

ASPEED Technology Inc.

**Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and 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, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. 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, 2023 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, 2023, the Company recognized revenue of NT\$3,111,079 thousand, which decreased by 40.29% compared with that of last year, Refer to Note 21 for related information. Due to the increasing market demand for remote server management systems, the significant changes in the amount of the Company's operating revenue in recent years have had a significant impact on the financial statements for the year ended December 31, 2023. For customers whose sales growth rates were significant, we considered the existence and occurrence of sales as key audit matters for the current period.

The audit procedures that we performed included, but were 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 orders and shipping. We tested the effectiveness of those internal controls and selected samples of sales documents to verify the authenticity of the sales 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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, 2023 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 Hsin Tung Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2024

Notice to Readers

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,553,413	35	\$ 2,790,284	47
Financial assets at fair value through profit or loss - current (Note 7)	372,789	9	527,067	9
Trade receivables, net (Notes 9 and 23)	715,148	16	979,726	16
Deferred tax assets (Notes 24)	15,633	-	-	-
Inventories (Notes 5 and 10)	283,638	6	400,392	7
Prepayments and other current assets (Note 16)	<u>397,240</u>	<u>9</u>	<u>41,120</u>	<u>1</u>
Total current assets	<u>3,337,861</u>	<u>75</u>	<u>4,738,589</u>	<u>80</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	77,856	2	72,893	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	62,104	1	-	-
Investment accounted for using equity method (Notes 11 and 32)	63,671	1	50,172	1
Property, plant and equipment (Note 12)	196,822	4	217,496	4
Right-of-use assets (Note 13)	19,687	1	39,423	1
Goodwill (Notes 5 and 14)	369,040	8	369,040	6
Other intangible assets, net (Note 15)	214,059	5	387,478	6
Deferred tax assets (Note 24)	23,871	1	32,812	1
Refundable deposits (Note 16)	8,802	-	10,102	-
Other non-current assets (Note 16)	<u>83,747</u>	<u>2</u>	<u>3,150</u>	<u>-</u>
Total non-current assets	<u>1,119,659</u>	<u>25</u>	<u>1,182,566</u>	<u>20</u>
TOTAL	<u>\$ 4,457,520</u>	<u>100</u>	<u>\$ 5,921,155</u>	<u>100</u>

LIABILITIES AND EQUITY	2023		2022	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Trade payables (Note 17)	\$ 185,146	4	\$ 317,324	5
Accrued compensation of employees and remuneration of directors (Note 23)	226,599	5	258,638	4
Other payables (Note 18)	75,319	2	275,749	5
Other payables to related parties (Note 29)	6,595	-	3,805	-
Current tax liabilities (Note 24)	-	-	378,402	7
Provisions - current (Note 19)	52,487	1	49,634	1
Lease liabilities - current (Note 13)	17,211	-	22,716	-
Other current liabilities (Notes 18 and 22)	<u>35,959</u>	<u>1</u>	<u>72,696</u>	<u>1</u>
Total current liabilities	<u>599,316</u>	<u>13</u>	<u>1,378,964</u>	<u>23</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 24)	15,769	1	33,097	1
Lease liabilities - non-current (Note 13)	1,793	-	14,896	-
Provisions - non-current (Note 19)	<u>6,447</u>	<u>-</u>	<u>6,447</u>	<u>-</u>
Total non-current liabilities	<u>24,009</u>	<u>1</u>	<u>54,440</u>	<u>1</u>
Total liabilities	<u>623,325</u>	<u>14</u>	<u>1,433,404</u>	<u>24</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Share capital				
Ordinary shares	<u>378,207</u>	<u>8</u>	<u>378,207</u>	<u>6</u>
Capital surplus	<u>1,539,778</u>	<u>35</u>	<u>1,539,778</u>	<u>26</u>
Retained earnings				
Legal reserve	799,954	18	601,620	10
Special reserve	64,701	2	22,169	1
Unappropriated earnings	<u>1,074,691</u>	<u>24</u>	<u>2,010,678</u>	<u>34</u>
Total retained earnings	<u>1,939,346</u>	<u>44</u>	<u>2,634,467</u>	<u>45</u>
Other equity	<u>(23,136)</u>	<u>(1)</u>	<u>(64,701)</u>	<u>(1)</u>
Total equity	<u>3,834,195</u>	<u>86</u>	<u>4,487,751</u>	<u>76</u>
TOTAL	<u>\$ 4,457,520</u>	<u>100</u>	<u>\$ 5,921,155</u>	<u>100</u>

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

ASPEED TECHNOLOGY INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 29)				
Sales	\$ 3,103,586	100	\$ 5,209,152	100
Other operating revenue	<u>7,493</u>	<u>-</u>	<u>974</u>	<u>-</u>
Total operating revenue	3,111,079	100	5,210,126	100
OPERATING COSTS (Notes 10 and 23)				
Cost of goods sold	<u>1,109,161</u>	<u>36</u>	<u>1,818,976</u>	<u>35</u>
GROSS PROFIT	<u>2,001,918</u>	<u>64</u>	<u>3,391,150</u>	<u>65</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	82,468	3	95,039	2
General and administrative expenses	177,604	6	177,079	3
Research and development expenses	<u>670,683</u>	<u>21</u>	<u>677,788</u>	<u>13</u>
Total operating expenses	<u>930,755</u>	<u>30</u>	<u>949,906</u>	<u>18</u>
INCOME FROM OPERATIONS	<u>1,071,163</u>	<u>34</u>	<u>2,441,244</u>	<u>47</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	82,208	3	31,497	-
Other income (Notes 23 and 29)	5,594	-	5,667	-
Other gains and losses (Note 23)	35,530	1	137,166	3
Finance costs (Note 23)	(9,678)	-	(3,758)	-
Share of profit or loss of subsidiaries	<u>13,810</u>	<u>-</u>	<u>3,298</u>	<u>-</u>
Total non-operating income and expenses, net	<u>127,464</u>	<u>4</u>	<u>173,870</u>	<u>3</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,198,627	38	2,615,114	50
INCOME TAX EXPENSE (Note 24)	<u>191,817</u>	<u>6</u>	<u>509,500</u>	<u>10</u>
NET INCOME FOR THE YEAR	1,006,810	32	2,105,614	40
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	<u>(239)</u>	<u>-</u>	<u>3,366</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,006,571</u>	<u>32</u>	<u>\$ 2,108,980</u>	<u>40</u>

(Continued)

ASPEED TECHNOLOGY INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 26.66</u>		<u>\$ 55.72</u>	
Diluted	<u>\$ 26.60</u>		<u>\$ 55.35</u>	

