrease in deferred tax liabilities and lease liabilities.

(VI) Increase in retained earnings: Due to increase in the profit generated from the 2021 business operation.

(VII) Increase in Other Equity: Due to increase in recognition of compensation cost of restricted shares for employees.

b. Future response plans to changes with material impact: Not applicable.

(2) Parent Company

Unit: NT$1,000 / %

Year / Item	2020	2021	Change	% of Change
Current Assets	2,634,495	3,467,566	833,071	31.62%
Investment accounted for using equity method	42,953	43,508	555	1.29%
Property, Plant and Equipment	143,664	188,523	44,859	31.22%
Right-of-use assets	81,399	58,745	(22,654)	(27.83)%
Intangible Assets	743,578	639,058	(104,520)	(14.06)%
Other non-current assets	46,114	62,045	15,931	34.55%
Total assets	**3,692,203**	**4,542,131**	**849,928**	**23.02%**
Current Liabilities	576,621	918,813	342,192	59.34%
Non-current Liabilities	111,904	77,112	(34,792)	(31.09)%
Total liabilities	**688,525**	**995,925**	**307,400**	**44.65%**
Capital	343,200	343,694	494	0.14%
Capital surplus	1,273,540	1,371,130	97,590	7.66%
Retained Earnings	1,432,830	1,853,551	420,721	29.36%
Other Equity	(45,892)	(22,169)	23,723	51.69%
Total equity	**3,003,678**	**3,546,206**	**542,528**	**18.06%**

a. Explanation for changes that exceed 20% and reached NT$10 million in the past two years:

(I) Increase in Current Assets: Due to increase in cash and cash equivalents and account receivables.

(II) Increase in Property, Plant and Equipment: Due to the acquisition of property, plant and equipment for operating.

(III) Decrease in Right-of-use assets: Due to recognition of depreciation expense annually.

(IV) Increase in Other non-current assets: Due to increase in deferred tax assets and other non-current assets.

(V) Increase in Current Liabilities: Due to increase in account payables and current tax liabilities.

(VI) Decrease in Non-current Liabilities: Due to decrease in deferred tax liabilities and lease liabilities.

(VII) Increase in Retained Earnings: Due to increase in the profit generated from the 2021 business operation.

(VIII) Increase in Other Equity: Due to increase in recognition of compensation cost of restricted shares for employees.

b. Future response plans to changes with material impact: Not applicable.

2. Operating Results

(1) Consolidated Report

Unit: NT$1,000 / %

Item \ Year	2020	2021	Change	% of Change
Net Sales	3,063,552	3,637,632	574,080	18.74%
Operating Costs	1,127,698	1,262,074	134,376	11.92%
Gross Profit	1,935,854	2,375,558	439,704	22.71%
Operating Expenses	665,073	723,178	58,105	8.74%
Operating Income	1,270,781	1,652,380	381,599	30.03%
Non-operating Income and Expenses	(43,733)	(42,303)	1,430	3.27%
Net Income before Income Tax	1,227,048	1,610,077	383,029	31.22%
Income Tax Expenses	222,359	297,152	74,793	33.64%
Net Income	1,004,689	1,312,925	308,236	30.68%
Total other comprehensive income (loss)	(1,995)	(1,167)	828	41.50%
Total comprehensive income the year	1,002,694	1,311,758	309,064	30.82%
Net Income attributable to owners of the Company	1,004,689	1,312,925	308,236	30.68%
Total comprehensive income attributable to owners of the Company	1,002,694	1,311,758	309,064	30.82%

a. Explanation for changes that exceed 20% and reached NT$10 million in the past two years:

(I) Increase in Gross Profit, Operating Income, Net Income before Income Tax, Income Tax Expenses, Net Income, Total comprehensive income the year, Net Income attributable to owners of the Company, and Total comprehensive income attributable to owners of the Company: Due to increase in market demand and revenue growth this year.

b. Expected sales and their basis, as well as the possible impact on the Company's future financial operations and response plans:

The Company's main products are Multimedia IC, Computer peripherals IC, and High-end consumer electronics IC. Based on sales forecasts for the existing products, development progress of new products, customers' expected production requirements, and the business development strategy, the sales unit expects that sales volume will continue to grow in 2022. Due to the continued growth of the Company's business scale, the Company mainly uses long-term funding sources for capital expenditures, and there should not be any shortage of funds within the near future. Furthermore, the Company has a solid relationship with suppliers, so there should not be any issue with product supply.

