Stock Code: 3515

ASRock Incorporation
2022 Annual Report

Published on April, 2023

The website designated by the Financial Supervisory Commission for reporting:

http://mops.twse.com.tw

I. Contact Information of Spokesperson:

Spokesperson/Title	: Chien-Hung, Chen/ Vice President & CFO
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Headquarter: 2F., No.37, Sec. 2, Jhongyang S. Rd., Beitou District, Taipei City 112, Taiwan (R.O.C.)

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Subsidiaries and plants: None.

III. Institution for stock transfer:

Name: Registrar & Transfer Agency Department of KGI Securities Co. LTD

Address: 5F., No. 2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City

Website: http://www.kgieworld.com.tw

Tel: (02)2389-2999

IV. Names of financial statement auditors in the latest year:

Names of Auditors: CPA, Chih-Hui, Yang; Chien-Ju, Yu

CPA Firm: Ernst & Young, Taiwan

Address: 9F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City

Website: http://www.ey.com/

Tel: (02)2757-8888

V. Overseas Listings and Access to the Listing Information: None

VI. Website: http://www.asrock.com

ASROCK INCORPORATION

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Chapter I. Report to Shareholders

Ladies and gentlemen, Dear Shareholders:

Dear shareholders, it is indeed a great pleasure to have your presence in this regular session of the 2023 Shareholders Meeting. In 2022, the global PC market was severely impacted by the Russia-Ukraine war, rising inflation and economic deterioration. According to the Gartner research report, global PC shipments will decline by as much as 16.2% in 2022, the largest decline in history. In addition, with the changes in the virtual currency mechanism and the sharp decline in currency value which further deepened the impact on the demand for graphics cards, the Company’s operations were also significantly affected.

The rapid and sharp decline in the global PC market has had a significant impact on the Company’s revenue and inventory. Although it has increased the proportion of non-consumer products through product diversification to mitigate the economic fluctuation impact on the revenue, it has also actively adjusted its products and procurement strategies, reduced inventory and maintained a sound financial system. However, the annual revenue and profit still declined significantly, showing unsatisfactory performance.

Financial and Business Performance

With product diversification as the main development strategy, the proportion of the motherboard business in the overall business continues to decline, which helps the Company’s operations as the demand for other individual products increases. For example, the substantial growth of industrial PC in 2022 will greatly help the Company’s operations.

The Company’s consolidated revenue of NT$17.12 billion in 2022, which was an decline of 13.4% from NT$19.76 billion in the same period of 2021. Affected by the sharp decline in the gross profit margin of consumer products, the gross profit margin in 2022 will drop to 21.6%, which is a 6.6% decrease from the gross profit margin of 28.2% in 2021. In 2022, the consolidated net income after tax is NT$1.07 billion, a decrease of 55% from the NT$2.38 billion in 2021. The Consolidated Financial Information is shown in the table below:

Unit: NT$ 100 million

Item	2022 (consolidated)		2021 (consolidated)	
	Amount	%	Amount	%
Operating revenues	171.2	100.0%	197.6	100.0%
Gross profit	37.0	21.6%	55.6	28.2%
Operating expenses	25.2	14.7%	25.0	12.7%
Operating income	11.9	6.9%	30.6	15.5%
Profit from continuing operations before tax	14.3	8.4%	30.6	15.5%
Net income after tax (Owner of the parent company)	10.7	6.2%	23.8	12.0%
Earnings per share after taxation (NT$)	8.69		19.67	

Note: No financial forecast was disclosed in 2022. Budget attainment is not applicable here.

Gravity of technological development and operation

With the changes in lifestyles caused by the epidemic, cloud applications continue to be developed. the Company will continue to focus on the development of technologies and products such as cloud computing, edge computing, and factory automation in the enterprise market. For consumer products, in addition to continuing to meet the demand of different international consumer groups through brand diversification, the Company actively and continuously develops new peripheral products to provide consumers with a full set of professional e-sports products with unique and innovative branding marketed for consumers in different fields.

The prospect

The diversified development on products/ brands/ markets is the focus of the Company's long-term operation and development and it looks to further develop commercial and consumer products with steady growth. In addition new growth drivers, the developments can reduce operational fluctuations caused by specific product lines. Looking forward to 2023 with unstable the global economy conditions such as continuous high inflation/ high interest rates, the Russia-Ukraine war and the on-going trade conflict between China and the United States, the Company looks to create a growing momentum for the operation and profitability, and provides value for shareholders.

May I wish you all

Good health and good luck

ASRock Incorporation

Chairman Hsu-Tien, Tung

Chapter II. Company Profile

I. Date of establishment: May 10, 2002

II. Company history

May 2002	ASRock was founded, and the office was set up in the An-Tai Tower, Tanshui Hongshulin, with a paid-in capital of NT$200,000,000 and a core business in selling the ASROCK computer motherboard.
Dec 2002	ASRock was profitable in the first year of its establishment, with a net profit after tax exceeding NT$50,000,000.
Jun 2003	NT$42,000,000 of new shares were issued through stock dividends, and the paid-in share capital after the capital increase was NT$242,000,000.
Jul 2004	NT$147,000,000 of new shares were issued through stock dividends and employee bonus, and the paid-in share capital after the capital increase was NT$389,000,000.
Aug 2004	ASRock moved to Lide Building, 2F, No. 11, Lane 120, Lide Road.
Dec 2004	New shares of NT$40,000,000 were issued through seasoned equity offering, and the paid-in capital after the increase was NT$429,000,000.
Jul 2005	NT$156,700,000 of new shares were issued through stock dividends and employee bonus, and the paid-in share capital after the capital increase was NT$585,700,000.
Dec 2005	Established a schedule for listing in the TWSE for equity dispersion.
May 2006	The stock public offering was approved by the Securities and Futures Bureau of the Financial Supervisory Commission.
Jul 2006	NT$157,390,000 of new shares were issued through stock dividends and employee bonus, and the paid-in share capital after the capital increase was NT$743,090,000.
Sep 2006	ASRock was approved and listed as an emerging stock by Taipei Exchange.
Oct 2006	ASRock moved to Jang Dah Plaza, 2F, No. 37, Section 2, Zhongyang S. Rd.
Jul 2007	ASRock was approved to be listed on the TWSE by the FSC.
Aug 2007	NT$165,118,000 of new shares were issued through stock dividends, and the paid-in share capital after the capital increase was NT$908,208,000.
Nov 2007	New shares of NT$114,430,000 were issued through seasoned equity offering, and the paid-in capital after the increase was NT$1,022,638,000.
Nov 2007	ASRock was listed on the TWSE.
Aug 2008	NT$77,632,000 of new shares were issued through stock dividends, and the paid-in share capital after the capital increase was NT$1,100,270,000.
Apr 2009	The treasury shares were canceled, and the capital was reduced by NT$9,080,000. After the capital reduction, the paid-in share capital was NT$1,091,190,000.
Aug 2009	NT$59,226,000 of new shares were issued through stock dividends, and the paid-in share capital after the capital increase was NT$1,150,416,000.
Sep 2017	Issued new restricted employees shares of NT$57,040,000, and the paid-in share capital after

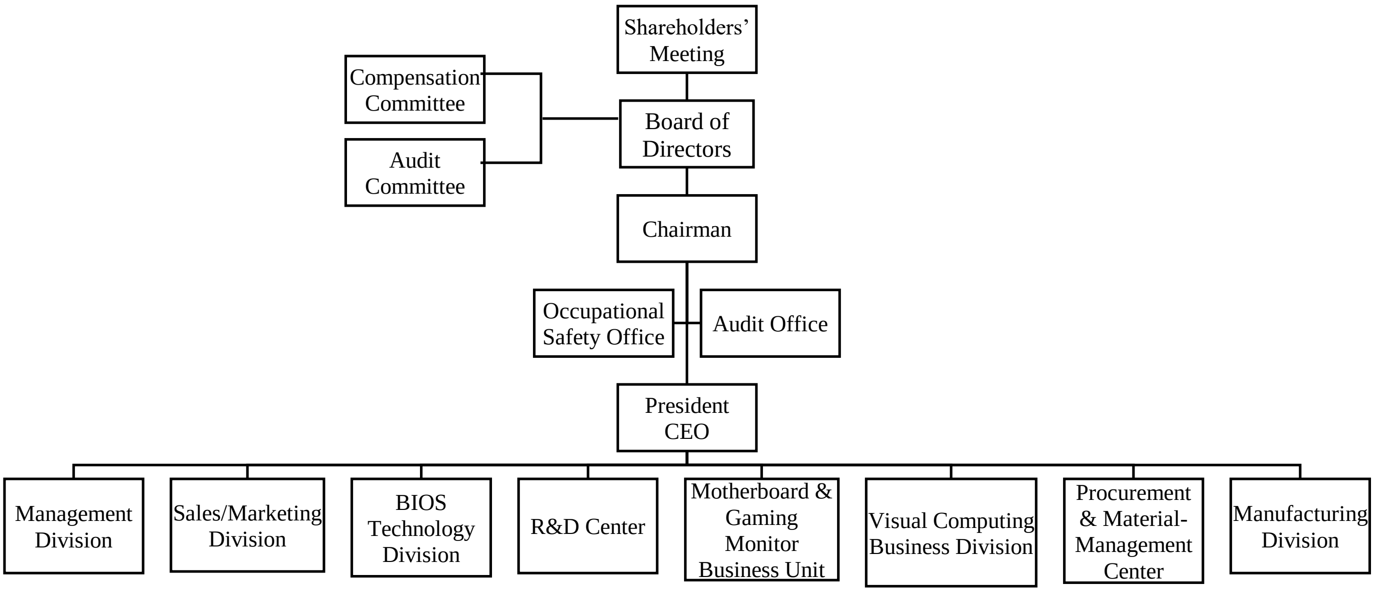
capital increase was NT$1,207,456,000.

Apr 2019	Canceled expired restricted employee shares, reduced capital by NT$480,000, and the paid-in share capital after the capital reduction was NT$1,206,976,000.
Sep 2019	Canceled expired restricted employee shares, reduced capital by NT$186,000, and the paid-in share capital after the capital reduction was NT$1,206,790,000.
Dec 2019	Canceled expired restricted employee shares, reduced capital by NT$318,000, and the paid-in share capital after the capital reduction was NT$1,206,472,000.
Jul 2020	Canceled expired restricted employee shares, reduced capital by NT$48,000, and the paid-in share capital after the capital reduction was NT$1,206,424,000.
Nov 2021	Issued new restricted employees shares of NT$22,830,000, and the paid-in share capital after capital increase was NT$1,229,254,000.
Dec 2022	Canceled expired restricted employee shares, reduced capital by NT$9,324,000, and the paid-in share capital after the capital reduction was NT$1,219,930,000.
Mar 2023	Canceled expired restricted employee shares, reduced capital by NT$36,000, and the paid-in share capital after the capital reduction was NT$1,219,894,000.

Chapter III. Corporate Governance

I. Organizational structure:

(I) Organization chart:



(II) Business affairs operated by the key departments

Department	Business affairs
Audit Office	1. Establishment, follow-up, and revision of internal audit policies 2. Research, audit, and revision of internal control policies
Occupational Safety Office	1. Establish safety & health management plan and emergency plan for employees 2. Supervise on the implementation, management and review of safety & health management plan
Management Division	1. Establishment and implementation of HR planning and personnel management system 2. Establishment and implementation of administrative and general affairs systems 3. Financial planning, fund management and administration 4. Budgeting and planning 5. Accounting operations, closing and establishment, implementation of tax systems 6. Establishment and implementation of MIS, integrating the company's computerized management
Sales/Marketing Division	1. Planning and coordinating the development of new products 2. Developing sales strategies and promoting production and sales coordination 3. Sales execution and collection management, analysis and statistics 4. Global sales development and business information collection, and analyzation
BIOS Division	1. Software research, design and development plan for new products and technologies 2. Software technical support for product development 3. Software quality testing for product development phases
R&D Center	1. Research, design and development plan for new products and technologies 2. Technical support for product development 3. Quality testing for product development phases
Motherboard & Gaming Monitor Business Unit	1. Development planning, project management and tracking for motherboard, gaming displays 2. Sales, product marketing planning, campaign planning and execution 3. Strategic competitive market research and analysis
Visual Computing Business Division	1. Research, sales planning, design, and development planning for computer graphics card 2. Development, research, design, and sales planning for blockchain-related products 3. Research and development planning for cryptocurrency
Procurement & Material-Management Center	1. Negotiation and procurement of raw materials 2. Provide high-quality, low-cost raw materials and material procurement that meet market demands
Manufacturing Division	Overall planning and management of manufacturing, quality assurance, and engineering units

II. Background information of Directors, President, Vice Presidents, Assistant Managers, and the heads of various departments and branches