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Share Capital		Capital Surplus	Retained Earning			Other Equity		Treasury Shares	Total Equity
	Shares (In Thousands)	Ordinary Shares		Legal Reserve	Special Reserve	Unappropriated Earnings	Employee Unearned Compensation	Exchange Differences on Translation of the Financial Statements of Foreign Operations		
BALANCE AT JANUARY 1, 2022	34,369	\$ 343,694	\$ 1,371,130	\$ 470,328	\$ 45,891	\$ 1,337,332	\$ (16,785)	\$ (5,384)	\$ -	\$ 3,546,206
Appropriation of prior year's earnings										
Legal reserve	-	-	-	131,292	-	(131,292)	-	-	-	-
Reversal of special reserve	-	-	-	-	(23,722)	23,722	-	-	-	-
Cash dividends to shareholders - NT\$35.00 per share	-	-	-	-	-	(1,202,427)	-	-	-	(1,202,427)
Issued of common shares from capital surplus - Record date: July 4, 2022	3,436	34,355	(34,355)	-	-	-	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	2,105,614	-	-	-	2,105,614
Other comprehensive income after tax	-	-	-	-	-	-	-	3,366	-	3,366
Comprehensive income for the year ended December 31, 2022	-	-	-	-	-	2,105,614	-	3,366	-	2,108,980
Employee share bonus - Record date: August 9, 2022	52	525	140,992	-	-	-	-	-	-	141,517
Issuance of restricted shares under employees share options on August 8, 2022	44	440	78,540	-	-	-	(78,980)	-	-	-
Cancellation of restricted shares under employees share options on March 7, 2022	(14)	(143)	(9,252)	-	-	-	9,395	-	-	-
Cancellation of restricted shares under employees share options on November 7, 2022	(6)	(64)	(4,998)	-	-	-	5,062	-	-	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	18,625	-	-	18,625
Buy-back of treasury shares	-	-	-	-	-	-	-	-	(125,150)	(125,150)
Retirement of treasury shares	(60)	(600)	(2,279)	-	-	(122,271)	-	-	125,150	-
BALANCE AT DECEMBER 31, 2022	37,821	378,207	1,539,778	601,620	22,169	2,010,678	(62,683)	(2,018)	-	4,487,751
Appropriation of prior year's earnings										
Legal reserve	-	-	-	198,334	-	(198,334)	-	-	-	-
Reversal of special reserve	-	-	-	-	42,532	(42,532)	-	-	-	-
Cash dividends to shareholders - NT\$45.00 per share	-	-	-	-	-	(1,701,931)	-	-	-	(1,701,931)
Net income for the year ended December 31, 2023	-	-	-	-	-	1,006,810	-	-	-	1,006,810
Other comprehensive income after tax	-	-	-	-	-	-	-	(239)	-	(239)
Comprehensive income for the year ended December 31, 2023	-	-	-	-	-	1,006,810	-	(239)	-	1,006,571
Compensation cost of restricted shares for employees	-	-	-	-	-	-	41,804	-	-	41,804
BALANCE AT DECEMBER 31, 2023	37,821	\$ 378,207	\$ 1,539,778	\$ 799,954	\$ 64,701	\$ 1,074,691	\$ (20,879)	\$ (2,257)	\$ -	\$ 3,834,195

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

ASPEED TECHNOLOGY INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,198,627	\$ 2,615,114
Adjustments for:		
Depreciation expense	124,396	101,652
Amortization expense	177,564	133,301
Net (gain) loss on fair value changes of financial assets designated as at fair value through profit or loss	(36,398)	32,965
Finance costs	9,678	3,758
Interest income	(82,208)	(31,497)
Compensation cost of employee restricted shares	41,804	18,625
Share of profit of subsidiaries	(13,810)	(3,298)
Loss on disposal of financial assets	8,993	26,713
Write-down of inventories	551	24,231
Net loss (gain) on foreign currency exchange	24,021	(59,251)
Loss on disposal of Inventories	-	6,569
Recognition of provisions	2,853	9,948
Changes in operating assets and liabilities		
Trade receivables	252,522	(163,471)
Inventories	116,203	(273,679)
Increase in prepayments	(3,095)	-
Prepayments and other current assets	(355,448)	(29,717)
Trade payables	(129,714)	56,799
Other payables (related parties included)	(207,481)	28,347
Other current liabilities	(34,157)	(77,361)
Payables for compensation of employees and remuneration of directors	(32,039)	240,947
Cash generated from operations	1,062,862	2,660,695
Interest paid	(9,678)	(3,758)
Income tax paid	(594,239)	(347,668)
Net cash generated from operating activities	458,945	2,309,269
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(62,104)	-
Purchase of financial assets at fair value through profit or loss	(131,042)	(101,160)
Proceeds from sale of financial assets at fair value through profit or loss	307,758	56,319
Increase in prepayments for investments	(46,170)	-
Proceeds from capital reduction of associates	72	-
Payments for property, plant and equipment	(81,337)	(120,385)
Decrease in refundable deposits	1,300	36
		(Continued)

ASPEED TECHNOLOGY INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Payments for intangible assets	\$ (1,480)	\$ (41,113)
Increase in prepayments for equipment	(31,332)	-
Interest received	<u>81,547</u>	<u>31,263</u>
Net cash generated from (used in) investing activities	<u>37,212</u>	<u>(175,040)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of the principal portion of lease liabilities	(23,511)	(22,204)
Cash dividends	(1,701,931)	(1,202,427)
Payments for buy-back of treasury shares	<u>-</u>	<u>(125,150)</u>
Net cash used in financing activities	<u>(1,725,442)</u>	<u>(1,349,781)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(7,586)</u>	<u>67,814</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,236,871)	852,262
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,790,284</u>	<u>1,938,022</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,553,413</u>	<u>\$ 2,790,284</u>

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, 2023 AND 2022

(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 11, 2024.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by 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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations 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

- 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.

1. 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 and other receivables at amortized cost refundable deposits, 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, and its carrying amounts are calculated base on weighted average by share types and calculated separately by repurchase category. 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. MATERIAL 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 recent development of the COVID-19 and its economic environment implications when making its material accounting estimates on cash flows, growth rates, discount rates, profitabilities, 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

a. Write-down of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

b. 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	
	2023	2022
Cash on hand	\$ 101	\$ 101
Demand deposits	1,378,293	653,617
Cash equivalents (investments with original maturities of 3 months or less)		
Repurchase agreements collateralized by bonds	113,609	2,056,720
Time deposits	<u>61,410</u>	<u>79,846</u>
	<u>\$ 1,553,413</u>	<u>\$ 2,790,284</u>

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

	December 31	
	2023	2022
Bank deposits	0.05%-5.50%	0.05%-4.88%
Repurchase agreements collateralized by bonds	5.35%	3.55%-4.10%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets mandatorily classified as at FVTPL-current		
Non-derivative financial assets		
Mutual funds	\$ 280,878	\$ 327,087
Domestic listed shares	<u>91,911</u>	<u>199,980</u>
	<u>\$ 372,789</u>	<u>\$ 527,067</u>
Financial assets mandatorily classified as at FVTPL - non-current		
Non-derivative financial assets		
Foreign corporate bonds	<u>\$ 77,856</u>	<u>\$ 72,893</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Non-current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	<u>\$ 62,104</u>	<u>\$ -</u>
<u>Non-current</u>		
Foreign investments		
Non-publicly traded equity investments (a)	<u>\$ 62,104</u>	<u>\$ -</u>

- a. The Company invests in equity instruments of foreign investments, including non-publicly traded equity investments for strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. TRADE RECEIVABLES

	December 31	
	2023	2022
<u>Trade receivables</u>		
Non-related parties	<u>\$ 715,148</u>	<u>\$ 979,726</u>

(Continued)

	December 31	
	2023	2022
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 715,148	\$ 979,726
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 715,148</u>	<u>\$ 979,726</u>
		(Concluded)

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, 2023

	Gross Carrying Amount	Loss Allowance	Amortized Cost
Not past due	\$ 585,729	\$ -	\$ 585,729
Past due			
Within 30 days	120,154	-	120,154
31-60 days	8,841	-	8,841
61-90 days	424	-	424
91-180 days	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 715,148</u>	<u>\$ -</u>	<u>\$ 715,148</u>

December 31, 2022

	Gross Carrying Amount	Loss Allowance	Amortized Cost
Not past due	\$ 687,222	\$ -	\$ 687,222
Past due			
Within 30 days	255,608	-	255,608
31-60 days	22,062	-	22,062
61-90 days	10,461	-	10,461
91-180 days	<u>4,373</u>	<u>-</u>	<u>4,373</u>
	<u>\$ 979,726</u>	<u>\$ -</u>	<u>\$ 979,726</u>

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 240,030	\$ 282,388
Work in progress	<u>43,608</u>	<u>118,004</u>
	<u>\$ 283,638</u>	<u>\$ 400,392</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$1,109,161 thousand and \$1,818,976 thousand, respectively. The cost of inventories recognized as operating cost were as follows:

	December 31	
	2023	2022
Inventory write-downs	<u>\$ 551</u>	<u>\$ 24,231</u>
Loss on disposal of inventories	<u>\$ -</u>	<u>\$ 6,569</u>

11. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

a. Investments in subsidiaries

	December 31	
	2023	2022
ASPEED Technology (Samoa) Inc.	\$ 53,398	\$ 45,626
ASPEED Technology India Private Limited	-	74
Cupola360 Inc.	<u>10,273</u>	<u>4,472</u>
	<u>\$ 63,671</u>	<u>\$ 50,172</u>
	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiaries	2023	2022
ASPEED Technology (Samoa) Inc.	100%	100%
ASPEED Technology India Private Limited (Note)	1%	1%
Cupola360 Inc.	100%	100%

Note: 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.