(2) Parent Company

Unit: NT$1,000 / %

Item \ Year	2020	2021	Change	% of Change
Net Sales	3,063,552	3,637,632	574,080	18.74%
Operating Costs	1,127,698	1,262,074	134,376	11.92%
Gross Profit	1,935,854	2,375,558	439,704	22.71%
Operating Expenses	668,148	725,388	57,240	8.57%
Operating Income	1,267,706	1,650,170	382,464	30.17%
Non-operating Income and Expenses	(40,913)	(40,403)	510	1.25%
Net Income before Income Tax	1,226,793	1,609,767	382,974	31.22%
Income Tax Expenses	222,104	296,842	74,738	33.65%
Net Income	1,004,689	1,312,925	308,236	30.68%
Other comprehensive income (loss)	(1,995)	(1,167)	828	41.50%
Total comprehensive income	1,002,694	1,311,758	309,064	30.82%
Net Income attributable to owners of the Company	1,004,689	1,312,925	308,236	30.68%
Total comprehensive income attributable to owners of the Company	1,002,694	1,311,758	309,064	30.82%

a. Explanation for changes that exceed 20% and reached NT$10 million in the past two years:
   (I) Increase in Gross Profit, Operating Income, Net Income before Income Tax, Income Tax Expenses, Net Income, Total comprehensive income the year, Net Income attributable to owners of the Company, and Total comprehensive income attributable to owners of the Company: Due to increase in market demand and revenue growth this year.

b. Expected sales and their basis, as well as the possible impact on the Company's future financial operations and response plans:
   The Company’s main products are Multimedia IC, Computer peripherals IC, and High-end consumer electronics IC. Based on sales forecasts for the existing products, development progress of new products, customers’ expected production requirements, and the business development strategy, the sales unit expects that sales volume will continue to grow in 2022. Due to the continued growth of the Company's business scale, the Company mainly uses long-term funding sources for capital expenditures, and there should not be any shortage of funds within the near future. Furthermore, the Company has a solid relationship with suppliers, so there should not be any issue with product supply.

3. Cash Flow Analysis

(1) Consolidated Report

a. Analysis of the Change in Cash Flow in 2021

Unit: NT$1,000

Cash Balance Dec. 31, 2020	Net Cash Provided by Operating Activities in 2021	Net Cash Outflows from Investing and Financing Activities in 2021	Impact of Foreign Exchange ratio	Cash Balance Dec. 31,2021	Remedy for Cash Shortfall (Investment & Financing Plan)
$1,548,713	$1,687,828	($1,290,390)	$31,297	$1,977,448	—
Analysis of cash flow changes in the current year: a. Operating activities: Net cash inflow of NT$1,687,828 thousand, mainly from operating profits. b. Financing activities: Net cash outflow of NT$1,290,390 thousand, mainly due to the distribution of cash dividend.					

b. Remedial Actions for Cash Shortfall: The Company has ample cash on-hand; remedial actions are not required.

c. Cash Flow Projection for Next Year: The Company, on the premise of maintaining stable cash liquidity, will carefully plan and manage cash expenditures related to investments and operations while taking, cash balances on accounts, cash flows from operating activities and investing activities and the status of financial markets into consideration.

(2) Parent Company

a. Analysis of the Change in Cash Flow in 2021

Unit: NT$1,000

Cash Balance Dec. 31, 2020	Net Cash Provided by Operating Activities in 2021	Net Cash Outflows from Investing and Financing Activities in 2021	Impact of Foreign Exchange ratio	Cash Balance Dec. 31,2021	Remedy for Cash Shortfall (Investment & Financing Plan)
$1,511,379	$1,682,835	($1,287,489)	$31,297	$1,938,022	—
Analysis of cash flow changes in the current year: a. Operating activities: Net cash inflow of NT$1,682,835 thousand, mainly from operating profits. b. Financing activities: Net cash outflow of NT$1,287,489 thousand, mainly due to the distribution of cash dividend.					

b. Remedial Actions for Cash Shortfall: The Company has ample cash on-hand; remedial actions are not required.

c. Cash Flow Projection for Next Year: The Company, on the premise of maintaining stable cash liquidity, will carefully plan and manage cash expenditures related to investments and operations while taking, cash balances on accounts, cash flows from operating activities and investing activities and the status of financial markets into consideration.