(I) Profiles of Directors

1. Name of director, work experience (educational background), amount and nature of shareholdings

March 27, 2023; Unit: shares

Title	Nationality and Registry	Name	Gender / Age	On-board date	Term	Date first elected	Shares at Election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors			Remark (Note 6)
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Director	Republic of China	Asus Investment Co., Ltd.		August 20, 2021	3 years	December 20, 2006	57,217,754	46.90	57,217,754	46.90	–	–	–	–	–	–	–	–	–	–
Chairman	Republic of China	Hsu-Tien, Tung	Male Age 60-69	August 20, 2021	Not Applicable	Not Applicable	–	–	–	–	–	–	–	–	Bachelor degree in Electrical Engineering, National Taiwan University Assistant Vice President, ASUSTeK Computer Inc.	Note 1	–	–	–	–
Director	Republic of China	Asus Investment Co., Ltd. Institutional Representative: Tzu-Hsien, Tung	Male Age 60-69	August 20, 2021	Not Applicable	Not Applicable	–	–	–	–	–	–	–	–	Honorary Ph.D in Engineering, National Taipei University of Technology Master degree in Computer and Communication Engineering, National Taipei University of Technology Vice Chairman, ASUSTeK Computer Inc. Chairman, Kinsus Interconnect Technology Corp. Chairman, Pegavision Corporation	Note 2	–	–	–	–
Director	Republic of China	Asus Investment Co., Ltd. Institutional Representative: Kuang-Chin, Cheng	Male Age 50-59	August 20, 2021	Not Applicable	Not Applicable	–	–	–	–	244	0.00	–	–	Master degree in Computer Science and Information Engineering, Tamkang University Bachelor in electrical and computer engineering, Tamkang University Assistant Vice President, ASUSTeK Computer Inc. R&D Vice President, Pegatron Corporation Special Assistant to the Chairman's Office, Pegatron Corporation	Note 3	–	–	–	–

Title	Nationality and Registry	Name	Gender / Age	On-board date	Term	Date first elected	Shares at Election: Quantity	Shares at Election: Ratio of Shareholding	Current number of shares held: Quantity	Current number of shares held: Ratio of Shareholding	Shareholdings of spouse and underage children: Quantity	Shareholdings of spouse and underage children: Ratio of Shareholding	Shares held in the names of others: Quantity	Shares held in the names of others: Ratio of Shareholding	Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors: Title	Spouse or relatives of second degree or closer acting as department heads, directors: Name	Spouse or relatives of second degree or closer acting as department heads, directors: Relation	Remark (Note 6)
Director	Republic of China	Asus Investment Co., Ltd. Institutional Representative: Lung-Lun, Hsu	Male Age 50-59	August 20, 2021	Not Applicable	Not Applicable	–	–	1,653,750	1.36	320,621	0.26	–	–	Bachelor degree in Electrical Engineering, National Taiwan University Master degree in Electrical Engineering, National Taiwan University Section Head, R&D Dept., ASUSTeK Computer Inc.	Note 4	–	–	–	–
Independent Director	Republic of China	Ai, Wei	Male Age 70-79	August 20, 2021	3 years	June 16, 2009	–	–	–	–	–	–	–	–	Ph.D. in East Asian Studies, National Cheng-Chi University Master degree in Fletcher School of Law and Diplomacy, Tufts University Bachelor degree in Economics, National Cheng-Chi University Director/Associate Professor, Graduate Institute of East Asian Studies, National Cheng-Chi University Chief Secretary, Secretariat of National Cheng-Chi University Government shareholder’s representative, Hua Nan Financial Holdings Co., Ltd. Associate Professor, Department of Public Finance, National Cheng-Chi University Vice Convener of Economy Group, Institute of International Relations, National Cheng-Chi University Visiting Scholar, Stanford University	Note 5	–	–	–	–
Independent Director	Republic of China	Chin-Jung, Wu	Male Age 70-79	August 20, 2021	3 years	June 22, 2011	–	–	–	–	–	–	–	–	Master degree in Industrial Educations, National Taiwan Normal University Bachelor degree in Chemical Engineering, National Taiwan University Senior Advisor, iSuppli President, Taiwan of Dataquest Manager, IGEE Technology Inc. Factory Manager, KUNG-JIM Chemical Co., Ltd. Lecturer, Hungkuang University	President, Explore Microelectronics Inc.	–	–	–	–

Title	Nationality and Registry	Name	Gender / Age	On-board date	Term	Date first elected	Shares at Election: Quantity	Shares at Election: Ratio of Shareholding	Current number of shares held: Quantity	Current number of shares held: Ratio of Shareholding	Shareholdings of spouse and underage children: Quantity	Shareholdings of spouse and underage children: Ratio of Shareholding	Shares held in the names of others: Quantity	Shares held in the names of others: Ratio of Shareholding	Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors: Title	Spouse or relatives of second degree or closer acting as department heads, directors: Name	Spouse or relatives of second degree or closer acting as department heads, directors: Relation	Remark (Note 6)
Independent Director	Republic of China	Ming, Ouhyoung	Male Age 60-69	August 20, 2021	3 years	June 12, 2019	–	–	–	–	–	–	–	–	Chair/Director, Department of Computer Science & Information Engineering, National Taiwan University Associate Dean, College of Electrical Engineering and Computer Science, National Taiwan University Research Fellow, MTS, AT&T Bell Laboratory N.J. USA	–	–	–	–	–

Note 1: Senior Vice President, Pegatron Corporation, Chairman, Top Quark Ltd., Executive Director, Pegatron Corporation (Chongqing)

Note 2: Chairman and Chief Strategy Officer, Pegatron Corporation, Chairman, Kinsus Holding, Chairman, Lumens Digital Optics Inc., Chairman, Asus Investment Co., Ltd., Chairman, Asuspower Investment Co., Ltd., Chairman, Asustek Investment Co., Ltd., Chairman, Ri-Kuan Metal Corporation, Chairman, BeautyTech Platform Corporation, Chairman, FacialBeau International Corporation, Chairman, Fisfisa Media, Director, Kinsus Interconnect Technology, Director, Pegavision, Director, Fuyang Technology Corporation, Director, Hua-Yuan, Investment Ltd., Director, Asfly Travel Service Ltd., Director, Pega International Limited, Director, Casetek Holdings Limited (Cayman), Director, Pegatron Holding Ltd., Director, Unihan Holding Ltd., Director, Magnificent Brightness Limited, Director, Casetek Holdings Ltd., Director, Protek Global Holdings Ltd., Director, Digitek Global Holdings Ltd., Director, Kinsus Corp. (USA), Director, Pegatron Holland Holding BV, Director, Powtek Holdings Limited, Director, Cotek Holdings Limited, Director, Grand Upright Technology Limited, Director, Aslink Precision Co., Ltd., Director, Q Place Creative Inc., Independent Director, PChome Online Inc., Director, The Alliance Cultural Foundation, Director, Hanguang Education Foundation, Director, Taipei Computer Association, Director, Lung Yingtai Cultural Foundation, Director, Andrew T. Huang Medical Education Promotion Foundation, Director, Fair Winds Foundation, Director, Bridge Across The Strait Foundation, Chairman, Chinese Cultural and Creative Development Association, Chairman, Monte Jade Science & Technology Association of Taiwan, Director, FullFoods Foundation, Director, Bulareyaung Dance Company, Director, National Chung-Shan Institute of Science and Technology, Director, Cloud Gate Culture And Arts Foundation, Director, Lovely Taiwan Foundation,Vice Chairman, New Frontier Foundation, Vice Chairman, Taiwan Climate Partnership, Director, The Liu Kuo-sung Archives, and Director, Institute for Biotechnology and Medicine Industry.

Note 3: President and CEO, Pegatron Corporation, President and CEO, AzureWave Technologies, Inc., Director, AzureWave Technologies, Inc.

Note 4: President, ASRock Inc., Chairman and Chief Strategy Officer, ASRock Rack Incorporation, Chairman, ASJade Technology Incorporation, Director of Soaring Asia Limited, ASIAROCK TECHNOLOGY LTD., LEADER INSIGHT HOLDINGS LTD ., Director of FIRSTPLACE INTERNATIONAL LTD., Calrock Holdings, LLC, ASRock America, Inc.

Note 5: Supervisor, Research Center of Cross-Straits Political and Economic Affairs, College of International Affairs, National Cheng-Chi University, Vice Chairman, Bridge Across the Strait Foundation

Note 6: Where the chairperson of the Board of Directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increase the number of independent directors and no more than half of the directors are employees or managers).

2. Major Shareholders of Corporate Shareholders

December 31, 2022

Corporate Shareholder Name	Major Shareholders of Corporate Shareholders	Proportion of shareholding (%)
Asus Investment Co., Ltd.	Pegatron Corporation	100

3. Major shareholder(s) where the major shareholder of the juristic is a juristic person

July 6, 2022

Name of corporate shareholder	Major Shareholders of Corporate Shareholders	Proportion of shareholding (%)
Pegatron Corporation	ASUSTeK Computer Inc. (Representative: Chung-Tang, Shih)	16.81
	Tzu-Hsien, Tung	3.54
	Yuanta Taiwan Dividend Plus ETF dedicated account	2.74
	Chung-Tang, Shih	2.51
	Shih-Chang, Hsu	2.11
	HSBC managed Silchester International Investor International Value Equity Trust	2.00
	Citi managed Singapore Government investment account	1.86
	CTBC Bank in Custody of Pegatron Corporation	1.61
	HSBC managed Morgan Stanley & Co. International Ltd investment account	1.59
	Cathay Pacific Bank managed Professional Alliance Company investment account	1.44

4. Disclosure of professional qualification of the directors and independence of directors

Qualification / Name	Professional qualification and experience	Compliance of independence	Number of positions as an Independent Director in other public listed companies
Chairman Hsu-Tien, Tung	1. Former Assistant Vice President of ASUSTeK Computer Inc. 2. Current serving as the Chairman of the Company 3. He possesses work experience in business and information and technology industry, and none of the circumstances stipulated in Article 30 of the Company Act are found.	Not applicable for non-independent directors	-
Director Tzu-Hsien, Tung	1. Former Vice Chairman of ASUSTeK Computer Inc. 2. Current serving as the Chairman and CEO of Pegatron Corporation 3. He possesses work experience in business and information and technology industry, and none of the circumstances stipulated in Article 30 of the Company Act are found.	Not applicable for non-independent directors	-

Qualification / Name	Professional qualification and experience	Compliance of independence	Number of positions as an Independent Director in other public listed companies
Director Kuang-Chin, Cheng	1. Former Assistant Vice President of ASUSTeK Computer Inc. 2. Current serving as the President and CEO of Pegatron Corporation and the President and CEO of AzureWave Technologies, Inc. 3. He possesses work experience in business and information and technology industry, and none of the circumstances stipulated in Article 30 of the Company Act are found.	Not applicable for non-independent directors	-
Director Lung-Lun, Hsu	1. Former Section Head of R&D Dept., ASUSTeK Computer Inc. 2. Current serving as the President of the Company 3. He possesses work experience in business and information and technology industry, and none of the circumstances stipulated in Article 30 of the Company Act are found.	Not applicable for non-independent directors	-
Independent Director Ai, Wei	1. Former Director of Graduate Institute of East Asian Studies, National Cheng-Chi University 2. Current serving as the adjunct associate professor at the Graduate Institute of East Asian Studies, National Chengchi University 3. He possesses an academic research ability, and none of the circumstances stipulated in Article 30 of the Company Act are found.	Qualified for independence (Note)	-
Independent Director Chin-Jung, Wu	1. Former Senior Advisor of iSuppli 2. Current serving as the President of Explore Microelectronics Inc. 3. He possesses work experience in business and information and technology industry, and none of the circumstances stipulated in Article 30 of the Company Act are found.	Qualified for independence (Note)	-
Independent Director Ming, Ouhyoung	1. Former Professor at the Graduate Institute of Networking and Multimedia, National Taiwan University 2. Current serving as the Adjunct Professor at the Graduate Institute of Networking and Multimedia and Department of Computer Science & Information Engineering, National Taiwan University 3. He possesses an academic research ability, and none of the circumstances stipulated in Article 30 of the Company Act are found.	Qualified for independence (Note)	-

Note: Including but not limited to (1) the person, spouse, and relatives within second degree of kinship, or lineal relative have not served as directors, supervisors or employees of the Company or any affiliate of the Company; (2) the person, spouse, and relatives within second degree of kinship, or lineal relative (or under the name of another person) does not hold shares of the Company; (3) does not serve as a director, supervisor or employee of a company that has a specific relationship with the Company (as stipulated in Subparagraph 5-8, Paragraph 1 ,Article 3, of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); (4) No compensation received for providing commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years.

5. Board member diversification

ASRock advocates and respects the policy of diversity of directors. We believe that the policy of diversity will help improve the overall performance to strengthen corporate governance and promote the development of the composition and structure of the board of directors. The board member takes into consideration various diversified dimensions such as basic makeup (i.e., gender, age , nationality, race, etc.,), industry experience, and professional knowledge and skills.