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.

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
Assets used by the Company	<u>\$ 196,822</u>	<u>\$ 217,496</u>

a. Year 2023

	Year Ended December 31, 2023				
	Balance at Beginning of the Year	Additions	Disposals	Reclassification Adjustment	Balance at End of the Year
<u>Cost</u>					
Machinery equipment	\$ 32,401	\$ 75	\$ (17,253)	\$ -	\$ 15,223
Office equipment	16,857	4,581	(4,836)	-	16,602
Other equipment	<u>353,272</u>	<u>74,427</u>	<u>(99,114)</u>	<u>-</u>	<u>328,585</u>
	<u>402,530</u>	<u>\$ 79,083</u>	<u>\$ (121,203)</u>	<u>\$ -</u>	<u>360,410</u>
<u>Accumulated depreciation</u>					
Machinery equipment	19,254	\$ 4,836	\$ (17,253)	\$ -	6,837
Office equipment	8,756	4,187	(4,836)	-	8,107
Other equipment	<u>157,024</u>	<u>90,734</u>	<u>(99,114)</u>	<u>-</u>	<u>148,644</u>
	<u>185,034</u>	<u>\$ 99,757</u>	<u>\$ (121,203)</u>	<u>\$ -</u>	<u>163,588</u>
Carrying amount	<u>\$ 217,496</u>				<u>\$ 196,822</u>

b. Year 2022

	Year Ended December 31, 2022				
	Balance at Beginning of the Year	Additions	Disposals	Reclassification Adjustment	Balance at End of the Year
<u>Cost</u>					
Machinery equipment	\$ 23,525	\$ 10,306	\$ (1,430)	\$ -	\$ 32,401
Office equipment	14,716	3,069	(928)	-	16,857
Other equipment	<u>259,159</u>	<u>94,168</u>	<u>(55)</u>	<u>-</u>	<u>353,272</u>
	<u>297,400</u>	<u>\$ 107,543</u>	<u>\$ (2,413)</u>	<u>\$ -</u>	<u>402,530</u>
<u>Accumulated depreciation</u>					
Machinery equipment	14,972	\$ 5,712	\$ (1,430)	\$ -	19,254
Office equipment	6,210	3,474	(928)	-	8,756
Other equipment	<u>87,695</u>	<u>69,384</u>	<u>(55)</u>	<u>-</u>	<u>157,024</u>
	<u>108,877</u>	<u>\$ 78,570</u>	<u>\$ (2,413)</u>	<u>\$ -</u>	<u>185,034</u>
Carrying amount	<u>\$ 188,523</u>				<u>\$ 217,496</u>

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	4 years
Office equipment	4-5 years
Other equipment	4-5 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Buildings	\$ 16,995	\$ 37,799
Transportation equipment	<u>2,692</u>	<u>1,624</u>
	<u>\$ 19,687</u>	<u>\$ 39,423</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 4,903</u>	<u>\$ 3,760</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 22,938	\$ 21,901
Transportation equipment	<u>1,701</u>	<u>1,181</u>
	<u>\$ 24,639</u>	<u>\$ 23,082</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 17,211</u>	<u>\$ 22,716</u>
Non-current	<u>\$ 1,793</u>	<u>\$ 14,896</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	2.00%	2.00%
Transportation equipment	2.50%	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

	<u>For the Year Ended December 31</u>	
	2023	2022
Expenses relating to short-term leases	\$ 694	\$ 963
Expenses relating to low-value asset leases	\$ 141	\$ 77
Total cash outflow for leases	\$ (24,900)	\$ (24,219)

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.

14. GOODWILL

	<u>For the Year Ended December 31</u>	
	2023	2022
<u>Cost</u>		
Balance at beginning and end of the year	\$ 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 2024 to 2028 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 from 2020 to 2023, 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 16.34%.

15. OTHER INTANGIBLE ASSETS

For the Years Ended December 31, 2023				
	Balance at Beginning of the Year	Additions	Disposals	Balance at End of the Year
<u>Cost</u>				
Licenses	\$ 457,570	\$ 2,665	\$ (155,128)	\$ 305,107
Software	12,099	1,480	(495)	13,084
Client relationship	145,552	-	-	145,552
Existing technology	359,030	-	(359,030)	-
Trademark	45,283	-	(45,283)	-
Others	3,550	-	(550)	3,000
	<u>1,023,084</u>	<u>\$ 4,145</u>	<u>\$ (560,486)</u>	<u>466,743</u>
<u>Accumulated amortization</u>				
Licenses	174,611	\$ 96,708	\$ (155,128)	116,191
Software	3,350	4,093	(495)	6,948
Client relationship	109,164	18,194	-	127,358
Existing technology	307,740	51,290	(359,030)	-
Trademark	38,814	6,469	(45,283)	-
Others	1,927	810	(550)	2,187
	<u>635,606</u>	<u>\$ 177,564</u>	<u>\$ (560,486)</u>	<u>252,684</u>
Carrying amount	<u>\$ 387,478</u>			<u>\$ 214,059</u>
For the Years Ended December 31, 2022				
	Balance at Beginning of the Year	Additions	Disposals	Balance at End of the Year
<u>Cost</u>				
Licenses	\$ 218,240	\$ 239,330	\$ -	\$ 457,570
Software	1,186	11,431	(518)	12,099
Client relationship	145,552	-	-	145,552
Existing technology	359,030	-	-	359,030
Trademark	45,283	-	-	45,283
Others	4,000	-	(450)	3,550
	<u>773,291</u>	<u>\$ 250,761</u>	<u>\$ (968)</u>	<u>1,023,084</u>
<u>Accumulated amortization</u>				
Licenses	121,490	\$ 53,121	\$ -	174,611
Software	699	3,169	(518)	3,350
Client relationship	90,970	18,194	-	109,164
Existing technology	256,450	51,290	-	307,740
Trademark	32,345	6,469	-	38,814
Others	1,319	1,058	(450)	1,927
	<u>503,273</u>	<u>\$ 133,301</u>	<u>\$ (968)</u>	<u>635,606</u>
Carrying amount	<u>\$ 270,018</u>			<u>\$ 387,478</u>

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
Others	4 years

16. OTHER ASSETS

	December 31	
	2023	2022
<u>Current</u>		
Prepayment for purchases	\$ 359,040	\$ 7,038
Prepayments	26,533	20,481
Tax refund receivables	10,113	11,915
Other receivables	<u>1,554</u>	<u>1,686</u>
	<u>\$ 397,240</u>	<u>\$ 41,120</u>
<u>Non-current</u>		
Prepayments for investments	\$ 46,170	\$ -
Prepayments for equipment	31,332	-
Refundable deposits	8,802	10,102
Prepayments for maintenance fee	<u>6,245</u>	<u>3,150</u>
	<u>\$ 92,549</u>	<u>\$ 13,252</u>