4. Major Capital Expenditure: None.
5. Investment Policies

The Company's investments are long-term strategic investments. Investment gain from equity method investment in 2021 was NT$1,722thousand. The Company will keep its long-term strategic investment policy and evaluate investment plans prudently.

6. Risk Management

(1) Risks Associated with Interest Rate Fluctuation, Foreign Exchange Volatility, and Inflation

Unit: NT$1,000

Item	2020		2021	
	Amount	% of net income before tax	Amount	% of net income before tax
Net Interest income	10,284	1%	10,141	1%
Net Interest expense	3,458	—	3,266	—
Net exchange gains (loss)	(61,503)	(5)%	(53,403)	(3)%

Sources: financial reports certified by CPA.

a. Risks associated with interest rate:

The Company mainly operates on its own funds and only has a low amount of bank loans, so interest expenses are limited. Furthermore, the Company is conservative in principle when using its funds, and mainly uses short-term time deposits, so its interest revenue is not high. In the future, the Company will continue to monitor changes in the economic environment of Taiwan and overseas, and take necessary measures in a timely manner to avoid the risk of rising interest rates.

b. Risks associated with foreign currency:

The Company's exchange gains (losses) accounted for (2.01%) and (1.47%) of its net operating income in 2020 and 2021, respectively. Hence, changes in exchange rates do not have a material effect on the Company's profit and loss. The Company's transactions are mainly calculated in USD, so changes in the NTD/USD exchange rate have certain impact on the Company's profit and loss, and response measures are as follows:

(I) The Company's Finance Department utilizes the natural hedging effect from procurements and sales both denominated in foreign currency.

(II) Dedicated personnel closely follow exchange rate fluctuations, collect information on international exchange rate trends and exchange rate fluctuations, are fully aware of future trends in exchange rates, and keep in touch with the foreign exchange department of banks. After considering the professional advice provided by the departments and the Company's cash requirements, the personnel reduce risks by exchanging currency at appropriate times.

(III) Depending on the position of foreign currency, hedging is carried out in accordance with the Operating Procedures for Asset Acquisition or Disposal Handing Procedure when necessary.

c. Risks associated with inflation:

Inflation is currently not severe in Taiwan and has not had a material impact on the Company, but the Company will continue to appropriately monitor inflation.

(2) Risks Associated with High-Risk/High-Leveraged Investment; Lending, Endorsements, and Guarantees for Other Parties; and Financial Derivative Transactions

Risks	Implementation status	Policy and response measures
High risk, highly leveraged investments	The Company has not engaged in any high risk, highly leveraged investments as of the print date of this report respectively	The Company is focused on its main business and does not use its capital for high risk, highly leveraged investments.
loans to third parties	The Company has not lent any funds to others as of the print date of this report respectively.	If the Company lends funds to others in the future, it will carry out procedures in accordance with its Procedures for Regulations Governing Management of Loaning of Funds, and make a public announcement and report the lending of funds to others in accordance with the law.
Endorsements and guarantees	The Company has not provided endorsements or guarantees for others as of the print date of this report respectively.	If the Company provides endorsements or guarantees for others in the future, it will carry out procedures in accordance with its Endorsement and Guarantee Operation Procedure, and make a public announcement and report the endorsements or guarantees for others in accordance with the law.
Derivative transactions	The Company has not engaged in any	If the Company needs to engage in derivative transactions in the future,

Risks	Implementation status	Policy and response measures
	derivative transactions as of the print date of this report respectively.	it will do so in accordance with its Procedures for Handling Derivative Transactions, and make a public announcement and report the derivative transactions in accordance with the law.