Implementation of board diversity policy at ASRock

Diversity Core Item / Name	Basic composition									Professional knowledge/skills							
	Nationality	Gender	Current positions in our company	Age			Tenure of Independent Director			Operational judgment competency	Accounting and financial analysis ability	Business management ability	Crisis management ability	Knowledge of the industry	An international market perspective	Leadership ability	Decision making ability
				Age 50-59	Age 60-69	Age 70-79	Under 3 years	3-9 years	Above 9 years								
Hsu-Tien, Tung	Republic of China	Male			✓					✓	✓	✓	✓	✓	✓	✓	✓
Tzu-Hsien, Tung	Republic of China	Male			✓					✓	✓	✓	✓	✓	✓	✓	✓
Kuang-Chin, Cheng	Republic of China	Male		✓						✓	✓	✓	✓	✓	✓	✓	✓
Lung-Lun, Hsu	Republic of China	Male	✓	✓						✓	✓	✓	✓	✓	✓	✓	✓
Ai, Wei	Republic of China	Male				✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
Chin-Jung, Wu	Republic of China	Male				✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
Ming, Ouhyoung	Republic of China	Male			✓			✓		✓		✓	✓	✓	✓	✓	✓

Diversity management objectives:

Management objectives	Implementation
Directors who concurrently serve as managers of the Company shall not exceed half of the number of directors	Achieved
At least one member of the Board of Directors should have a professional background in finance and accounting or relevant industry experience	Achieved

(1) The 7 directors (including 3 independent directors) of the 7th Board of Directors of the Company are equipped with operational judgment competency, leadership and decision making ability, business management ability, international market perspective and other capabilities with industry knowledge and professional capabilities; among them, Chairman Hsu-Tien, Tung, Director Tzu-Hsien, Tung, Director Kuang-Chin, Cheng,

Director Lung-Lun, Hsu and Independent Director Ai Chin-Jung, Wu have experience in the IT industry; and Independent Director Ai, Wei and Independent Director Ming, Ouhyoung have hands on teaching experience.

(2) The directors of the Company are Taiwanese where the proportion of directors who are employees of the Company is 14%, and the proportion of independent directors is 43%; 2 directors are between 50-59 years old, 3 directors are between 60-69 years old and 2 directors are between 70-79 years old; 3 independent directors are serving for 3-13 years.

(3) The Company will continue to revise the diversity policy in a timely manner according to the operation of the Board of Directors, the type of operation and the development needs, to ensure the members of the Board of Directors have the knowledge, skills and qualities necessary to perform their duties.

6. Independence of Board of Directors

(1) Chairman Hsu-Tien, Tung, Director Tzu-Hsien, Tung, Director Kuang-Chin, Cheng and Director Lung-Lun, Hsu are employees of the Company or its affiliates and directors of the company's affiliates. Director Lung-Lun, Hsu and his spouse and children and director Kuang-Chin, Cheng's spouse and children hold shares of the Company, and all directors have no spouse or familial within the second degree of kinship, and there is no violation to Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act.

(2) There are 3 independent directors of the Company which represented more than one third of total director seats. None of the independent directors hold shares of the Company or its affiliates to maintain independence.

7. Pursuit of Study for Directors:

Title	Name	Training date	Organizer	Course name	Training hours
Chairman	Hsu-Tien, Tung	September 22, 2022	Corporate Governance Association in Taiwan	How to avoid breach of trust and irregular transactions in directors' decision-making	3
		November 10, 2022	Corporate Governance Association in Taiwan	Protection of business secrets and prevention of insider trading	3
Director	Asus Investment Co., Ltd. Institutional Representative: Tzu-Hsien, Tung	April 25, 2022	Corporate Governance Association in Taiwan	Net-zero emissions, carbon neutrality and corporate compliance	3
		September 22, 2022	Corporate Governance Association in Taiwan	How to avoid breach of trust and irregular transactions in directors' decision-making	3
		October 31, 2022	Corporate Governance Association in Taiwan	How enterprises can effectively maintain brand value with case studies in trademark	3
		November 10, 2022	Corporate Governance	Protection of business secrets and prevention of insider	3

Title	Name	Training date	Organizer	Course name	Training hours
			Association in Taiwan	trading	
Director	Asus Investment Co., Ltd. Institutional Representative: Kuang-Chin, Cheng	September 22, 2022	Corporate Governance Association in Taiwan	How to avoid breach of trust and irregular transactions in directors' decision-making	3
		November 10, 2022	Corporate Governance Association in Taiwan	Protection of business secrets and prevention of insider trading	3
Director	Asus Investment Co., Ltd. Institutional Representative: Lung-Lun, Hsu	November 25, 2022	Corporate Governance Association in Taiwan	Legal Restriction and Judgment Analysis of Directors' and Supervisors' Share Ownership	3
		December 2, 2022	Corporate Governance Association in Taiwan	Duties and changes of director functions under ESG	3
Independent Director	Ai, Wei	April 6, 2022	Securities and Futures Institute	Directors and Supervisors (Including Independent Directors) and Corporate Governance Best Practice Advanced Seminar – Global Risk Perception – Opportunities and Challenges in the Next Ten Years	3
		June 1, 2022	Chinese National Association of Industry and Commerce	Walking the Talk on ESG - Perspective of Corporate Governance	3
Independent Director	Chin-Jung, Wu	March 16, 2022	Securities and Futures Institute	Regulations and practical analysis for Loans of funds, endorsements and guarantees, and the acquisition and disposal of assets	6
Independent Director	Ming, Ouhyoung	April 26, 2022	Corporate Governance Association in Taiwan	Labor Dispute Prevention and Corporate Governance	3
		August 16, 2022	Corporate Governance Association in Taiwan	Walking the Talk on ESG - Perspective of Corporate Governance	3

(II) President, Vice Presidents, Assistant Managers, and the heads of various departments and branches

March 27, 2023; Unit: shares

Title	Nationality	Name	Gender	On-board date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark (Note 3)
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
President	Republic of China	Lung-Lun, Hsu	Male	May 10, 2002	1,653,750	1.36	320,621	0.26	–	–	Bachelor degree in Electrical Engineering, National Taiwan University Master degree in Electrical Engineering, National Taiwan University Section Head, R&D Dept., ASUSTeK Computer Inc.	Chairman & CSO, ASRock Rack Incorporation Chairman, ASJade Technology Incorporation Soaring Asia Limited ASIAROCK TECHNOLOGY LTD. LEADER INSIGHT HOLDINGS LTD. FIRSTPLACE INTERNATIONAL LTD. Director of Calrock Holdings, LLC	–	–	–	–
CEO	Republic of China	Chien-Hsin, Chou	Male	May 10, 2002	968,631	0.79	279,777	0.23	–	–	Department of Computer Science, National Yang Ming Chiao Tung University Department of Computer Science and Information Engineering, National Taiwan University Section Head, R&D	Director, ASRock Industrial Computer Corporation Director, ASJade Technology Incorporation	–	–	–	–

Title	Nationality	Name	Gender	On-board date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark (Note 3)
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
											Dept., ASUSTeK Computer Inc.					
Senior Vice President (Discharged on February 25, 2022)	Republic of China	Chun-Ying, Li	Male	May 10, 2002	705,931	0.57	–	–	–	–	Master of Science degree in Mechanical Engineering, Stanford University Department of Mechanical Engineering, National Taiwan University Specialist of ASUS Computer Sales Department	ASRock Industrial Computer Corporation Chairman & President	–	–	–	Note 1
Senior Vice President	Republic of China	Yu-Huang, Chen	Male	May 10, 2002	807,220	0.66	590,000	0.48	–	–	Bachelor degree in Electrical Engineering, National Taiwan University Master degree in Electrical Engineering, National Taiwan University Section Head, R&D Dept., ASUSTeK Computer Inc.	Director, ASRock Industrial Computer Corporation	–	–	–	–
Senior Vice President (Discharged on February 25, 2022)	Republic of China	Wei-Hsu, Sha	Male	May 10, 2002	471,588	0.38	53,141	0.05	–	–	Department of Physics, National Taiwan University Master degree in Electrical Engineering, National Taiwan University	Director & President, ASRock Rack Incorporation	–	–	–	Note 2

Title	Nationality	Name	Gender	On-board date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark (Note 3)
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
											Section Head, R&D Dept., ASUSTeK Computer Inc.					
Senior Vice President	Republic of China	Sung-Chien, Chen	Male	December 1, 2011	212,030	0.17	–	–	–	–	Bachelor degree in Electrical Engineering, National Taiwan University Director of BIOS Technology Division, ASRock	Vice President, ASRock Rack Incorporation Director, ASJade Technology Incorporation	–	–	–	–
Vice President	Republic of China	Cheng-Yang, Li	Male	October 25, 2021	20,000	0.02	–	–	–	–	Tamkang University Department of Physics	None	–	–	–	–
Vice President	Republic of China	Wen-Kang, Fan	Male	March 1, 2022	20,000	0.02	–	–	–	–	Bachelor degree in Electrical Engineering, National Taiwan University Master degree in Electrical Engineering, National Taiwan University Deputy Section Head, R&D Dept., ASUSTeK Computer Inc.	None	–	–	–	–
Vice President	Republic of China	An-Lun, Sun	Male	March 1, 2022	–	–	10,000	0.01	–	–	Department of Electrical Engineering, St. John's University	None	–	–	–	–
Vice President	Republic of China	En-Li, Chen	Male	March 1, 2022	1,000	–	–	–	–	–	Bachelor degree in Electrical Engineering, National Taiwan University	None	–	–	–	–

Title	Nationality	Name	Gender	On-board date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark (Note 3)
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
											Master in Animal Science and Technology, National Taiwan University Ablerex Electronics Co., Ltd R&D Section Head					
Vice President	Republic of China	Hsu-Hung, Hsiao	Male	March 1, 2022	–	–	2,000	–	–	–	Taipei Tech Electronic Engineering (5-year program) Department of Biomedical Engineering, Chung Yuan Christian University Senior Engineer, Power System Department, Lite-On Technology Senior Engineer, Consumer Electronics Department, MSI	None	–	–	–	–
Vice President & CFO	Republic of China	Chien-Hung, Chen	Male	May 4, 2017	46,000	0.04	–	–	–	–	Department of Finance, National Sun Yat-sen University Deputy Manager, Pegatron Corporation	Supervisor, ASRock Rack Incorporation Supervisor, ASRock Industrial Computer Corporation Supervisor, ASJade Technology Incorporation	–	–	–	–
Accounting Senior Manager	Republic of China	Hui-Ju, Li	Female	September 2, 2016	15,000	0.01	–	–	–	–	Department of Accounting, Chung	None	–	–	–	–

Title	Nationality	Name	Gender	On-board date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark (Note 3)
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
											Yuan Christian University Audit Department Supervisor, Ernst & Young, Taiwan					

Note 1: Due to position adjustment, Mr. Chun-Ying, Li was discharged on February 25, 2022. The number and ratio of shares held by him and his positions in other companies are the information as of February 25, 2022.

Note 2: Due to position adjustment, Mr. Wer-Hsu, Sha was discharged on February 25, 2022. The number and ratio of shares held by him and his positions in other companies are the information as of February 25, 2022.

Note 3: Where the chairperson of the Board of Directors and the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increase the number of independent directors and no more than half of the directors are employees or managers).

(III) Remuneration payment to Directors, the President, and Vice President in the latest year

1. Remuneration for Directors (including independent directors)

December 31, 2022; Unit: NTD thousand

Title	Name (Note 1)	Remuneration to Directors								The sum of A, B, C and D as a percentage of after-tax profit		Remuneration as an employee								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit		Remuneration received from the invested companies other than the subsidiaries and the parent company
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc. (E)		Pension (F)		Remuneration to employees (G)						
																The Company		All companies shown in the financial report				
		The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	Cash dividends	Stock dividends	Cash dividends	Stock dividends	The Company	All companies shown in the financial report	
Chairman	Hsu-Tien, Tung	-	-	-	-	5,987	6,509	-	-	0.56%	0.53%	8,252	8,252	108	108	5,379	-	5,379	-	1.85%	1.65%	None
Director	Asus Investment Inc. Representative: Tzu-Hsien, Tung																					
Director	Asus Investment Inc. Representative: Kuang-Chin, Cheng																					
Director and President	Asus Investment Inc. Representative: Lung-Lun, Hsu																					
Independent Director	Ai, Wei	-	-	-	-	3,592	3,592	-	-	0.34%	0. 294%	-	-	-	-	-	-	-	-	0.34%	0.29%	None
Independent Director	Chin-Jung, Wu																					
Independent Director	Ming, Ouhyoung																					

1. Please describe the remuneration policy, system, standard and structure of independent directors, and describe the linkage to the remuneration amount according to the responsibilities, risks, time, and other factors: the Company's remuneration policy, standards and packages for payment of remuneration are in accordance with the provisions of the Company's Articles of Association. In addition, the Company's Articles of Association stipulate that no more than 1% of the annual profit should be provided as the director's remuneration, and the payment of the director's remuneration will be submitted to the audit committee and the board for resolution after remuneration committee review.
2. Other than those disposed in the Table above, remuneration received by directors in the recent year for services provided to a company as mentioned in the financial statement (e.g. serving as a consultant to all non-employees of the parent company/companies in the financial report/reinvested enterprises, etc.): 0.

*The amount is based on the proposed amount, not the actual amount issued.

Note 1: Tzu-Hsien, Tung, Kuang-Chin, Cheng and Lung-Lun, Hsu are the legal representatives of Asus Investment Inc.