17. TRADE PAYABLES

	December 31	
	2023	2022
<u>Trade payables</u>		
Operating	<u>\$ 185,146</u>	<u>\$ 317,324</u>

18. OTHER PAYABLES

	December 31	
	2023	2022
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 42,754	\$ 33,971
Payables for royalties	8,611	11,608
Payables for pension	2,504	2,181
Labor and health insurance payables	<u>2,447</u>	<u>2,130</u>

(Continued)

	December 31	
	2023	2022
Payables for purchases of equipment	\$ 1,904	\$ 5,528
Payables for services	1,501	4,521
Payables for patents	1,370	201,679
Payables for employee welfare	1,000	6,901
Others	<u>13,228</u>	<u>7,230</u>
	<u>\$ 75,319</u>	<u>\$ 275,749</u>
Other liabilities		
Refund liabilities	\$ 29,713	\$ 69,590
Receipts under custody	3,176	3,073
Contract liabilities (Note 22)	<u>3,070</u>	<u>33</u>
	<u>\$ 35,959</u>	<u>\$ 72,696</u>
		(Concluded)

19. PROVISIONS

	December 31	
	2023	2022
<u>Current</u>		
Warranties (a)	<u>\$ 52,487</u>	<u>\$ 49,634</u>
<u>Non-current</u>		
Decommissioning (b)	<u>\$ 6,447</u>	<u>\$ 6,447</u>
	Warranties	Decommissioning
Balance at January 1, 2023	\$ 49,634	\$ 6,447
Additional provisions recognized	<u>2,853</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 52,487</u>	<u>\$ 6,447</u>

- 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.

20. 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 \$9,873 thousand and \$8,138 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, 2023 and 2022, respectively.

21. EQUITY

a. Ordinary share capital

	December 31	
	2023	2022
Number of shares authorized (in thousands of shares)	<u>50,000</u>	<u>50,000</u>
Shares authorized par value \$10 (in thousands of NTD)	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Number of shares issued and fully paid (in thousands of shares)	<u>37,821</u>	<u>37,821</u>
Shares issued and fully paid (in thousands of NTD)	<u>\$ 378,207</u>	<u>\$ 378,207</u>

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, 2022, the board of directors of the Company resolved to take back 14,000 new shares of restricted employee rights from former employees without compensation in accordance with the law. The Company had capital reduction operation, and the base date for capital reduction was March 7, 2022. The registration of the change was completed on March 16, 2022.

On March 7, 2022, 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, and were approved by the shareholders in their meeting on May 31, 2022. The board of directors were authorized to complete the record date in accordance with the relevant regulations on July 4, 2022, and the registration of the change was completed on July 13, 2022.

On March 7, 2022, the board of directors of the Company made a resolution to convert the employees' compensation into capital stock with NT\$141,518 thousand, NT\$10 per share. The above-mentioned capital increase was reported at the general meeting of the shareholders on May 31, 2022 and was approved by the competent authority to declare and take effect. The base date of the capital increase is also set on August 9, 2022 with 52 thousand shares, and the registration of the change was completed on August 29, 2022.

On August 8, 2022, the board of directors of the Company made a resolution in the new employee restricted stocks with 44 thousand shares at NT\$10 per share. The above-mentioned issuance of new shares was approved and declared to be effective by the competent authority, and the registration of the change was completed on August 29, 2022, refer to Note 25.

On November 7, 2022, the board of directors of the Company resolved to take back 6 thousand 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 November 7, 2022. The registration of the change was completed on November 18, 2022.

On December 16, 2022, the board of directors of the Company resolved to cancel the treasury shares in accordance with the law and eliminated a total of 60 thousand issued shares. The base date for capital reduction was December 16, 2022, and the registration of the change was completed on December 28, 2022.

b. Capital surplus

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)</u>		
Issuance of ordinary shares	\$ 756,385	\$ 756,385
Employee share bonus	608,492	608,492
From expired/vested employee restricted shares	110,953	69,599
From expired/exercised employee share options	2,156	2,156
<u>May not be used for any purpose</u>		
Employee restricted shares	<u>61,792</u>	<u>103,146</u>
	<u>\$ 1,539,778</u>	<u>\$ 1,539,778</u>

- 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 in their meeting.

Under fixing 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 by the shareholders in their 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 23(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.

The special reserve should be appropriated from the prior years' unappropriated earnings to the extent of the debit balance accumulated from prior years. Afterward, if there is any reversal of the decrease in other stockholders' equity, the Company is allowed to appropriate retained earnings from the reversal amount.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Write-off of the retained earnings for cancellation of treasury shares	\$ 122,271	\$ -
Legal reserve	\$ 198,334	\$ 131,292
(Reversal) recognition of special reserve	\$ 42,532	\$ (23,722)
Cash dividends	\$ 1,701,931	\$ 1,202,427
Cash dividends per share (NT\$)	\$ 45.00	\$ 35.00

The above appropriations for cash dividends were resolved by the Company's board of directors on March 6, 2023 and March 7, 2022. The other appropriation of earnings for 2022 and 2021 were proposed by shareholder in their meetings on May 30, 2023 and May 31, 2022, respectively.

The appropriation of earnings for 2023 which was approved in the board of directors' meeting on March 11, 2024 as follows:

	For the Year Ended December 31, 2023
Legal reserve	\$ 100,681
Reversal of special reserve	\$ (62,444)
Cash dividends	\$ 756,414
Cash dividends per share (NT\$)	\$ 20.00

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 30, 2024.

d. Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 22,169	\$ 45,891
Appropriation:		
Debits to other equity items	42,532	-
Reversal:		
Reversal of debits to other equity items	-	(23,722)
Balance at December 31	\$ 64,701	\$ 22,169

e. Other equity items

1) Unearned employee benefits

For information about the restricted share plans for employees, refer to Note 27.

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (62,683)	\$ (16,785)
Issued	-	(78,980)
Cancelled	-	14,457
Share-based payment expenses recognized	<u>41,804</u>	<u>18,625</u>
Balance at December 31	<u>\$ (20,879)</u>	<u>\$ (62,683)</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (2,018)	\$ (5,384)
Exchange differences on translation of the financial statements of foreign operations	<u>(239)</u>	<u>3,366</u>
Balance at December 31	<u>\$ (2,257)</u>	<u>\$ (2,018)</u>

22. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2023	2022
Revenue from the sale of goods	\$ 3,103,586	\$ 5,209,152
Royalty income	<u>7,493</u>	<u>974</u>
	<u>\$ 3,111,079</u>	<u>\$ 5,210,126</u>

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (Note 9)	<u>\$ 715,148</u>	<u>\$ 979,726</u>	<u>\$ 828,723</u>
Contract liabilities (Note 18)			
Sale of goods	<u>\$ 3,070</u>	<u>\$ 33</u>	<u>\$ 71</u>

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, 2023

	Reportable Segments			Total
	Multimedia Integrated Circuits (ICs)	Computer Peripherals Oriented ICs	Others	
Type of goods or services				
Sale of goods	\$ 2,757,121	\$ 328,725	\$ 17,740	\$ 3,103,586
Royalty	<u>-</u>	<u>-</u>	<u>7,493</u>	<u>7,493</u>
	<u>\$ 2,757,121</u>	<u>\$ 328,725</u>	<u>\$ 25,233</u>	<u>\$ 3,111,079</u>