(3) Future R&D Plans and Expected R&D Spending

The popularization of mobile devices and broadband networks has led to the prevalence of online communities and enriched content on the Internet. As enterprises continue to pursue energy conservation, carbon reduction, and lower costs, centralized management of usage and sharing of resources has become a trend and led to the rise of cloud computing. The Company has the ability to independently design and develop ICs, and strives to use 2D VGA, BMC, and KVM over IP technologies to become a SoC solutions provider for the centralized management of (cloud) computing. Future R&D projects and product development strategies include:

a. Future R&D Plan

✧ Multimedia IC
- 8th generation BMC
- Platform firmware resilience (PFR) controller
- DC-SCM 2.0 expansion board

✧ Computer peripherals IC
- PC & 8K Audio/Video Extension controller

✧ High-end consumer electronics IC
- 2nd generation spherical image processing chip AST1230

b. Expected R&D Spending

The Company plans to sequentially allocate its R&D budget based on the progress of new product and new technology development. R&D expenditure will maintain a certain level of growth based on the Company's operations to ensure its competitive advantages. Actual R&D expenses in 2020 and 2021 were NT$477,233 thousand and NT$506,283 thousand, and accounted for 16% and 14% of revenue, respectively. The Company will be ready to adjust its R&D expenditure based on future changes in the market and demand anytime. The Company's R&D expenditure in 2022 is estimated at NT$767,245 thousand and will enhance the Company's R&D ability and competitiveness.

(4) Risk Associated with Changes in the Political and Regulatory Environment

The Company aims to comply with laws and regulations of the competent authority in all of its operations, and constantly monitors changes in important policies and laws in Taiwan and overseas to obtain all external information possible. The

Company's recent business and finances have not been impacted by any changes to important policies and laws in Taiwan and overseas.

(5) Impact of New Technology and Industry Changes

The Company constantly monitors technology changes and developments relevant to its industry, and rapidly gains information on industry changes. Moreover, the Company is constantly strengthening its R&D ability and applies for patents to further protect its innovative concepts and designs, as it actively expands future markets and applications. This enables the Company to respond to the impact of technology and industry changes. Hence, no major technology changes have had a material impact on the Company's financial condition.

(6) Changes in Corporate Image and Impact on Company's Crisis Management

The Company has always upheld the principles of integrity and professionalism, and operates its business with a sure-footed and steadfast approach. Ever since the Company was established, it has actively strengthened its internal management and improved its quality and efficiency. Up to the date of report, no material events have affected the Company's corporate image.

(7) Risks Associated with Mergers and Acquisitions

The Company's Finance Division and business units are responsible for management and execution of these risks.

The Company currently does not have any mergers or acquisition plans during 2021 and this year up to the date of report.

(8) Risks Associated with Facility Expansion

The Company does not have any plans for factory expansions in the most recent year and up to the date of report.

(9) Risks Associated with Purchase Concentration and Sales Concentration

a. Risks of purchasing concentration:

The Company is a fabless IC design company without any back-end personnel. Hence, all products are produced through a turnkey service provider. When deciding on the turnkey service provider, besides considering the completeness of its silicon IP and APR (Auto Place & Route) technical capabilities, which foundry, assembly house and testing house it is in a strategic alliance with is even more important, because the foundry's process technologies, quality and yield are key factors to whether or not a product is successful. Therefore, the R&D Department selects the turnkey service provider during initial stages of product development.

In the semiconductor industry's value chain, IC design companies are all inclined to maintain long-term relationships with specific foundries, assembly houses, and testing houses to obtain reliable and stable capacity. This is due to considerations of process technology, quality and yield, sufficient capacity, and on-time delivery.

This situation is common among IC design companies. The Company has worked well with the current wafer supplier (turnkey service provider) for many years, and there is no risk of supply shortage. At present, the Company mainly makes procurements from 2-3 turnkey service providers, but it will continue to search for suitable turnkey service providers in coordination with the development and mass production of new products, so as to reduce the risk of concentrated procurements.

b. Risks of sales concentration:

The Company's main product is BMC, which accounts for over 90% of its revenue, and customers are mainly server brands. Since server brands mainly rely on an ODM or EMS for manufacturing, the Company directly sells its product to the ODM or EMS designated by the brand customer. Analysis of customers in 2020 and 2021 show that the Company’s sales are not overly concentrated. Furthermore, besides maintaining relationships with current customers, the Company will actively develop new products and new customers to expand its product portfolio and increase its purchase orders, thereby avoiding the risk of sales being overly concentrated.