Table of salaries scale

Remunerations to individual directors in respective brackets along the salaries scale	Name of director			
	Total of the aforementioned 4 items (A+B+C+D)		Total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report
> NTD1,000,000	–	–	–	–
NTD1,000,000 - NTD2,000,000 (exclusive)	Representative of Asus Investment Inc.: Tzu-Hsien, Tung Representative of Asus Investment Inc.: Kuang-Chin, Cheng Representative of Asus Investment Inc.: Lung-Lun, Hsu Ai, Wei Chin-Jung, Wu Ming, Ouhyoung	Representative of Asus Investment Inc.: Tzu-Hsien, Tung Representative of Asus Investment Inc.: Kuang-Chin, Cheng Representative of Asus Investment Inc.: Lung-Lun, Hsu Ai, Wei Chin-Jung, Wu Ming, Ouhyoung	Representative of Asus Investment Inc.: Tzu-Hsien, Tung Representative of Asus Investment Inc.: Kuang-Chin, Cheng Representative of Asus Investment Inc.: Lung-Lun, Hsu Ai, Wei Chin-Jung, Wu Ming, Ouhyoung	Representative of Asus Investment Inc.: Tzu-Hsien, Tung Representative of Asus Investment Inc.: Kuang-Chin, Cheng Representative of Asus Investment Inc.: Lung-Lun, Hsu Ai, Wei Chin-Jung, Wu Ming, Ouhyoung
NTD2,000,000 - NTD3,500,000 (exclusive)	Hsu-Tien, Tung (Chairman)	Hsu-Tien, Tung (Chairman)	Hsu-Tien, Tung (Chairman)	Hsu-Tien, Tung (Chairman)
NTD3,500,000 - NTD5,000,000 (exclusive)	–	–	–	–
NTD5,000,000 - NTD10,000,000 (exclusive)	–	–	–	–
NTD10,000,000 - NTD15,000,000 (exclusive)	–	–	–	–
NTD15,000,000 - NTD30,000,000 (exclusive)	–	–	–	–
NTD30,000,000 - NTD50,000,000 (exclusive)	–	–	–	–
NTD50,000,000 - NTD100,000,000 (exclusive)	–	–	–	–
> NTD100,000,000	–	–	–	–
Total	7 persons	7 persons	7 persons	7 persons

Note: The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

2. President’s and Vice Presidents’ remuneration

December 31, 2022; Unit: NTD thousand

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Pension (B)</th><th colspan="2">Bonuses and allowances(C)</th><th colspan="4">Remuneration to employees (D)</th><th colspan="2">The sum of A, B, C and D as a percentage of after-tax profit (%)</th><th rowspan="3">Remuneration received from the invested companies other than the subsidiaries and the parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies shown in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies shown in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies shown in the financial report</th><th colspan="2">The Company</th><th colspan="2">All companies shown in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies shown in the financial report</th></tr>
<tr><th>Cash dividends</th><th>Stock dividends</th><th>Cash dividends</th><th>Stock dividends</th></tr>
<tr><td>President</td><td>Lung-Lun, Hsu</td><td rowspan="10">21,147</td><td rowspan="10">22,978</td><td rowspan="10">829</td><td rowspan="10">892</td><td rowspan="10">27,371</td><td rowspan="10">27,571</td><td rowspan="10">19,722</td><td rowspan="10">-</td><td rowspan="10">20,031</td><td rowspan="10">-</td><td rowspan="10">6.48%</td><td rowspan="10">5.83%</td><td rowspan="10">None</td></tr>
<tr><td>CEO</td><td>Chien-Hsin, Chou</td></tr>
<tr><td>Senior Vice President</td><td>Yu-Huang, Chen</td></tr>
<tr><td>Senior Vice President</td><td>Sung-Chien, Chen</td></tr>
<tr><td>Vice President</td><td>Cheng-Yang, Li</td></tr>
<tr><td>Vice President</td><td>An-Lun, Sun (Note 1)</td></tr>
<tr><td>Vice President</td><td>En-Li, Chen (Note 1)</td></tr>
<tr><td>Vice President</td><td>Wen- Kang, Fan (Note 1)</td></tr>
<tr><td>Vice President</td><td>Hsu-Hung, Hsiao (Note 1)</td></tr>
<tr><td>Vice President & CFO</td><td>Chien-Hung, Chen (Note 1)</td></tr>
</table>

*The amount is based on the proposed amount, not the actual amount issued.

Note 1: An-Lun Sun; En-Li, Chen; Wen- Kang, Fan; Hsu-Hung, Hsiao and Chien-Hung, Chen assumed office on February 25, 2022. The remuneration is calculated from the job commencement date.

Table of salaries scale

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Names of the Presidents and the Vice Presidents	
	The Company	All companies shown in the financial report (E)
> NTD1,000,000	-	-
NTD1,000,000 - NTD2,000,000 (exclusive)	-	-
NTD2,000,000 - NTD3,500,000 (exclusive)	Wen- Kang, Fan	Wen- Kang, Fan
NTD3,500,000 - NTD5,000,000 (exclusive)	An-Lun, Sun; En-Li, Chen; Hsu-Hung, Hsiao	An-Lun, Sun; En-Li, Chen; Hsu-Hung, Hsiao
NTD5,000,000 - NTD10,000,000 (exclusive)	Sung-Chien, Chen; Cheng-Yang, Li; Chien-Hung, Chen	Sung-Chien, Chen; Cheng-Yang, Li; Chien-Hung, Chen
NTD10,000,000 - NTD15,000,000 (exclusive)	Lung-Lun, Hsu; Chien-Hsin, Chou; Yu-Kuang, Chen	Lung-Lun, Hsu; Chien-Hsin, Chou; Yu-Kuang, Chen
NTD15,000,000 - NTD30,000,000 (exclusive)	-	-
NTD30,000,000 - NTD50,000,000 (exclusive)	-	-
NTD50,000,000 - NTD100,000,000 (exclusive)	-	-
Over 100,000,000 thousand (inclusive)	-	-
Total	10 persons	10 persons

*The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

3. Name of the managers received remuneration and the distribution of remuneration

December 31, 2022; Unit: NTD thousand

	Title	Name	Stock dividends amount	Cash dividends amount	Total	As a percentage of net profit after tax (%)
Manager	President	Lung-Lun, Hsu	-	20,199	20,199	1.89%
	CEO	Chien-Hsin, Chou				
	Senior Vice President	Yu-Huang, Chen				
	Senior Vice President	Sung-Chien, Chen				
	Vice President	Cheng-Yang, Li				
	Vice President	An-Lun, Sun (Note 1)				
	Vice President	En-Li, Chen (Note 1)				
	Vice President	Wen- Kang, Fan (Note 1)				
	Vice President	Hsu-Hung, Hsiao (Note 1)				
	Vice President & CFO	Chien-Hung, Chen				
	Accounting Senior Manager	Hui-Ju, Li				

*The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

Note 1: An-Lun, Sun; En-Li, Chen; Wen- Kang, Fan and Hsu-Hung, Hsiao assumed office on February 25, 2022.

4. If any of the following applies to the Company, it shall disclose the remuneration paid to each individual director and supervisor:
   (1) A Company that has posted after-tax deficits in the parent company only financial reports or individual financial reports within the three most recent fiscal years shall disclose the remuneration paid to individual directors and supervisors. This requirement, however, shall not apply if the company has posted net income after tax in the parent company only financial report or individual financial report for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits: None.
   (2) A Company that has had an insufficient director shareholding percentage for 3 consecutive months or longer during the most recent fiscal year shall disclose the remuneration of individual directors: None.
   (3) A Company that has had an average ratio of share pledging by director supervisors in excess of 50 percent in any 3 months during the most recent fiscal year shall disclose the remuneration paid to each individual director supervisor having a ratio of pledged shares in excess of 50 percent for each such month: None.
   (4) If the total amount of remuneration received by all of the directors and supervisors in their capacity as directors or supervisors of all of the companies listed in the financial reports exceeds 2 percent of the net income after tax, and the remuneration received by any individual director or supervisor exceeds NT$15 million, the Company shall disclose the remuneration paid to that individual director or supervisor: None.
   (5) TWSE/TPEx listed financial holding companies that ranked in the worst tier of the most recent corporate governance evaluation, or were denied evaluation by the Corporate Governance Evaluation Committee for reasons such as change of trading method, trade suspension or delisting in the most recent year up till the publication of annual report, shall disclose director and supervisor remuneration on an individual basis: None.
   (6) TWSE/TPEx listed financial holding companies where annual salary of full time, non managerial staff average less NT$500,000 in the most recent year shall disclose director and supervisor remuneration on an individual basis: None.
5. If any of the following applies to the Company, it shall disclose the remuneration paid to its top five management personnel:
   (1) A Company that has posted after-tax deficits in the parent company only financial

reports or individual financial reports within the three most recent fiscal years shall disclose the remuneration paid to its top five management personnel. This requirement, however, shall not apply if the company has posted net income after tax in the parent company only financial report or individual financial report for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits: None.

(2) TWSE/TPEx listed financial holding companies that ranked in the worst tier of the most recent corporate governance evaluation, or were denied evaluation by the Corporate Governance Evaluation Committee for reasons such as change of trading method, trade suspension or delisting in the most recent year up till the publication of annual report, shall disclose director and supervisor remuneration on an individual basis: None.

(IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Total remuneration, as a percentage of net income paid by this company during the past 2 fiscal years to directors, general managers, and assistant general managers:

Year (Note 1)	Total remuneration, as a percentage of net income paid by this company to directors, supervisors, general managers, and assistant general managers	
	The Company	All companies shown in the financial report
2021	5.00%	4.86%
2022	7.38%	6.65%

Note 1: Refers to annual earning

2. Policies, standards, and packages for payment of remuneration, the procedures for determining remuneration and its linkage to business performance:

Article 24 of the Company’s Articles of Association stipulates that when there is profit in the annual closing, the employee’s remuneration shall not be less than 5%, and the director’s remuneration shall not be higher than 1%. The remuneration of directors and managers is determined based on their performance evaluation. The director assessment items include understanding of the company’s goals and missions, recognition of the role and responsibility of directors, involvement in corporate operations, internal relationship maintenance and communication, director expertise and continuing education and internal control; Managerial officers performance assessment items include financial indicators (such as the company's revenue/net profit growth and achievement rate), and non-financial indicators (such as new product/patent development, new business development, major deficiencies/improvements).

III. Corporate governance

(I) Facts about performance by the Board of Directors:

In the most recent year (2022), the Board of Directors convened six meetings (A). The participation facts of the directors are enumerated below:

Title	Name	Actual attendance (B)	Proxy Attendance	Percentage of actual attendance (%) [B/A]	Remark
Chairman	Hsu-Tien, Tung	6	0	100.00%	
Director	Asus Investment Co., Ltd. Representative: Tzu-Hsien, Tung	2	4	33.33%	
Director	Asus Investment Co., Ltd. Representative: Kuang-Chin, Cheng	6	0	100.00%	
Director	Asus Investment Co., Ltd. Representative: Lung-Lun, Hsu	6	0	100.00%	
Independent Director	Ai, Wei	6	0	100.00%	
Independent Director	Chin-Jung, Wu	6	0	100.00%	
Independent Director	Ming, Ouhyoung	6	0	100.00%	

Other remarks:

I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:
   (I) Issues required under Article 14-3 of the Securities and Exchange Act, please refer to pages 36 to 37 of the Annual Report for important resolutions of the Board of Directors.
   (II) Other than the aforementioned issues, the issue objected by an independent director or where an independent director maintain a qualified opinion with record or documented declaration in a decision resolved by the Board of Directors: None.

II. With respect to the avoidance of conflicting interest agendas, describe the names of directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions: None.

III. TWSE/TPEx listed companies are required to disclose the cycle, duration, scope, method and content of board self-evaluations performed:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Evaluation performed once a year	2022.01.01-2022.12.31	Evaluation on the board's and each functional committee's performance.	Board member internal self-evaluation	1. Level of participation in the Company's operations 2. Improvement of the quality of the Board of Director ' decision-making. 3. Composition and structure of the Board of Directors. 4. Election and ongoing education of directors 5. Internal Control
Evaluation performed once a year	2022.01.01-2022.12.31	Evaluation on the board's and each functional committee's performance.	Board member self-evaluation	1. Director's awareness toward the Company's goals and missions 2. Director's awareness to duties 3. Level of participation in the Company's operations 4. Management and communication of internal relations 5. Professionalism and ongoing education of directors 6. Internal Control
Evaluation performed once a year	2022.01.01-2022.12.31	Functional committees	Board member internal self-evaluation	1. Level of participation in the Company's operations 2. Responsibilities and duties of Functional Committee 3. Improvement of the quality of decisions made by functional committees 4. Composition of functional committees and selection of members 5. Internal Control

The relevant evaluation has been carried out at the beginning of 2023, and the results were reported to the Board of Directors on January 11, 2023.

IV. Evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years: The Company has formulated the rules for the Board of Directors in accordance with the regulations, and the relevant functions and operations of the board are carried out in accordance with these rules and relevant laws and regulations where the internal audit/financial executive attends the regular board meeting to report on the internal audit/financial status, and issues relevant reports to the directors.