For the year ended December 31, 2022

	Reportable Segments			Total
	Multimedia Integrated Circuits (ICs)	Computer Peripherals Oriented ICs	Others	
Type of goods or services				
Sale of goods	\$ 4,863,615	\$ 338,158	\$ 7,379	\$ 5,209,152
Royalty	<u>-</u>	<u>-</u>	<u>974</u>	<u>974</u>
	<u>\$ 4,863,615</u>	<u>\$ 338,158</u>	<u>\$ 8,353</u>	<u>\$ 5,210,126</u>

23. NET PROFIT FROM CONTINUING OPERATIONS

The comprehensive income includes the following in 2023 was as follows:

a. Interest income

	For the Year Ended December 31	
	2023	2022
Interest income		
Repurchase agreements collateralized by bonds	\$ 62,598	\$ 19,020
Bank deposits	10,437	1,964
Financial asset at fair value through profit	9,023	10,442
Others	<u>150</u>	<u>71</u>
	<u>\$ 82,208</u>	<u>\$ 31,497</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Others	<u>\$ 5,594</u>	<u>\$ 5,667</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gains	\$ 8,127	\$ 196,844
Net gain (loss) on fair value changes of financial assets through profit or loss	36,398	(32,965)
Loss on disposal of financial assets	(8,993)	(26,713)
Miscellaneous expenses	<u>(2)</u>	<u>-</u>
	<u>\$ 35,530</u>	<u>\$ 137,166</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on loans	\$ 9,124	\$ 2,783
Interest on lease liability	<u>554</u>	<u>975</u>
	<u>\$ 9,678</u>	<u>\$ 3,758</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>124,396</u>	<u>101,652</u>
	<u>\$ 124,396</u>	<u>\$ 101,652</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>177,564</u>	<u>133,301</u>
	<u>\$ 177,564</u>	<u>\$ 133,301</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 20)		
Defined contribution plans	\$ 9,873	\$ 8,138
Share-based payments (Note 26)	41,804	18,625
Other employee benefits	<u>420,202</u>	<u>530,268</u>
	<u>\$ 471,879</u>	<u>\$ 557,031</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
An analysis of employee benefits expense by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>471,879</u>	<u>557,031</u>
	<u>\$ 471,879</u>	<u>\$ 557,031</u>
		(Concluded)

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors 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. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which have been approved by the Company's board of directors on March 11, 2024 and March 6, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	8%	8%
Remuneration of directors	1%	1%

Amount

	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 105,374	\$ -	\$ 229,900	\$ -
Remuneration of directors	13,171	-	28,738	-

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.

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, 2022 and 2021.

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	
	2023	2022
Foreign exchange gains	\$ 103,572	\$ 270,116
Foreign exchange losses	<u>(95,445)</u>	<u>(73,272)</u>
	<u>\$ 8,127</u>	<u>\$ 196,844</u>

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 213,062	\$ 504,044
Adjustments for prior years	<u>(12,858)</u>	<u>-</u>
	200,204	504,044
Deferred tax		
In respect of the current year	<u>(8,387)</u>	<u>5,456</u>
Income tax expense recognized in profit or loss	<u>\$ 191,817</u>	<u>\$ 509,500</u>

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

	For the Year Ended December 31	
	2023	2022
Income before tax from continuing operations	<u>\$ 1,198,627</u>	<u>\$ 2,615,114</u>
Income tax expense calculated at the statutory rate	\$ 239,726	\$ 523,023
Non-deductible expenses in determining taxable income	(3,008)	6,614
Deductible temporary differences	(1,957)	(20)
Investment credits	(30,086)	(20,117)
Adjustments for prior years' tax	<u>(12,858)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 191,817</u>	<u>\$ 509,500</u>

- b. Current tax liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ 378,402</u>

- 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, 2023

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred Tax Assets</u>			
Temporary differences			
Inventory write-down	\$ 5,846	\$ 110	\$ 5,956
Investments accounted for using the equity method	2,348	(1,389)	959
Provisions	9,927	570	10,497
Refund liabilities	13,918	(7,975)	5,943
Deferred depreciation expense for decommissioning of right-of-use assets	<u>773</u>	<u>(257)</u>	<u>516</u>
	<u>\$ 32,812</u>	<u>\$ (8,941)</u>	<u>\$ 23,871</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred Tax Liabilities</u>			
Temporary differences			
Unrealized net foreign exchange gains	\$ 15,562	\$ (4,805)	\$ 10,757
Other intangible assets - acquisitions	17,535	(13,896)	3,639
Investments accounted for using the equity method	<u>-</u>	<u>1,373</u>	<u>1,373</u>
	<u>\$ 33,097</u>	<u>\$ (17,328)</u>	<u>\$ 15,769</u> (Concluded)

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred Tax Assets</u>			
Temporary differences			
Inventory write-down	\$ 1,000	\$ 4,846	\$ 5,846
Investments accounted for using the equity method	3,008	(660)	2,348
Provisions	7,937	1,990	9,927
Refund liabilities	27,853	(13,935)	13,918
Deferred depreciation expense for decommissioning of right-of-use assets	<u>516</u>	<u>257</u>	<u>773</u>
	<u>\$ 40,314</u>	<u>\$ (7,502)</u>	<u>\$ 32,812</u>

Deferred Tax Liabilities

Temporary differences			
Unrealized net foreign exchange gains	\$ 3,711	\$ 11,851	\$ 15,562
Other intangible assets - acquisitions	<u>31,432</u>	<u>(13,897)</u>	<u>17,535</u>
	<u>\$ 35,143</u>	<u>\$ (2,046)</u>	<u>\$ 33,097</u>

d. Income tax assessments

The Company's tax returns through 2021 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per share

	<u>For the Year Ended December 31</u>	
	2023	2022
Basic earnings per share	<u>\$ 26.66</u>	<u>\$ 55.72</u>
Diluted earnings per share	<u>\$ 26.60</u>	<u>\$ 55.35</u>

The earnings and weighted-average number of ordinary shares outstanding used in the calculation of earnings per share are as follows:

Net income for the year

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 1,006,810</u>	<u>\$ 2,105,614</u>
Unit: Thousands of shares		
	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares in computation of basic earnings per share	37,768	37,792
Effect of potentially dilutive ordinary shares:		
Compensation of employees	48	146
Restricted shares to employees	<u>40</u>	<u>102</u>
Weighted average number of ordinary shares in computation of diluted earnings per share	<u>37,856</u>	<u>38,040</u>

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.

26. 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
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
2022/05/31	60	2022/08/08	2022/08/08	44	1,795

On May 31, 2022, the shareholders held a meeting and resolved to issue a restricted share plan for employees with a total of 60 thousand shares. The Company shall set up the actual issuance date (s) in one tranche or by installments within one year from the effective date of the receipt of registration from 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) Employees, who are still employed from the date when new employee restricted stocks are granted and the personal performance conditions signed by individual employees are set and the achievement rate of the Company's operating goals according to the time of giving, may satisfy the vesting conditions in the following proportions of shares respectively:

The maximum portions of the vesting shares of 2023 are 35%,

The cumulative maximum portions of vesting shares from 2023 to 2024 are 70%,

The cumulative maximum portions of vesting shares from 2023 to 2025 are 100%,
 - 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 attendants in the shareholders' meeting, proposal, speech, resolution and voting right, etc., will be enforced by trust institutions.

On May 29, 2019, the shareholders held a meeting and 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 by installments within one year from the effective date of the receipt of registration from 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 attendants in the shareholders' meeting, proposal, speech, resolution and voting right, etc., will be enforced by trust institutions.

Information on restricted share plan for employees was as follows:

	Number of Shares (In Thousands)	
	For the Year Ended December 31	
	2023	2022
Balance at January 1	71	67
Granted	-	44
Vested	(31)	(20)
Cancelled	<u>-</u>	<u>(20)</u>
Balance at December 31	<u>40</u>	<u>71</u>

For the years ended December 31, 2023 and 2022, the compensation costs recognized were NT\$41,804 thousand and NT\$18,625 thousand, respectively.