(10) Risks Associated with Sales of Significant Numbers of Shares by the Company’s Directors and Major Shareholders Who Own 10% or more of the Company’s Total Outstanding Shares

Share transfer by directors, supervisors, managers and shareholders holding more than 10% of the Company’s shares due to personal financial planning or in coordination with strategic partners brought in by the Company have been reasonable in the past year and up to the date of report. There have been no mass transfers of shares and there has been no impact on the Company's operations.

(11) Risks Associated with Change in Management

No change in management team in the Company occurred in the most recent year to the date of printing of this annual report

(12) Risks Associated with Litigations

a. If the results of concluded or pending litigious, non-litigious, or administrative litigation events involving the Company in the past two years and up to the date of report can have a material impact on shareholders' equity or stock prices, the facts in contention, amount of the subject matter, starting date of the litigation, main parties involved, and current status shall be disclosed: None.

b. Concluded or pending litigious, non-litigious, or administrative litigation events in the most recent two years and up to the date of report involving directors, supervisors, the president, de facto responsible person, major shareholders holding more than 10% of the Company’s shares, or subsidiaries of the Company with an outcome that can have a material impact on shareholder equity or stock prices: None.

(13) Other Material Risk: None.

7. If the company or its affiliates have experienced financial difficulties, the annual report shall explain how said difficulties will affect the company's financial situation: None

8. Other Material Events:

(1) Risks Associated with Cyber Attacks

Even though ASPEED has established a comprehensive internet and computing security network, it cannot guarantee that the Company's computing systems which control or maintain vital corporate functions, such as its manufacturing operations and enterprise accounting, would be completely immune to crippling cyber attacks by any third party to gain unauthorized access to its internal network systems, to sabotage its operations and goodwill or otherwise. In the event of a serious cyber attack, ASPEED's systems has may lose important corporate data, therefore, ASPEED has executed backup data procedure of such attack. While ASPEED also seeks to periodically review and assess its cybersecurity architecture to ensure their adequacy and effectiveness, it cannot guarantee that the Company will not be susceptible to new and emerging risks and attacks in the evolving landscape of cybersecurity threats. These cyber attacks may also attempt to steal ASPEED's trade secrets and other intellectual properties and other sensitive information, such as proprietary information of the Company's customers and other stakeholders and personal information of the Company's employees. Malicious hackers may also try to introduce computer viruses, corrupted software or ransomware into the Company's network systems to disrupt its operations, blackmail it for regaining control of its computing systems or spy for sensitive information. These attacks may result in ASPEED having to pay damages for its delayed or disrupted orders or incur significant expenses in implementing remedial and improvement measures to enhance the Company's cybersecurity network, and may also expose the Company to significant legal liabilities arising from or related to legal proceedings or regulatory investigations associated with, among other things, leakage of customer or third party information which ASPEED has an obligation to keep confidential.

During 2021 and as of the date of this Annual Report, the Company had not been aware of any material cyber attacks or incidents that had or would expected to have a material adverse effect on its business and operations, nor had it been involved in any legal proceedings or regulatory investigations related thereof.

(2) Other Material Risks

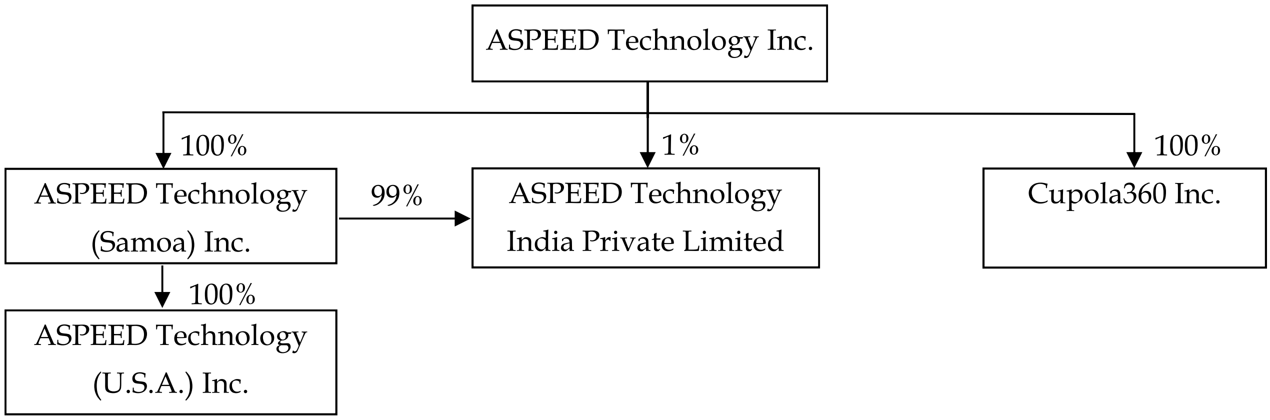
During 2021 as of the date of this annual report, ASPEED's management is not aware of any other risk event that could impart a potentially material impact on the financial status of the Company.