(II) The operation of the Auditing Committee

In the most recent year (2022), the Company's Audit Committee convened a total of four meetings (A) where the facts of participation by the independent directors are enumerated below:

Title	Name	Actual attendance (B)	Proxy Attendance	Actual attendance (%) (B/A)	Remark
Independent Director	Ai, Wei	4	0	100.00%	
Independent Director	Chin-Jung, Wu	4	0	100.00%	
Independent Director	Ming, Ouhyoung	4	0	100.00%	

Other remarks:

I. The audit committee's review matters and key annual work focal points

(I) The audit committee's review matters primarily include:

1. The institution or amendment to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act (hereinafter referred to as the "Act").
2. Internal control system's effectiveness evaluation.
3. The institution or amendment to the procedures for the acquisition or disposal of assets, derivative trade, loaning of funds, guarantee and endorsement in favor of a third party, and other aspects of materiality with significant financial and business effect pursuant of in accordance to Article 36-1 of the Securities and Exchange Act.
4. Matters involving the directors' own stake relation.
5. Critical asset or derivative product trading.
6. Critical capital lending, endorsement, or guarantee.
7. Offering, issuance or acquiring equity securities through private placement.
8. The Auditing CPA's appointment, dismissal or remuneration.
9. The appointment and dismissal of a chief financial officer, chief accounting officer, or chief internal auditor.
10. The annual financial report signed or stamped by the Chairman, President and accounting supervisor and the second quarter financial report which must be reviewed and certified by CPA.
11. Other major matters stipulated by the Company or the competent authority.

(II) The audit committee's key annual work focal points:

1. Audit the Company's financial statements
   Where the Board of Directors works out and submits the Company's business report, financial statements for 2022; those financial statements have been duly audited and certified by Certified Public Accountants of Ernst & Young Taiwan who, in turn, duly issued audit report. We have reviewed the aforementioned reports have been audited by the audit committee to ensure that they do not contain any discrepancies.
2. Evaluation on internal control system's effectiveness
   The audit committee evaluates the effectiveness of the design and implementation of the company's internal control system, and reviews the company's audit department and CPA. The audit committee believes that the company's internal control system is effective and the Company has adopted necessary control mechanisms to monitor and correct any violations.

3. The appointed auditing CPAs

The Audit Committee regularly evaluates the professionalism, independence, and reasonableness of the remuneration of the CPA at the end of each fiscal year.

To ensure the auditing CPA office's independence, the audit committee references the Accountants Act Article 47 and Accountants Occupational Ethics Guideline Journal article 10's "righteous, fair objectivity and independent" content to formulate the independent evaluation sheet, by which to evaluate the CPAs' independence, professionalism and competency, and to evaluate whether or not they are related mutually to the company as related parties, or with business or financial gain relations and other related items.

The audit results of the 2022 CPA were approved by the Audit Committee and the Board of Directors on March 7, 2023. Accountants Chih-Hui, Yang and Chien-Ju, Yu of Ernst & Young met the Company's independence and suitability assessment standards.

II. Where any one among those enumerated below exists as the performance by the Audit Committee, the convention date, term, contents of agenda, outcome of the decision resolved in the Audit Committee as well as the Company's opinions toward the Audit Committee's opinions should be expressly remarked:

(I) Issues required under Article 14-5 of the Securities and Exchange Act. (Note)

(II) Except the aforementioned issue, other issue not yet resolved in the Audit Committee but has been duly resolved by two-thirds majority of the total number of director seats: None.

III. With respect to the avoidance of conflicting interest agendas, describe the names of independent directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions: None.

IV. Facts of communications by and between independent directors and Internal Audit Head as well as Certified Public Accountant(s) (should include issues regarding the Company's finance, financial conditions, facts in business operation and such key issues, the method of communications and the outcome thereof):

(I) The Company's internal audit head regularly report the audit results with the audit committee, and report to the audit committee immediately in case of special circumstances. In 2022, there was no such situation. The audit committee of the Company has good communication with the Internal Auditor Head. Summary of communication sessions between independent directors and the chief internal auditors:

Meeting date	Communication matter with chief internal auditors
February 23, 2022	2021 Declaration of Internal Control System
April 27, 2022	Internal audit report
August 5, 2022	Internal audit report
November 2, 2022	Internal audit report

(II) The CPA of the company attends the Audit Committee meeting to report the annual financial statement audit or review results and other communication matters required by relevant laws and regulations every year If there are special circumstances, they will also report to the Audit Committee immediately. In 2022, there was no such situation. The Audit Committee of the company communicated well with the CPA. Summary of the communication frequencies between independent directors and CPAs:

Meeting date	Communicate with the CPA
February 23, 2022	2021 Consolidated and parent company only financial report review results and internal control review report

Note: Issues required under Article 14-5 of the Securities and Exchange Act.

Date	Significant decisions resolved	Independent Directors' opinions	Acts taken by the Company in response to Independent directors' opinions	Resolution
February 23, 2022 (First shareholders' meeting in 2022)	1. Approved 2021 business report and financial statements. 2. Approved the evaluation report for the independence of external Auditor. 3. Approved the compensation for ASRock's external auditor of year 2022. 4. Approved ASRock's Internal Control System Statement of year 2021. 5. Approved the appropriated remuneration of employees and directors of year 2021. 6. Approved earnings distribution of year 2021. 7. Approved the amendment to ASRock 's "Article of Incorporation ". 8. Approved the amendment to ASRock 's "Corporate Governance Best Practice Principles". 9. Approved the amendment to ASRock 's "Procedures for Acquisition and Disposal of Assets". 10. Approved to promote Chien-Hsin, Chou from Senior Vice President, MB R&D Department to the COO.	None	None	The issue was resolved exactly as proposed by all present independent directors in full
April 27, 2022 (Second shareholders' meeting in 2022)	1. Approved 2022Q1 Consolidated Financial Report. 2. Approved ASRock's manager bonus review proposal. 3. Approved to increase the credit line with Taipei Fubon Bank and Mega International Commercial Bank.	None	None	The issue was resolved exactly as proposed by all present independent directors in full
August 5, 2022 (Third shareholders' meeting in 2022)	1. Approved 2022Q2 Consolidated Financial Report. 2. Approved the appropriated remuneration of employees and directors. 3. Approved the amendment to ASRock's "Accounting System". 4. Approved the extension of credit line with Taipei Fubon Bank. 5. Approved the modification of credit line with Mega International Commercial Bank from US$20 million to US$23 million.	None	None	The issue was resolved exactly as proposed by all present independent directors in full
November 2, 2022 (Fourth shareholders' meeting in 2022)	1. Approved 2022Q3 Consolidated Financial Report. 2. Approved ASRock's manager bonus review proposal. 3. Approved the plan of internal auditing in year 2023. 4. Approved the amendment to ASRock's "Internal Control System". 5. Approved the budget of year 2023. 6. Approved the cancellation of restricted employee shares which were bought back by the Company. 7. Approved the amendment to ASRock's "Sustainable Development Best Practice Principles" (Former name: Corporate Social Responsibility Best Practice Principles). 8. Approved the amendment to ASRock's "Procedures for the Prevention of Insider Trading".	None	None	The issue was resolved exactly as proposed by all present independent directors in full

(III) The operation of the Remuneration Committee

1. Responsibility and authority of the Remuneration Committee:

(1) Composition of the committee:

The members of the Remuneration Committee shall be appointed by the board by resolution of those who meet the qualifications stipulated by laws and regulations with the number no less than three. At least one independent director shall participate, and one of them shall be the convener.

(2) Duties of the Remuneration Committee:

The remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the Board of Directors. However, recommendations in connection with remuneration for supervisors may be submitted for deliberation by the Board of Directors only to the extent that the Board of Directors is authorized expressly by the company's articles of incorporation or by a resolution of the Shareholders Meeting to handle supervisor remuneration:

A. Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers.

B. Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial officers.

The Committee shall perform the abovementioned duties based on the following principles:

A. With respect to the performance assessment and remuneration of directors, supervisors and managerial personnel of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.

B. No suggestions are made to guide directors and officers to engage in acts that may exceed the Company's risk appetite to pursue own salary and remuneration.

C. The specificity of the industry and the nature of the Company's business shall be considered when determining the proportion of profit sharing for short-term performance and the changes in the payment time of part of the salary and remuneration of directors and executives.

2. Information on the members of the Remuneration Committee

Identity	Qualification / Name	Professional qualification and experience and the compliance of independence	Number of other public companies where the members are also the members of the remuneration committee of these companies.
Independent Director (Convener)	Ai, Wei	Please refer to page 10-11 on this annual for the disclosure of professional qualification and independence of directors	–
Independent Director	Chin-Jung, Wu		–
Independent Director	Ming, Ouhyoung		–

3. Information on the operation of the Remuneration Committee

(1) The Company's Remuneration Committee has three Committee members in total.

(2) Tenure of Committee members in the current session: August 20, 2021 ~ August 19, 2024.

In 2022, the Remuneration Committee convened 5 meetings (A). The qualifications and participation facts of the Committee members are enumerated below:

Title	Name	Actual attendance (B)	Proxy Attendance	Actual attendance (%) (B/A)	Remark
Convener	Ai, Wei	5	0	100.00%	
Independent Director	Chin-Jung, Wu	5	0	100.00%	
Independent Director	Ming, Ouhyoung	5	0	100.00%	
Other remarks: I. Where the Board of Directors does not adopt or amend the proposal(s) posed by the Remuneration Committee: The Company shall expressly elaborate on the date, term while the Board of Directors meeting was convened, contents of the issues, outcome of decisions resolved in the Board of Directors and the Company's response to the opinions posed by the Remuneration Committee(For instance, if the salary pay resolved by the Board of Directors is higher than that proposed by the Remuneration Committee, the Company should elaborate on the fact of differential gap and the cause thereof): None. II. Where a decision resolved in the Remuneration Committee is found in contravention of rules or in qualified opinion as verified with records or documented declaration, the Company shall expressly elaborate on the date, terms of the meeting convened by the Remuneration Committee, contents of agenda, opinions of all members and acts taken in response to such opinions: None.					

Note: Important matters of the Remuneration Committee in the most recent year are as follows.

Date	Significant decisions resolved	Remuneration Committee Opinion	The company's response to opinions of the members	Resolution
January 26, 2022 (First shareholders' meeting in 2022)	1. Approved ASRock's manager bonus review proposal.	None	None	The issue has been approved with the entire committee members present voting in favor.
February 23, 2022 (Second shareholders' meeting in 2022)	1. Approved the appropriated remuneration of employees and directors of year 2021. 2. Approved the amendment of Regulations for the Allocation and Management of the Workers' Retirement.	None	None	The issue has been approved with the entire committee members present voting in favor.
April 27, 2022 (Third shareholders' meeting in 2022)	1. Approved ASRock's manager bonus review proposal.	None	None	The issue has been approved with the entire committee members present voting in favor.
August 5, 2022 (Fourth shareholders' meeting in 2022)	1. Approved the appropriated remuneration of employees and directors. 2. Approved ASRock's managerial officers salary adjustment proposal of year 2022.	None	None	The issue has been approved with the entire committee members present voting in favor.
November 2, 2022 (Fifth shareholders' meeting in 2022)	1. Approved ASRock's manager bonus review proposal.	None	None	The issue has been approved with the entire committee members present voting in favor.

(IV) Performance in corporate governance and the differential gap between corporate governance and Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and the cause thereof:

Assessment items	Actual governance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
I. Has the Company based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" set up and disclose the Company's corporate governance best-practice principles?	V		The Company has formulated the Corporate Governance Best-Practice Principles and disclosed it on the Market Observation Post System (MOPS) and the Company's website.	None
II. Shareholding structure and shareholders' equity				
(I) Has the Company established the internal procedures to handle shareholders' suggestions, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?	V		(I) The Company has established the internal procedures regulated to handle shareholders' suggestions, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly.	None
(II) Has the Company possessed of a list of major shareholders and a list of ultimate owners of these major shareholders?	V		(II) At present, most of the major shareholders of the Company are owned by the management team or their relatives. The Company keeps track of the list of major shareholders at any time to ensure the stability of managerial control.	None
(III) Has the Company established and implemented the risk control and firewall mechanisms with the related parties?	V		(III) Management rights and responsibilities are clearly separated. In addition to having a subsidiary for supervisory operations, auditors also regularly supervise the implementation.	None

Assessment items	Actual governance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
(IV) Has the Company established internal policies that forbid insiders from trading based on non-disclosed information?	V		(IV) The Company has established the “Rules for Prevention of Insider Trading” to prohibit insider trading, which is disclosed on the Company’s website. The education and promotion of the course “Prevention of Insider Trading” was arranged for directors on November 2, 2022, and new employees were given education and training on March 28, August 22 and December 8, 2022. The content of the course include the confidentiality of important information, the cause for the insider trading, the identification process and case sharing.	None
III. The constitution and obligations of the Board of Directors				
(I) Does the Board of Directors formulated and implemented diversity policies, specific management objectives?	V		(I) In accordance with Article 20 of the Corporate Governance Best-Practice Principles, the Company has formulated a diversity policy where the directors of the Company have professional backgrounds and skills. For the implementation of diversity of board members by individual directors, please refer to “Diversity and Independence of the Board of Directors” in this report.	None
(II) Does the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?		V	(II) The Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, will have other functional committee set up in accordance to future demand.	It will be formulated according to future needs.