27. 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.

28. 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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL-current				
Mutual funds	\$ 280,878	\$ -	\$ -	\$ 280,878
Domestic listed shares	91,911	-	-	91,911
Financial assets at FVTPL - non-current				
Foreign corporate bonds	-	77,856	-	77,856
Financial assets at FVTCOI - non-current				
Non-publicly traded equity investments	<u>-</u>	<u>-</u>	<u>62,104</u>	<u>62,104</u>
	<u>\$ 372,789</u>	<u>\$ 77,856</u>	<u>\$ 62,104</u>	<u>\$ 512,749</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL-current				
Mutual funds	\$ 327,087	\$ -	\$ -	\$ 327,087
Domestic listed shares	199,980	-	-	199,980
Financial assets at FVTPL - non-current				
Foreign corporate bonds	<u>-</u>	<u>72,893</u>	<u>-</u>	<u>72,893</u>
	<u>\$ 527,067</u>	<u>\$ 72,893</u>	<u>\$ -</u>	<u>\$ 599,960</u>

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 quoted market transaction price provided by a third-party institution as a measurement..

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Non-publicly traded equity investments	It is mainly determined by using the asset approach and market approach.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 2,278,917	\$ 3,781,798
Financial assets at FVTPL	450,645	599,960
Financial assets at FVTOCI	62,104	-

Financial liabilities

Measured at amortized cost (2)	218,355	551,695
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- 1) The balances include financial assets 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 and other payables (including related parties).

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 32.

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	
	2023	2022
Pre-tax profit	\$ 68,890	\$ 97,377

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

The Company's sensitivity to USD currency decreased during the current period mainly due to the decrease in the net assets of the USD which was due to the decrease in bank deposits, cash equivalents and accounts receivable 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	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 252,875	\$ 2,209,459
Financial liabilities	19,004	37,612
Cash flow interest rate risk		
Financial assets	1,378,293	653,617

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.

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, 2023 and 2022, the information of the company's available unutilized short-term bank loan facilities could refer to (2) financing facilities below.

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, 2023

	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	\$ 2,078	\$ 4,157	\$ 11,016	\$ 1,793	\$ -	\$ 19,044
Non-interest bearing						
Trade payables	98,710	86,436	-	-	-	185,146
Other payables	24,017	1,231	1,366	-	-	26,614
Other payables to related	6,595	-	-	-	-	6,595
	<u>\$ 131,400</u>	<u>\$ 91,824</u>	<u>\$ 12,382</u>	<u>\$ 1,793</u>	<u>\$ -</u>	<u>\$ 237,399</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 17,251</u>	<u>\$ 1,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	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	\$ 1,948	\$ 3,897	\$ 17,418	\$ 15,010	\$ -	\$ 38,273
Non-interest bearing						
Trade payables	154,296	163,028	-	-	-	317,324
Other payables	<u>227,468</u>	<u>1,213</u>	<u>5,690</u>	<u>-</u>	<u>-</u>	<u>234,371</u>
	<u>\$ 383,712</u>	<u>\$ 168,138</u>	<u>\$ 29,413</u>	<u>\$ 15,010</u>	<u>\$ -</u>	<u>\$ 589,968</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 23,263</u>	<u>\$ 15,010</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Unsecured borrowings facilities</u>		
Amount unused	\$ 1,850,000	\$ 1,650,000
Amount used	<u>-</u>	<u>-</u>
	<u>\$ 1,850,000</u>	<u>\$ 1,650,000</u>

29. 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:

<u>Related Parties</u>	<u>Relationship with the Company</u>
ASPEED Technology (U.S.A.) Inc.	Subsidiary
ASPEED Technology India Private Limited	Subsidiary
Cupola360 Inc.	Subsidiary

b. Operating expenses - Technology services expense

	<u>December 31</u>	
<u>Related Party Name</u>	<u>2023</u>	<u>2022</u>
ASPEED Technology (U.S.A.) Inc.	<u>\$ 65,437</u>	<u>\$ 72,094</u>

c. Payables to related parties

Line Items	Related Party Name	December 31	
		2023	2022
Other payables to related parties	ASPEED Technology (U.S.A.) Inc.	\$ <u>6,595</u>	\$ <u>3,805</u>

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

d. 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	
	2023	2022
Cupola360 Inc.	\$ <u>36</u>	\$ <u>36</u>

Lease income was as follows:

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Cupola360 Inc.	\$ <u>36</u>	\$ <u>36</u>

e. Compensation of key management personnel

The total amount of payroll to directors and supervisors and other key executives in 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 39,734	\$ 73,699
Post-employment benefits	216	312
Share-based payments	<u>20,600</u>	<u>10,284</u>
	\$ <u>60,550</u>	\$ <u>84,295</u>

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

f. Other revenue

Related Party Category	December 31	
	2023	2022
Subsidiary	\$ <u>153</u>	\$ <u>-</u>

The transactions in which the Company made collections of other revenue to related parties were subject to contractual agreements as there were no similar transactions for comparison.

30. 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, 2023 and 2022 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, 2023 and 2022, royalty expenses amounted to \$26,741 thousand and \$32,431 thousand, respectively.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's 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, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 52,365	30.705	\$ 1,607,867
Non-monetary items			
Investments accounted for using the equity method			
USD	1,739	30.705	53,398
<u>Financial liabilities</u>			
Monetary items			
USD	7,493	30.705	230,073

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 83,206	30.71	\$ 2,555,256
Non-monetary items			
Investments accounted for using the equity method			
USD	1,488	30.71	45,696
<u>Financial liabilities</u>			
Monetary items			
USD	19,789	30.71	607,720

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

Foreign Currency	Exchange Rate	2023	Exchange Rate	2022
		Net Foreign Exchange Gain (Loss)		Net Foreign Exchange Gain (Loss)
USD	30.705 (USD:NTD)	<u>\$ 53,786</u>	30.71 (USD:NTD)	<u>\$ 77,808</u>

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: None
- 3) Marketable securities held (excluding investments in subsidiaries, associates and interests in joint ventures):

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Amount (In Thousands)	Percentage of Ownership (%)	Fair Value (In Thousands)	
ASPEED Technology Inc.	Shares - CTBC Financial Holding Co., Ltd. Preference Shares C 2891C	-	Financial assets at FVTPL - current	1,000	\$ 59,200	-	\$ 59,200	Note
	Shares - Yunta Securities Investment Trust Co., Ltd. 2881A Fubon Te	-	Financial assets at FVTPL - current	213	13,014	-	13,014	Note
	Shares - Yunta Securities Investment Trust Co., Ltd. 2882A Cathay Pacific	-	Financial assets at FVTPL - current	311	18,536	-	18,536	Note
	Shares - Yunta Securities Investment Trust Co., Ltd. 2882 Cathay Gold	-	Financial assets at FVTPL - current	25	1,161	-	1,161	Note
	Funds - Fuhua Ruihua Fund	-	Financial assets at FVTPL - current	4,827	56,527	-	56,527	Note
ASPEED Technology Inc.	Funds - ETF-00740B Fubon 10+Years US Corporate Bond BBB Ex China	-	Financial assets at FVTPL - current	1,200	48,900	-	48,900	Note
	Funds - Yunta Japan Leaders Equity Fund-TWD(A)	-	Financial assets at FVTPL - current	3,000	30,000	-	30,000	Note
	Funds - ETF 00720B Yunta US 20+ Year BBB Corporate Bond ETF	-	Financial assets at FVTPL - current	630	22,680	-	22,680	Note
	Funds - Allianz Flex Asia Bond AT (USD)	-	Financial assets at FVTPL - current	85	23,581	-	23,581	Note
	Funds - JPMorgan Global Bond Yield USD Cumulative USD	-	Financial assets at FVTPL - current	8	30,487	-	30,487	Note
	Funds - Yunta Global Leaders Balanced Fund- USD (A)	-	Financial assets at FVTPL - current	100	35,989	-	35,989	Note
	Funds - Fuh Hwa 3-8 Year Maturity A-Rated Bond Fund USD	-	Financial assets at FVTPL - current	100	32,714	-	32,714	Note
	Bonds - Foxconn Far East HONHAI Corporate Bonds	-	Financial assets at FVTPL - non-current	30	77,856	-	77,856	Note
	POLYTRON AI PTE. LTD.	-	Financial assets at FVTOCI - non-current	10	62,104	10	62,104	Note

Note: The value is calculated by net value or closing price on December 31, 2023.

- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 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)		As of December 31, 2023		Carrying Amount (In thousands)	Net Income (Loss) of the Investee (In thousands)	Share of Profits (Loss) (In thousands)	Note
				2023	2022	Number of Shares (In thousands)	%				
ASPEED Technology Inc.	ASPEED Technology (Samoa) Inc.	Samoa	Investment holding company	\$ 48,763	\$ 48,763	1,550	100	\$ 53,398	\$ 8,009	\$ 8,009	-
	ASPEED Technology India Private Limited	India	R&D and technical services	95	166	35	1	-	-	-	-
	Cupola360 Inc.	Taiwan	Software Design Services	15,000	15,000	1,500	100	10,273	5,801	5,801	-
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	45,763	8,035	8,035	-
	ASPEED Technology India Private Limited	India	R&D and technical services	8,930	16,068	3,465	99	-	-	-	-

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.	5,253,076	13.88

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.

33. SEGMENT INFORMATION

The Company has disclosed the department information in the financial report, and the individual financial report does not disclose relevant information.

TABLE 1

ASPEED TECHNOLOGY INC.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Parties	Maximum Balance for the Period (Foreign Currencies in Thousands) (Note 2)	Ending Balance (Foreign Currencies in Thousands) (Note 2)	Ending Balance (Foreign Currencies in Thousands)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1)	Financing Company's Total Financing Amount Limits (Notes 1)
													Item	Value		
0	The Company	Cupola360 Inc.	Other receivables from related parties	Yes	\$ 63,000 (USD 2,000)	\$ 63,000 (USD 2,000)	\$ -	6%	For financing	\$ -	Working capital	\$ -	-	\$ -	\$ 383,420	\$ 383,420

Note 1: According to the “Financing providing and operation management method”, the total amount and the available amount to any individual for lending are as follows:

- The amount available for lending to the company and subsidiaries shall not exceed ten percent (10%) of the net worth of the company’s most recent financial statements.
- The total amount for lending to or lending from any directly or indirectly hold foreign subsidiaries with 100% ownership, shall not exceed 40% of the net worth of the lending company,However, the total amount of funds to be loaned and the limits for individual borrowers should be set, and the period for which funds should be loaned should be clearly defined ,the amount available for lending to the company shall not exceed ten percent (10%) of the net worth of the company’s most recent financial statements.
- Where funds are lent to a company or business with business relationships with the Company, the total amount for lending to any individual shall not exceed the amount of business transaction between the two parties in the most recent year and not exceed 10% of the company net value.

Note 2: The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

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ASPEED TECHNOLOGY INC.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Description	Amount
Cash		
Petty cash		\$ 101
Cash deposits		
Demand deposits	Including NT\$658,030 thousand and US\$23,458 thousand at the exchange rate of US\$1:NT\$30.705	1,378,293
Cash equivalents		
Time deposits	Including US\$3,700 thousand at the exchange rate of US\$1:NT\$30.705 (Note 1)	113,609
Repurchase agreements collateralized by corporate bonds	Including US\$2,000 thousand at the exchange rate of US\$1:NT\$30.705 (Note 2)	<u>61,410</u>
Total		<u>\$ 1,553,413</u>

Note 1: Expired at the end of May 2024.

Note 2: Expired at the end of February 2024, interest rates at 5.35%.

ASPEED TECHNOLOGY INC.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Securities	Description	Units (Thousand)	Cost	Fair Value		Note
				Unit Price	Amount	
Domestic investment						
Shares	CTBC Financial Holding Co., Ltd. Preference Shares C 2891C	1,000	\$ 61,107	\$ 59.20	\$ 59,200	-
	Yuanta Securities Investment Trust Co., Ltd. 2881A Fubon Te	213	13,129	61.10	13,014	-
	Yuanta Securities Investment Trust Co., Ltd. 2882A Cathay Pacific	311	19,232	59.60	18,536	-
	Shares -Yuanta Securities Investment Trust Co., Ltd. 2882 Cathay Gold	25	888	45.75	1,161	-
	Fuhua Ruihua Fund	4,827	50,000	11.71	56,527	-
	ETF-00740B Fubon 10+Years US Corporate Bond BBB Ex China	1,200	47,091	40.75	48,900	-
Mutual funds	Yuanta Japan Leaders Equity Fund-TWD(A)	3,000	30,003	10.00	30,000	-
	ETF-00720B Yuanta US 20+ Year BBB Corporate Bond ETF	630	21,589	36.00	22,680	-
		<u>11,206</u>	<u>243,039</u>		<u>250,018</u>	
Foreign investment						
Mutual funds	Allianz Flex Asia Bond AT (USD)	85	29,268	9.05	23,581	Note
	JPMorgan Global Bond Yield USD Cumulative USD	8	28,106	128.55	30,487	Note
	Yuanta Global Leaders Balanced Fund- USD (A)	100	29,442	11.72	35,989	Note
	Fuh Hwa 3-8 Year Maturity A-Rated Bond Fund USD	100	32,360	10.65	32,714	Note
		<u>293</u>	<u>119,176</u>		<u>122,771</u>	
Total		<u>11,499</u>	<u>\$ 362,215</u>		<u>\$ 372,789</u>	

Note: The unit price is calculated in USD.

ASPEED TECHNOLOGY INC.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NONCURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Securities	Description	Balance at January 1, 2023		Additions		Disposals		Unrealized Evaluation (Loss) Gain	Interest Amortization	Balance at December 31, 2023		Accumulated Impairment	Guarantee or Pledge	None
		Units (Thousand)	Fair Value	Units (Thousand)	Fair Value	Units (Thousand)	Fair Value			Units (Thousand)	Fair Value			
Foreign investment	Foxconn Far East HONHAI Corporate Bonds	30	\$ 72,893	-	\$ -	-	\$ -	\$ 4,967	\$ (4)	30	\$ 77,856	\$ -	-	-

ASPEED TECHNOLOGY INC.**STATEMENT OF NOTES AND TRADE RECEIVABLE, NET****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Trade receivables - non-related parties	
Client A	\$ 111,586
Client B	78,369
Client C	53,001
Client D	38,241
Others (Note)	<u>433,951</u>
	<u>\$ 715,148</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

ASPEED TECHNOLOGY INC.**STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 240,030	\$ 700,503
Work in process	<u>43,608</u>	<u>139,412</u>
Total	<u>\$ 283,638</u>	<u>\$ 839,915</u>