IX. Special Disclosures

1. Summary of Affiliated Companies:

(1) Profiles of Affiliates and Subsidiaries

December 31, 2021



(2) Profile of individual affiliates

December 31, 2021; Unit:NT$ 1,000/Foreign currency thousand

Company	Date of Incorporation	Place of Registration	Capital Stock	Major business
ASPEED Technology (Samoa) Inc.	2016/06	Samoa	USD 1,550	Investment Holdings
ASPEED Technology (U.S.A.) Inc.	2016/07	U.S.	USD 1,000	R&D and technical services
ASPEED Technology India Private Limited	2016/10	India	INR 35,000	R&D and technical services
Cupola360 Inc.	2018/02	Taiwan	NTD 15,000	Software Design services

Note: The exchange rate on the reporting date is calculated based on the closing price on December 31, 2021. (USD$1:NT:27.68/USD$1:INR$74.39)

(3) Common Shareholders of the Company and Its Subsidiaries or Its Affiliates with Actual of Deemed Control: None.

(4) Business Scope of the Company and Its Affiliated Companies

Business activities covered by ASPEED Technology and affiliates' operations include IC design, R&D, and sales and investments. Business activities covered by the affiliated enterprises' overall operations include R&D, marketing, and after-sales services for Multimedia IC, Computer peripherals IC and High-end consumer electronics IC, as well as general investments.

(5) Directors, supervisors and presidents of affiliates and subsidiaries

December 31, 2021; Unit: share/ %

Company	Title	Name or Representative	Shareholding	
			Shares	Shareholding %
ASPEED Technology (Samoa) Inc.	Director	ASPEED Technology Inc. Representative: Chris Lin	1,550,000	100%
ASPEED Technology (U.S.A.) Inc.	Director	ASPEED Technology (Samoa) Inc. Representative: Chris Lin	1,000,000	100%
ASPEED Technology India Private Limited	Director	ASPEED Technology Inc. Representative: Chris Lin	35,000	1%
		ASPEED Technology Inc. Representative: Arnold Yu		
		ASPEED Technology (Samoa) Inc. Representative: Yuvaraj Mahadevan	3,465,000	99%
Cupola360 Inc.	Director	ASPEED Technology Inc. Representative: Chris Lin	1,500,000	100%

(6) Directors, supervisors and presidents of affiliates and subsidiaries

December 31, 2021; Unit: NT$1,000 except for EPS

Company	Capital	Assets	Liabilities	Net worth	Operating income	Net operating profit (loss)	Net profit (loss) this year	Earnings (losses) per share (NTD)
ASPEED Technology (Samoa) Inc.	48,763	36,771	—	36,771	—	36	3,930	2.54
ASPEED Technology (U.S.A.) Inc.	31,460	50,838	21,937	28,901	79,735	5,906	5,666	5.67
ASPEED Technology India Private Limited	16,234	7,511	1	7,510	—	(1,716)	(1,717)	(0.49)
Cupola360 Inc.	15,000	6,702	40	6,662	—	(2,191)	(2,190)	(1.46)

Note: The capital, total assets, total liabilities, and net worth listed in this table are calculated using the exchange rate at the end of 2021. The operating income, net operating profit (loss), net profit (loss) this year, and earnings per share are calculated using the yearly average exchange rate of 2021.

2. Private Placement Securities: None.

3. Holding or Disposition of the Company Stocks by Subsidiaries: None.

4. Other Necessary Supplement: None.

X. Any Events that Had Significant Impacts on Shareholders' Rights or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.