Assessment items	Actual governance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
(III) Has the Company established a method to evaluate board performance and evaluate board performance every year? Are the performance evaluation results reported to the board and used as a reference for the remuneration and nomination for re-election of directors?	V		(III) The Company has established a “Self-Evaluation or Peer Evaluation of the Board of Directors” to evaluate board performance every year and the results will reported to the board.	None
(IV) Has the Company assessed the independence of CPA periodically?	V		(IV) The audit committee of the company evaluates the independence of the CPA at least once a year (the latest evaluation result was on March 7, 2023) through the following matters, and reports the evaluation results to the board of directors: 1. Accountant’s Independence Statement. 2. The Company has assessed the independence of CPA in terms of financial interests, financing and guarantees, business relationships, family and personal relationships, employment relationships, gifts and special offers, rotation of CPA and non-audit engagements.	None

Assessment items	Actual governance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
IV. Does a public company equip an appropriate number of governance personnel and assign the governance officer to take charge of company's governance affairs (including, without limitation, providing directors and supervisors with the data required for business operations, assistance for the legal compliance of directors and supervisors, handling affairs related to holding a board meeting or a general meeting of shareholders and producing minutes for board meetings and general meetings of shareholders)?	V		With respect to the resolution made by the board on April 29, 2020, Chien-Hung, Chen was appointed the concurrent government officer of this Company to protect the rights and interests of shareholders and optimize board competence. Current Vice President & CFO, Chien-Hung, Chen, commands public listed companies in finance and related management work experience for over three years. The duty of the governance officer is to handle the affairs related to holding the board meeting or the general meeting of shareholders, producing the minutes for board meetings and general meetings of shareholders, providing directors and independent directors with the data required for business operations, assisting directors and independent directors in maintaining legal compliance. The governance officer will take continuous training in accordance with the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers". Please refer to Note 1 for the 2022 training continuous training status.	None

Assessment items	Actual governance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
V. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	V		The Company has established a stakeholders page on the Company's website with a Honest2_Box@asrock.com.tw mailbox, a contact window and contact information provided to stakeholders in case of complaints where dedicated personnel will respond to issues and concerns from stakeholders. For issues or concerns from relevant stakeholders and communication channels, please refer to the Company's CSR and website.	None
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	V		Currently, this Company commissioned a professional stock service agent to handle shareholders affairs.	None
VII. Disclosure of information				
(I) Has the Company setup a website to disclose information regarding the Company's finance, business and corporate governance?	V		(I) The Company's website has an investor service page to disclose information related to financial business and corporate governance.	None
(II) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)?	V		(II) There is a dedicated person to collect the disclosure information, implements the spokesperson system, and place the content Earnings Conference on the Company's website.	None

Assessment items	Actual governance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
(III) Has the Company announced its annual financial report within two months after the end of a fiscal year, and announced in advance the financial statements of Q1, Q2 and Q3 as well as status of monthly operations?	V		(III) The Company has announced the first, second, third quarter and annual financial reports before the required time period and announced the operation status of each month within the required time period in accordance to the regulations.	None
VIII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?	V		1. Employees' rights, warm concern toward employees please see"Employee Relations" of this annual report. 2. The Company's website has an Investor Service link where both Shareholders' Meeting information and financial information are provided in both Chinese and English to improve operational transparency. 3. In 2022, the directors have completed the training in accordance with the hours specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." 4. The Company maintains good relationships and smooth communication channels with investors, suppliers, customers and other stakeholders. 5. The Company has stipulated rules in the Articles of Association to purchase liability insurance for the directors where the important content such as the amount of insurance and the scope of insurance will be submitted to the board and announced on MOPS.	None

Assessment items	Actual governance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
IX. Please describe the improvement performed according to the corporate governance evaluation results published by the Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures and Corporate: The Company has strengthened the disclosure of relevant information on the company's website and the annual report, and actively planned the information upload and reporting schedule; other matters that the company has not improved will be gradually improved according to the company's plan to comply with the corporate governance.				

Note 1: Continuous training for corporate governance officer in 2022.

Training date	Organizer	Course name	Training hours
April 6, 2022	Chinese National Association of Industry and Commerce	New challenges in information security protection for enterprises in 2022	3
July 22, 2022	Financial Supervisory Commission R.O.C. Taiwan	Advanced Practice for Audit Committee - The Role of Independent Directors in Corporate Operations and Corporate Governance	3
November 4, 2022	Corporate Governance Association in Taiwan	M&A Practice and Case Analysis	3
November 17, 2022	Taiwan Institute for Sustainable Energy	Carbon Rights, Carbon Tariffs, and Carbon Trading – morning session of the second day of the 2022 5th Global Corporate Sustainability Forum	3

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

Promotion items	Performance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
I. If the Company set up a full time (or part-time) unit to promote the sustainable development governance framework with the Board of Directors authorizing the top management to handle and supervising?	V		The Company has established a dedicated unit to promote sustainable development and it has not found any major economic, environmental and social issues arising from operating activities that require the senior management to handle and report to under the authorization of the Board of Directors.	Without difference
II. If the Company assessed the risk of environmental, social, and governance (ESG) issues in relation to corporate operations based on the materiality principles and established risk management policies or strategies? (Note 1)		V	The Company has not yet formulated policies or strategies relevant risk management.	Under discussion
III. Environmental issues (I) If the Company had an appropriate environmental management system established in accordance with its industrial characteristics?	V		(I) The Company focuses on the design of motherboards, which is indoor office operation, and takes the implementation of green product design as the main focus. The main internal environmental policy is to continuously reduce greenhouse gas emissions, improve energy efficiency, avoid wasting water resource, and reduce the output of waste. At present, all wastes are recycled and reused by licensed waste removal vendors.	Without difference

Promotion items	Performance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
(II) If the company committed to enhancing the power efficiency and using renewable materials with lower impact on the environmental?	V		(II) The Company promotes various energy reduction measures and selects equipment with energy-saving design. The Company takes 2019 as the base year and aims to reduce the energy usage intensity by 5% (MWh/NT$ million in revenue) every year as the energy-saving target. In 2021, the energy usage intensity was reduced by 42.58% compared with 2019. In the future, the Company will actively promote energy-saving policies to employees and improve energy efficiency. The products designed by the Company emphasize green procurement and green management at the design stage, so that both product service and outsourcing manufacturers can comply with the international trend. Some products also use recycled materials with low environmental impact to achieve the goal and our commitment for environmental protection.	Without difference
(III) If the Company assessed the present and future potential risks and opportunities of climate change on the Company and take measures?	V		(III) The Company conducts business and risk analysis on climate change, formulates relevant strategies based on the analysis results, and evaluates the financial impact to reduce the impact on climate change and locate new business opportunities. The detailed description of the Company's climate change risk and opportunity analysis has been disclosed in the Corporate Sustainability Report. (https://www.asrock.com/general/CSR.tw.asp?cat=CSRReport)	Without difference

<table>
<tr><th rowspan="2">Promotion items</th><th colspan="3">Performance</th><th rowspan="2">Non-implementation and its reasoon(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(IV) If the Company monitored the amount of the GHG emissions, water consumption, and total waste in the last two years? If the Company established policies for GHG reduction, water conservation, and waste management?</td><td>V</td><td></td><td>(IV)
1. GHG emission
<table>
<tr><th>Item</th><th>Unit</th><th>2019</th><th>2020</th><th>2021</th></tr>
<tr><td rowspan="4">Scope No. II (electric power)</td><td>Ton CO_2e</td><td>1,196.28</td><td>1,086.50</td><td>1,074.22</td></tr>
<tr><td>Revenue (NT$1 million)</td><td>9,171</td><td>12,578</td><td>14,535</td></tr>
<tr><td>Ton CO_2e/NT$ 1 million</td><td>0.130</td><td>0.086</td><td>0.074</td></tr>
<tr><td>Difference</td><td>Base year</td><td>-33.8%</td><td>-43.1%</td></tr>
</table>
The Company’s primary business is in the design and R&D of motherboards and other products, and its energy mostly comes from purchased electricity. The main source of greenhouse gas emissions in the past two years is purchased electricity (Scope 2), accounting for more than 99% of the overall emissions, and the rest are fugitive emissions (refrigerants, septic tanks, fire extinguishers). As there is no production process, there is no process emission source.</td><td>Without difference</td></tr>
</table>

Promotion items	Performance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
			(Scope No. I) To fulfill the responsibility of protecting the earth and respond to global climate change, the Company takes 2019 as the base year, and aims to reduce the Scope No. II emission intensity by 5% (greenhouse gas emission metric tons/NT$ million in revenue) every year as the goal for reducing greenhouse gas emissions. To achieve the goal of carbon reduction, the power-saving plan has been implemented from the three aspects: air-conditioning equipment, lighting equipment management and other power consumption. The greenhouse gas emission intensity of indirect emissions in 2021 was 0.074 metric tons per NT$ million in revenue, a decrease of 43.1% compared with 2019, and the greenhouse gas emission reduction goal of reducing the Scope No. II emission intensity by 5% per year has been achieved. The Company's power-saving plan is the control of office air-conditioning equipment and lighting equipment. It improves energy efficiency by using power-saving equipment (such as high-power LED power-saving lamps), and actively promotes the importance of energy saving to employees. 2. Water consumption	

Item	Unit	2019	2020	2021
Water consumption	M^3	5,051	3,669	4,726
Number of employees	Person	295	310	315
Water consumption intensity	M^3/ person	17.1	11.8	15.0

<table>
<tr><th rowspan="2">Promotion items</th><th colspan="3">Performance</th><th rowspan="2">Non-implementation and its reasoon(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>The Company does not use a large amount of water in production, and the water resources are mainly used as general domestic water such as drinking and sanitary. The Company takes 2019 as the base year and aims to reduce per capita water consumption by 3% every year as the water-saving goal. The main focus on the water-saving plan is to reduce the general domestic water consumption where water-saving slogans are posted in various facilities in the office building, and website announcements or emails are adopted to promote employees to participate in the water-saving measures. The per capita water consumption in 2021 was 15.0M3/person, a decrease of 12.3% compared with 2019. Thus, the Company has achieved the water-saving goal of reducing per capita water consumption by 3% per year.
3. Waste output
<table><tr><th>Item</th><th>Unit</th><th>2019</th><th>2020</th><th>2021</th></tr><tr><td>Recycled waste weight</td><td>KG</td><td>2604.43</td><td>8,404.01</td><td>3,550.93</td></tr></table>The Company’s major waste sources are general household waste and waste generated from research and development. General domestic waste is commissioned to the office management for disposal with ensured legal disposal method. The waste generated by research and development includes components such as motherboards, computer screens, and hard drives, which are outsourced to professional vendor so the resources can be recycled and reused.</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Promotion items</th><th colspan="3">Performance</th><th rowspan="2">Non-implementation and its reasoon(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>IV. Social issues
(I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</td><td>V</td><td></td><td>(I) The Company supports and follows UN’s “Universal Declaration of Human Rights”, the “UN Global Compact”, and the International Labour Organization’s “Declaration on Fundamental Principles and Rights at Work” and other basic human rights principles and the local regulations of global operations to formulate human rights policies to protect employees, contracts and temporary staff, interns, etc.
The Company’s relevant regulations on human rights, such as prevention of a potential sexual harassment, promotion practices are incorporated into rules and regulations or guidelines, and a specialized unit is responsible for implementation with regularly review and evaluation on the appropriateness of relevant systems. In 2022, human rights protection training was implemented for employees with a total of 17 employees completed the training.
The human rights management policies and specific methods are summarized as follows:<table><tr><th>Item</th><th>Methods</th></tr><tr><td>Provide a safe and healthy work environment</td><td>Formulate sexual harassment prevention and measures and establish employee complaint procedures: sexual harassment complaint hot line and e-mail to protect employees’ rights and interests and ensure workplace safety.</td></tr></table></td><td>Without difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Promotion items</th><th colspan="3">Performance</th><th rowspan="2">Non-implementation and its reasoon(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Item</th><th>Methods</th></tr>
<tr><td>Eliminate illegal discrimination to ensure equal job opportunities</td><td>The employee promotion, assessment, training, reward, and punishment systems are clearly established to ensure fair treatment.</td></tr>
<tr><td>Prohibition against child labor</td><td>The employees must submit relevant identification documents (such as ID card, driver’s license, health insurance card, education certificate, etc.) to the Company on the first day of work to ensure that they have reached the age of 16.</td></tr>
<tr><td>Prohibition against forced labor</td><td>In accordance with the “Labor Standards Act”, international norms, and “Human Rights Policy of ASRock Inc.”, the Company will not force or coerce any unwilling personnel to perform labor services.</td></tr>
<tr><td>Assist employees to maintain physical and mental health and work-life balance</td><td>Provide a variety of recreational activities, such as mountaineering, company trip, and promote interpersonal interaction of colleagues through clubs to achieve a “work-life balance”.</td></tr>
</table>
</td><td></td></tr>
</table>

Promotion items	Performance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
(II) Has the company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected business performance and achievements in the remuneration for employees?	V		(II) The Company has established employee-employer meetings, employee welfare committees, and employee complaint mailboxes according to laws and regulations. The Employee Welfare Committee plans and provides various benefits for employees, such as: travel subsidies, department meal subsidies, club subsidies, marriage subsidies, etc. In the vacation system, those who have worked in the Company for a certain period of time will be given annual leave (for example, employees who have been employed for one year will be given annual leave of 7 days a year). Employees may apply for unpaid leave in case of raising child(en), serious injury or illness, etc., to ensure the needs of personal and family care are met. Ensure that men and women have equal pay for equal work and equal opportunities for promotion and maintain 20% and above female executive positions to promote sustainable and inclusive economic growth. At the end of 2022, female staff accounted for 39% of total staff, and female supervisors (above the deputy manager level) accounted for 31% of total supervisors. The Company’s Articles of Incorporation stipulate that no less than 5% of the annual profit should be allocated as employee compensation, and there is a bonus and other reward system to share the operating results with all employees.	Without difference