ASPEED TECHNOLOGY INC.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance at January 1, 2023		Additions in Investment		Decrease in Investment		Increase (Decrease) in Using the Equity Method	Exchange Differences on Translation Foreign Operations	Balance at December 31, 2023			Market Value or Net Assets Value
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount			Shares (In Thousands)	%	Amount	
Investments accounted for using equity method												
Private Company												
ASPEED Technology (Samoa) Inc.	1,550	\$ 45,626	-	\$ -	-	\$ -	\$ 8,009	\$ (237)	1,550	100	\$ 53,398	\$ -
ASPEED Technology India Private Limited	35	74	-	-	-	(72)	-	(2)	35	1	-	-
Cupola360 Inc.	1,500	<u>4,472</u>	-	<u>-</u>	-	<u>-</u>	<u>5,801</u>	<u>-</u>	1,500	100	<u>10,273</u>	<u>-</u>
Total		<u>\$ 50,172</u>		<u>\$ -</u>		<u>(72)</u>	<u>13,810</u>	<u>(239)</u>			<u>\$ 63,671</u>	<u>\$ -</u>

ASPEED TECHNOLOGY INC.**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSET AND ACCUMULATED DEPRECIATION
OF RIGHT-OF-USE ASSET FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Building	Transportation Equipment	Total
Cost			
Balance at January 1, 2023	\$ 105,733	\$ 2,805	\$ 108,538
Additions	2,134	2,769	4,903
Disposals	-	-	-
Balance at December 31, 2023	<u>107,867</u>	<u>5,574</u>	<u>113,441</u>
Accumulated depreciation			
Balance at January 1, 2023	67,934	1,181	69,115
Additions	22,938	1,701	24,639
Disposals	-	-	-
Balance at December 31, 2023	<u>90,872</u>	<u>2,882</u>	<u>93,754</u>
Carrying amount at December 31, 2023	<u>\$ 16,995</u>	<u>\$ 2,692</u>	<u>\$ 19,687</u>

ASPEED TECHNOLOGY INC.**STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

	Vendor Name	Amount
Trade payable - non-related parties		
	Vendor A	\$ 181,811
	Others (Note)	<u>3,335</u>
	Total	<u>\$ 185,146</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

ASPEED TECHNOLOGY INC.**STATEMENT OF LEASE LIABILITY****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Lease Term	Discount Rate (%)	Balance at End of Year
Buildings	2019.09-2024.09	2.00	\$ 16,309
Transportation equipment	2023.11-2026.11	2.50	<u>2,695</u>
Total			19,004
Less: Lease liability - current			<u>(17,211)</u>
Lease liability - non-current			<u>\$ 1,793</u>

ASPEED TECHNOLOGY INC.**STATEMENT OF NET REVENUE****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Quantity (In Thousands)	Unit	Amount
Multimedia integrated circuits (ICs)	8,080	ea	\$ 2,796,925
Computer peripherals-oriented ICs	466	ea	328,725
Others	26	ea	18,693
Other net revenue			<u>7,493</u>
			3,151,836
Sales returns and discounts	(11)	ea	<u>(40,757)</u>
Net revenue			<u>\$ 3,111,079</u>

ASPEED TECHNOLOGY INC.**STATEMENT OF COST OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Manufacturing expenses	\$ 49,712
Manufacturing cost	49,712
Work in process, beginning of year	<u>118,004</u>
Work in process purchased	744,284
Transferred to expenses and others	(8,074)
Work in process, end of year	<u>(43,608)</u>
Cost of finished goods	876,466
Finished goods, beginning of year	282,388
Finished goods purchased	190,740
Transferred to expenses and others	(403)
Finished goods, end of year	<u>(240,030)</u>
Cost of goods sold	1,109,161
Scraps	<u>-</u>
Total	<u>\$ 1,109,161</u>

ASPEED TECHNOLOGY INC.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll and related expense	\$ 50,868	\$ 86,068	\$ 278,128
Amortization expense	18,194	6,985	152,385
Depreciation expense	1,893	18,657	103,846
Professional service fees	-	12,577	3,900
Technical service fees	-	-	65,437
Remuneration of directors	-	19,712	-
Others (Note)	<u>11,513</u>	<u>33,605</u>	<u>66,987</u>
Total	<u>\$ 82,468</u>	<u>\$ 177,604</u>	<u>\$ 670,683</u>

Note: The amount of each item included in others does not exceed 5% of the account balance.

ASPEED TECHNOLOGY INC.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Labor cost						
Salary and Bonus	\$ -	\$ 415,064	\$ 415,064	\$ -	\$ 482,564	\$ 482,564
Remuneration of directors	-	19,712	19,712	-	35,268	35,268
Labor and health insurance	-	19,532	19,532	-	15,686	15,686
Pension	-	9,873	9,873	-	8,138	8,138
Others	-	7,698	7,698	-	15,375	15,375
	<u>\$ -</u>	<u>\$ 471,879</u>	<u>\$ 471,879</u>	<u>\$ -</u>	<u>\$ 557,031</u>	<u>\$ 557,031</u>
Depreciation	<u>\$ -</u>	<u>\$ 124,396</u>	<u>\$ 124,396</u>	<u>\$ -</u>	<u>\$ 101,652</u>	<u>\$ 101,652</u>
Amortization	<u>\$ -</u>	<u>\$ 177,564</u>	<u>\$ 177,564</u>	<u>\$ -</u>	<u>\$ 133,301</u>	<u>\$ 133,301</u>

Note 1: As of December 31, 2023 and 2022, the Company had 127 and 113 employees, respectively. There were 7 and 7 non-employee directors, respectively, for 2023 and 2022.

Note 2: Companies whose shares are listed on the stock exchange or listed on the OTC market should disclose the following information:

- a. The average employee welfare expense for the current year is \$3,768 thousand ("Total employee welfare expenses for the current year-Total directors' remuneration"/"Number of employees for the current year-Number of directors who do not serve concurrently as employees").

The average employee welfare expense for the previous year is \$4,922 thousand ("Total employee welfare expenses for the previous year-Total directors' remuneration"/"Number of employees for the previous year-Number of directors who do not serve concurrently as employees").

- b. The average employee salary expenses for the current year is \$3,459 thousand (Total salary expenses for the current year/"Number of employees for the current year-Number of directors who do not serve concurrently as employees").

The average salary of the previous year is \$4,552 thousand (Total salary expenses of the previous year/"Number of employees for the current year-Number of directors who do not serve concurrently as employees").

- c. Changes in the average employee salary expense adjustment 24.01% ("Average employee salary expense for the current year-Average employee salary expense for the previous year"/Average employee salary expense for the previous year).

- d. The Company has established the Audit Committee, and the remuneration of independent directors has been incorporated into the remuneration of directors.

- e. Compensation and Remuneration Policy

- 1) Remuneration of Directors is paid at prevailing rates according to Directors' Remuneration and Travel Allowance Policy of the Company. Guided by the established compensation and remuneration policy in the profit of the Company, compensation and remuneration of directors is accrued and reviewed by the Compensation Committee and the Board of Directors. The compensation arrangement shall be reported to the shareholders in their meeting. Directors who also serve as executive officers will receive compensation based on the following rules b & c.

(Continued)

- 2) The compensation and remuneration of the President and Vice Presidents of the Company is guided in accordance with Performance Management Policy. Executives' compensation packages are based on individual performance and their contribution to the Company's overall performance with benchmarking to market compensation surveys. The Compensation Committee shall review the KPIs and measurements, followed by performance appraisal, and consequently reward the Executives with the approval of the Board of Directors.
- 3) Compensation and Remuneration Policy of the Company is based on individual competence, contribution, and performance appraisal results, which shows positive relation to the Company's overall performance. The combination of compensation and remuneration are base salary, incentive & profit sharing, and benefits. Base salary is determined by roles & responsibilities and employees' working experiences and also benchmarked with compensation market surveys. Incentives & profit sharing are in relation to individuals' contribution, achievements of departmental targets or the Company's performance. Benefits are not intended to only meet regulations and requirements but also designed to meet individuals' needs and for mutual good of all employees.

(Concluded)