Promotion items	Performance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(III) The Company provides a safe and healthy working environment with necessary health and first aid measures to eliminate hazards that may affect the health and safety of employees and reduce the risk of occupational accident. There was no major occupational accident in 2022. Specific implementation measures include hiring professional nursing personnel and conducting occupational safety and health education and training for new employees every year. Health inspections for all employees are carried out every two years, and individualized health management measures are provided for high-risk cases based on the inspection results. Inspection of working environment is outsourced and performed every six months to ensure the safety of the working environment. In addition, the office management committee regularly audits and inspects fire-fighting equipment every year.	Without difference
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		(IV) To improve the quality and skills of employees, the Company conducts orientation training when new employees arrive on the job, and conducts unscheduled general and professional training depending on the needs.	Without difference
(V) Does the company comply with the related laws and regulations and international standards regarding the customer health and safety, customer privacy, marking communication, and labeling of its products and services and establish policies to protect the		V	(V) The Company has not yet formulated relevant consumer protection policies and complaint procedures. However, the Company’s technical support department is responsible for the product technical consulting and services.	Under discussion

Promotion items	Performance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
rights and interests of customers and procedures for grievances?				
(VI) Has the company established policies for management to request suppliers to comply with the relevant laws and regulations of environmental protection, occupational safety and health, and labor human rights? Does the company keep track on the implementation of such policies?	V		(VI) The Company will assess whether the supplier has a history of environmental and social impact before doing business with the suppliers. To protect the earth and reduce the damage to the ecosystem, the Company requires the raw materials suppliers to comply with ROHS and REACH specifications, and provide relevant inspection reports, which will be archived after inspection on the correctness of the documents by dedicated personnel. This is to ensure the supply chain complies with international environmental regulations.	Without difference
V. Did the company, following internationally recognized guidelines, prepare and publish reports such as its sustainable environment report to disclose non-financial information of the company? Did the company apply for assurance or guarantee of such reports to a third-party certification body?	V		The Company has prepared the “2021 Corporate Sustainability Report” in accordance with the internationally recognized guidelines (GRI Standards). This report has been verified by BSI according to the AA1000 Assurance Standard, the type 1 moderate assurance level, and is published on the Company’s website and Market Observation Post System (MOPS) website.	Without difference
VI. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the principles and their implementation: None.				
VII. Other important information to facilitate better understanding of the company’s corporate social responsibility practices: The Company has established a “ESG” section on the company’s website to disclose the company’s sustainable development policies, goals and other related information, website: https://www.asrock.com/general/CSR.tw.asp.				

Note 1: The principle of materiality refers to those who have a significant impact on the company’s investors and other stakeholders in relation to environmental, social and corporate governance issues.

(VI) Performance in ethical corporate management inconsistency with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”

Assessment items	Actual governance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
I. Business Integrity Policy and action plans				
(I) Has the Company established policies for ethical corporate management approved by the board of directors and stated such policies and practices in its regulations and external documents and in the commitment made by the board of directors and senior management to actively implement such policies?	V		(I) The Company’s “Ethical Corporate Management Best Practice Principles” was approved by the Board of Directors, which clearly stipulates that directors, managers and employees must implement the ethical corporate management policy and actively prevent unethical behavior.	None
(II) Has the Company established an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with higher risk of involvement in unethical behavior and preventive programs for unethical behaviors containing at least the preventive measures stated in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies?”	V		(II) The Company has assessed the business activities with high unethical risk within the business scope and strengthened relevant preventive measures.	None
(III) Has the Company established in the preventive programs the operating procedures for unethical behavior prevention, penalties and grievance systems of breaching the guidelines for conduct, and implemented and periodically review them?	V		(III) The Company’s “Procedures for Ethical Management and Guidelines for Conduct” regulates various operating procedures, behavior guidelines, and disciplinary and complaint systems for violations. The Company’s dedicated unit reviews every year whether these requirements can effectively control business activities with a higher risk of unethical conduct.	None

Assessment items	Actual governance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
II. Proper enforcement of business integrity				
(I) Does the Company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?	V		(I) The Company requires suppliers and other contractors to abide by the same ethical standards as all employees in the company. The Company commit not to engage in any illegal business activities or accept bribes.	None
(II) Has the Company established a dedicated (concurrent) unit to implement ethical corporate management under BOD and report regularly(at least once a year) to BOD the status of implementation and supervision of ethical management policy and preventive programs of unethical behavior?	V		(II) The Company implements the Ethical Corporate Management Best Practice Policies, and the implementation status in 2022: 1. Formulation method The Company has approved the resolution of the board of directors to formulate the “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct” and “Codes of Ethical Conduct”, it is agreed that the corporate governance unit under the board of directors is responsible for the formulation and implementation of Ethical Corporate Management Best Practice Policies and prevention plan, and the unit will report its implementation to the board of directors on November 2, 2022. 2. Orientation training: The content of the training includes measures to prevent unethical behavior, recusal due to conflicts of interest and other related courses. A total of 17 new employees participated in the course for a total of 1.5 hours.	None

Assessment items	Actual governance			Non-implementation and its reasoon(s)
	Yes	No	Summary description	
			3. Periodic inspection The Company has the corresponding internal control to effectively control the operation activities of all operating offices and is independently audited by the auditing unit to ensure the overall operation, joint management, and prevent unethical behavior. In 2022, no deficiency discovered in an audit related to ethical corporate management best practice was found. 4. Whistle-blowing system The Company has a reporting mailbox and a hotline. If anyone inside or outside the company finds any unethical behavior, they can report anonymously or not to the company at any time. In 2022, no report was received.	
(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	V		(III) The Company has developed policies to prevent conflicts of interest and provided adequate channel for communication, and substantiated the policies.	None
(IV) Has the Company established an effective accounting system and an internal control system for the internal audit unit to establish related audit programs based on the results of risk assessment of involvement in unethical behavior to audit and prevent the compliance with the preventive programs of unethical behavior or hire a CPA to perform the audit?	V		(IV) The Company has established an effective accounting system and an internal control system for high risk unethical behavior to inspect at any time where internal auditors should check the compliance of the internal control system from time to time, and prepare an audit report to the Board of Directors.	None

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Actual governance</th><th rowspan="2">Non-implementation and its reasoon(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?</td><td>V</td><td></td><td>(V) The Company trains new employees with courses related to ethical corporate management which includes measures to prevent unethical behavior, and recusal due to conflicts of interest.</td><td>None</td></tr>
<tr><td>III. The operations of the Company’s Report System
(I) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?
(II) Has the Company established standard operating procedures for investigating reported events, follow-up measures to be taken after the investigation was completed, and related confidentiality mechanisms?
(III) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?</td><td>
V

V

V</td><td></td><td>
(I) The Company has formulated the “Procedures for Handling Reported Cases” to be handled by designated personnel.
(II) The “Procedures for Handling Reported Cases” defines the relevant procedures and follow-up measures to be taken after the investigation is completed, as well as the confidentiality mechanism.
(III) The Company will provide protection from unfair treatment or retaliation for those who report violations of ethical corporate management regulations and participate in investigations.</td><td>
None

None

None</td></tr>
<tr><td>IV. Enhanced information disclosure
(I) Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?</td><td>
V</td><td></td><td>
(I) The Company has the contents of Ethical Corporate Management Guiding Principles and its implementation disclosed on the website and MOPS</td><td>
None</td></tr>
<tr><td colspan="5">V. Where a Company has worked Ethical Corporate Management Guiding Principles in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies”, please expressly elaborate on the differential gap between the substantial performance and the Practice Principle: None.</td></tr>
<tr><td colspan="5">VI. Other vital information that helps to understand the practice of business integrity of the Company (e.g., the review and revision of the best-practice principles of the Company in business integrity).</td></tr>
</table>

(VII) Other significant information that helpful to better awareness of performance in corporate governance: The Company's website and Market Observation Post System (MOPS).

(VIII) Other significant information that helpful to better awareness of performance in corporate governance: None.

(IX) Hands-on performance in the internal control system:

1. Declaration of Internal Control System: please refer to Page 110.
2. Review report issued by the commissioned Certified Public Accountant(s) in the review of the internal control system: None.

(X) In the latest year until the date as of Annual Report issuance, the Company and inside personnel having been penalized for violation of the requirements in the internal control system, the major defects and corrective action completed: None.

(XI) In the latest year until the date as of Annual Report issuance, the Board and Shareholders' Meeting had resolved significant decisions

1. Major resolutions and its implementation status of the 2022 Annual General Shareholders Meeting (May 25, 2022):

   (1) The issue to acknowledge the business report and financial statements in 2021.
   Implementation status: Approved by the voting of shareholders present.

   (2) The issue to acknowledge the 2021 Proposal for Distribution of Earnings. (Dividends per share: NT$13)
   Implementation status: July 14, 2022 is set as the ex-dividend day, July 20, 2022 is the base date for dividend distribution, and August 19, 2022 is the date of cash dividend distribution.

   (3) Approved the amendment to ASRock 's "Article of Incorporation ".
   Implementation status: The Company has announced on the MOPS.

   (4) Approved the amendment to ASRock 's "Procedures for Acquisition and Disposal of Assets".
   Implementation status: The Company has announced on the MOPS.

2. In the latest year until the date as of Annual Report issuance, the Board had resolved significant decisions:

Date	Significant decisions resolved	Independent Directors' opinions	Response to Independent Directors' opinions
January 26, 2022 (First shareholders' meeting in 2022)	1. Approved ASRock's manager bonus review proposal.	None	None
February 23, 2022 (Second shareholders' meeting in 2022)	1. Approved 2021 business report and financial statements. 2. Approved the evaluation report for the independence of external Auditor. 3. Approved the compensation for ASRock's external auditor of year 2022. 4. Approved ASRock's Internal Control System Statement of year 2021. 5. Approved the appropriated remuneration of employees and directors of year 2021. 6. Approved earnings distribution of year 2021. 7. Approved the amendment to ASRock 's "Article of Incorporation ". 8. Approved the amendment to ASRock 's "Corporate Governance Best Practice Principles". 9. Approved the amendment to ASRock 's "Procedures for Acquisition and Disposal of Assets". 10. Approved to promote Chien-Hsin, Chou from Senior Vice President, MB R&D Department to the COO. 11. Approved the scheduling of 2022 Annual	None	None

Date	Significant decisions resolved	Independent Directors' opinions	Response to Independent Directors' opinions
	Shareholders' Meeting and acceptance of resolutions.		
April 27, 2022 (Third shareholders' meeting in 2022)	1. Approved 2022Q1 Consolidated Financial Report. 2. Approved ASRock's manager bonus review proposal. 3. Approved to increase the credit line with Taipei Fubon Bank and Mega International Commercial Bank.	None	None
May 25, 2022 (Fourth shareholders' meeting in 2022)	1. Approved the record date of cash dividend distribution.	None	None
August 5, 2022 (Fifth shareholders' meeting in 2022)	1. Approved 2022Q2 Consolidated Financial Report. 2. Approved the appropriated remuneration of employees and directors. 3. Approved ASRock's managerial officers salary adjustment proposal of year 2022. 4. Approved the amendment to ASRock's "Accounting System". 5. Approved the extension of credit line with Taipei Fubon Bank. 6. Approved the modification of credit line with Mega International Commercial Bank from US$20 million to US$23 million.	None	None
November 2, 2022 (Sixth shareholders' meeting in 2022)	1. Approved 2022Q3 Consolidated Financial Report. 2. Approved ASRock's manager bonus review proposal. 3. Approved the plan of internal auditing in year 2023. 4. Approved the amendment to ASRock's "Internal Control System". 5. Approved the budget of year 2023. 6. Approved the cancellation of restricted employee shares which were bought back by the Company. 7. Approved the amendment to ASRock's "Sustainable Development Best Practice Principles" (Former name: Corporate Social Responsibility Best Practice Principles). 8. Approved to increase the investment in branch office" ASIAROCK TECHNOLOGY LIMITED TAIWAN BRANCH" . 9. Approved the amendment to ASRock's "Procedures for the Prevention of Insider Trading".	None	None
January 11, 2023 (First shareholders' meeting in 2023)	1. Approved ASRock's manager bonus review proposal. 2. Approved the amendment to ASRock 's "Rules of Procedure of the Board of Directors Meetings".	None	None

Date	Significant decisions resolved	Independent Directors' opinions	Response to Independent Directors' opinions
March 7, 2023 (Second shareholders' meeting in 2023)	1. Approved 2022 business report and financial statements. 2. Approved the evaluation report for the independence of external Auditor. 3. Approved the formulation proposal for the non-assurance services pre-approval policy. 4. Approved the compensation for ASRock's external auditor of year 2023. 5. Approved the proposal to replace the CPA. 6. Approved ASRock's Internal Control System Statement of year 2022. 7. Approved the appropriated remuneration of employees and directors of year 2022. 8. Approved earnings distribution of year 2022. 9. Approved the cancellation of restricted employee shares which were bought back by the Company. 10. Approved the scheduling of 2023 Annual Shareholders' Meeting andacceptance of resolutions.	None	None

(XII) In the latest year until the date as of Annual Report issuance, Audit Committee or Directors passed significant decisions with different opinions as backed with records or declarations, the major contents: None.

(XIII) In the latest year until the date as of Annual Report issuance, the assembled information of discharge or resignation by the Company for the Company's Chairman, general manager, accounting officer, financial officer, internal audit officer, governance officer and research & development officer: Such fact is nonexistent in the Company.

Title	Name	Arrival date	Dismissal date	Reasons for resignation or dismissal
R&D supervisor	Wei-Hsu, Sha	May 10, 2002	February 25, 2022	Job adjustment

IV. Information in public fees of the Certified Public Accountant Association

Unit: NTD thousand

Auditor's firm	Name of CPA	CPA auditing period	Audit remuneration	Non-audit remuneration	Total	Remark
Ernst & Young, Taiwan	Chih-Hui, Yang Chien-Ju, Yu	2022	2,600	295	2,895	Non-audit public expense: tax compliance audit and cancellation of new restricted employee shares

V. Changes in CPA

(I) Former CPA: None.

(II) Current CPA: None.

(III) The reply letters on Item 1 and 2-3, Subparagraph 6, Article 10 of Regulations Governing the Preparation of Financial Reports from the previous CPA: None.

VI. Where the company's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

VII. In the latest year until the date as of annual report issuance, the fact regarding transfer or pledge stock equity by the Company's directors and managerial officers and key shareholders holding over 10% in shareholding

(I) Information on Net Change in Shareholding and Net Change in Share Pledged by Directors, Supervisors, Department Heads, and Shareholders of 10% Shareholding or More

Unit: shares

Title	Name	2022		2023/01/01-2023/03/27	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Director (shareholders over 10% in shareholding)	Asus Investment Co., Ltd.	-	-	-	-
President	Lung-Lun, Hsu	-	-	-	-
CEO	Chien-Hsin, Chou	(6,000)	-	-	-
Senior Vice President	Yu-Huang, Chen	-	-	-	-
Senior Vice President	Sung-Chien, Chen	-	-	-	-
Senior Vice President	Chun-Ying, Li (Note 1)	-	-	-	-
Senior Vice President	Wei-Hsu, Sha (Note 1)	-	-	-	-
Vice President	Cheng-Yang, Li	(13,000)	-	-	-
Vice President	Wen- Kang, Fan (Note 2)	-	-	-	-
Vice President	An-Lun, Sun (Note 2)	-	-	-	-
Vice President	En-Li, Chen (Note 2)	-	-	-	-
Vice President	Hsu-Hung, Hsiao (Note 2)	-	-	-	-
Vice President & CFO	Chien-Hung, Chen	-	-	-	-
Accounting Manager	Hui-Ju, Li	-	-	-	-

Note 1: Chun-Ying, Li and Wei-Hsu, Sha were discharged on February 25, 2022. The increase (decrease) in the number of shares held by them is up to the date of discharge.

Note 2: Wen- Kang, Fan, An-Lun, Sun, En-Li, Chen and Hsu-Hung, Hsiao assumed office on March 1, 2022. The increase (decrease) in the number of shares held by them is calculated from the job commencement date.

(II) Stock trade or pledge and with related party: None.

VIII.The interrelationship among the key shareholders holding over 10% in shareholding

March 27, 2023

Name	Shares held in own name		Shareholdings of spouse and underage children		Shares held in the names of others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2nd tier under the Civil Code, and the name and affiliation.		Remark
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Name	Relation	
Asus Investment Co., Ltd. Representative: Tzu-Hsien, Tung	57,217,754	46.90%	-	-	-	-	-	-	
Huaxu Investment Co., Ltd. Representative: Tzu-Hsien, Tung	7,453,405	6.11%	-	-	-	-	-	-	
Honghong Investment Co., Ltd. Representative: Feng-Chang, Kang	6,526,897	5.35%	-	-	-	-	-	-	
Huayu Investment Co., Ltd. Representative: Tzu-Hsien, Tung	2,791,000	2.29%	-	-	-	-	-	-	
Tsai-Teng, Wu	1,678,880	1.38%	1,000,000	0.82%	-	-	Li-Hua, Chang	Spouse	
Lung-Lun, Hsu	1,653,750	1.36%	320,621	0.26%	-	-	-	-	
JPMorgan Chase Bank managed J.P. Morgan & Company investment account	1,374,039	1.13%	-	-	-	-	-	-	
CTBC Bank in Custody of ASRock Inc.	1,347,000	1.10%	-	-	-	-	-	-	
HSBC (Taiwan) managed Goldman Sachs International investment account	1,022,012	0.84%	-	-	-	-	-	-	
Li-Hua, Chang	1,000,000	0.82%	1,678,880	1.38%	-	-	Tsai-Teng, Wu	Spouse	

IX. Investments jointly held by the Company, the Company's directors, managers, and enterprises directly or indirectly controlled by the Company. calculate shareholding in aggregate of the above parties:

December 31, 2022; Unit: shares

Investees (Note)	Ownership by the Company		Direct/Indirect Ownership by Directors and Management		Total Ownership	
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding
ASIAROCK TECHNOLOGY LTD.	40,000,000	100.00%	-	-	40,000,000	100.00%
LEADER INSIGHT HOLDINGS LTD.	2,100,000	100.00%	-	-	2,100,000	100.00%
ASRock Europe B.V.	-	-	200,000	100.00%	200,000	100.00%
FIRSTPLACE INTERNATIONAL LTD.	-	-	2,050,000	100.00%	2,050,000	100.00%
CALROCK HOLDINGS, LLC	-	-	2,000,000	100.00%	2,000,000	100.00%
ASRock America, Inc.	-	-	2,000,000	100.00%	2,000,000	100.00%
ASRock Rack Incorporation	30,884,308	59.68%	-	-	30,884,308	59.68%
ASRock Industrial Computer Corporation	31,064,410	64.46%	-	-	31,064,410	64.46%
ASJade Technology Incorporation	17,325,000	82.50%	-	-	17,325,000	82.50%
Soaring Asia Limited	150,000	100.00%	-	-	150,000	100.00%

Note: Investment in equity method by the Company.

Chapter IV. Funding Status

I. Share capital and shares

(I) Sources of share capital

1. Share category

March 27, 2023; Unit: thousand shares

Share category	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Ordinary shares	121,989	28,011	150,000	Note

Note: The Company stock is listed in the TWSE.

2. Sources of share capital

March 27, 2023; Unit: thousand shares; NT$ thousand

Year / month	Price of issuance	Authorized capital		Paid-up capital		Remark		
		Quantity	Amount	Quantity	Amount	Sources of share capital	Paid in properties other than cash	Other
April 2019	10	150,000	1,500,000	120,698	1,206,976	Capital decrease from the new restricted employee share 480	None	Note 1
September 2019	10	150,000	1,500,000	120,679	1,206,790	Capital decrease from the new restricted employee share 186	None	Note 2
December 2019	10	150,000	1,500,000	120,647	1,206,472	Capital decrease from the new restricted employee share 318	None	Note 3
July 2020	10	150,000	1,500,000	120,642	1,206,424	Capital decrease from the new restricted employee share 48	None	Note 4
November 2021	10	150,000	1,500,000	122,925	1,229,254	Capital increase from the new restricted employee share 22,830	None	Note 5
December 2022	10	150,000	1,500,000	121,993	1,219,930	Capital decrease from the new restricted employee share 9,324	None	Note 6
March 2023	10	150,000	1,500,000	121,989	1,219,894	Capital decrease from the new restricted employee share 36	None	Note 7

Note 1: Official Letter Ching-Shou-Shang-Tzu No. 10801035360 was approved on April 1, 2019.
Note 2: Official Letter Ching-Shou-Shang-Tzu No. 10801123470 was approved on September 11, 2019.
Note 3: Official Letter Ching-Shou-Shang-Tzu No. 10801183250 was approved on December 30, 2019.
Note 4: Official Letter Ching-Shou-Shang-Tzu No. 10901102300 was approved on July 1, 2020.
Note 5: Official Letter Ching-Shou-Shang-Tzu No. 11001209770 was approved on November 26, 2021.
Note 6: Official Letter Ching-Shou-Shang-Tzu No. 11101228860 was approved on December 9, 2022.
Note 7: Official Letter Ching-Shou-Shang-Tzu No. 11230051990 was approved on March 25, 2023.

3. Information on self-registration system: None.

(II) Shareholders structure

March 27, 2023

Shareholders structure / Quantities	Government institutions	Financial institutions	Other juridical person	Domestic natural persons	Foreign institutions & natural persons	Total
Number of Shareholders (person)	-	3	60	10,955	103	11,121
Number of Shareholding (share)	-	1,225,000	76,477,861	35,703,981	8,582,587	121,989,429
Ratio of Shareholding (%)	-	1.00	62.69	29.27	7.04	100.00

(III) Shareholding distribution status

March 27, 2023

Class of Shareholding	Number of Shareholders (person)	Number of Shareholding (share)	Ratio of Shareholding (%)
1 to 999	2,886	369,662	0.30%
1,000 to 5,000	7,245	12,601,185	10.33%
5,001 to 10,000	551	4,250,115	3.48%
10,001 to 15,000	171	2,184,922	1.79%
15,001 to 20,000	74	1,349,888	1.11%
20,001 to 30,000	62	1,527,329	1.25%
30,001 to 40,000	24	842,071	0.69%
40,001 to 50,000	17	794,767	0.65%
50,001 to 100,000	36	2,522,143	2.07%
100,001 to 200,000	21	2,734,501	2.24%
200,001 to 400,000	14	3,843,146	3.15%
400,001 to 600,000	5	2,533,112	2.08%
600,001 to 800,000	1	790,000	0.65%
800,001 to 1,000,000	5	4,581,851	3.76%
> 1,000,001	9	81,064,737	66.45%
Total	11,121	121,989,429	100.00%

(IV) List of major shareholders:

March 27, 2023

Name	Shares held in own name	
	Quantity	Ratio of
Asus Investment Co., Ltd.	57,217,754	46.90%
Huaxu Investment Co., Ltd.	7,453,405	6.11%
Honghong Investment Co., Ltd.	6,526,897	5.35%
Huayu Investment Co., Ltd.	2,791,000	2.29%
Tsai-Teng, Wu	1,678,880	1.38%
Lung-Lun, Hsu	1,653,750	1.36%
JPMorgan Chase Bank managed J.P. Morgan & Company investment account	1,374,039	1.13%
CTBC Bank in Custody of ASRock Inc.	1,347,000	1.10%
HSBC (Taiwan) managed Goldman Sachs International Investment account	1,022,012	0.84%
Li-Hua, Chang	1,000,000	0.82%

(V) Market price per share, net worth, dividend and relevant data over the past two years

Unit: NT$

<table>
<tr><th colspan="3">Item / Year</th><th>2021 (2022 Distribution)</th><th>2022 (2023 Distribution)</th><th>2023/01/01-2023/03/27</th></tr>
<tr><td rowspan="3">Market price per share</td><td colspan="2">Highest</td><td>291.00</td><td>289.50</td><td>171.00</td></tr>
<tr><td colspan="2">Lowest</td><td>125.00</td><td>82.10</td><td>133.50</td></tr>
<tr><td colspan="2">Average</td><td>175.96</td><td>146.19</td><td>148.40</td></tr>
<tr><td rowspan="2">Net worth per share</td><td colspan="2">Before dividend distribution</td><td>67.29</td><td>67.15</td><td>-</td></tr>
<tr><td colspan="2">After dividend distribution</td><td>54.29</td><td>59.15</td><td>-</td></tr>
<tr><td rowspan="2">Earnings per share</td><td colspan="2">Weighted average outstanding shares (thousand shares)</td><td>121,049</td><td>122,648</td><td>-</td></tr>
<tr><td colspan="2">Earnings per share</td><td>19.67</td><td>8.69</td><td>-</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividends</td><td>13.00</td><td>8.00</td><td>-</td></tr>
<tr><td rowspan="2">Stock dividends</td><td>From earnings</td><td>-</td><td>Note 1</td><td>-</td></tr>
<tr><td>From capital reserves</td><td>-</td><td>Note 1</td><td>-</td></tr>
<tr><td colspan="2">Cumulative undistributed dividends (NT$ thousand)</td><td>-</td><td>975,935</td><td>-</td></tr>
<tr><td rowspan="3">Analysis of investment returns</td><td colspan="2">P/E ratio (Note 2)</td><td>8.95</td><td>16.82</td><td>-</td></tr>
<tr><td colspan="2">Price to dividends ratio (Note 3)</td><td>13.54</td><td>18.27</td><td>-</td></tr>
<tr><td colspan="2">Cash dividend yield (Note 4)</td><td>7.39%</td><td>5.47%</td><td>-</td></tr>
</table>

Note 1: For Year 2022, the data of distribution of the annual earning had not yet passed the shareholders' regular meeting.

Note 2: P/E ratio = Average closing price per share for the year / earnings per share.

Note 3: Price to dividend ratio = Average closing price per share for the year / cash dividends per share.

Note 4: Cash dividend yield = Cash dividend per share / average closing price per share for the current year.

(VI) The Company's dividend policy and fact of implementation thereof.

1. The dividend policy as covered under the Company's Articles of Incorporation

The dividend policy as covered under the Company's Articles of Incorporation clauses:

Article 24-1: If the Company has a net income of the year after account settlement, appropriate for the covering of loss carried forward (including the adjustment of the amount in undistributed earnings), and 10% for legal reserve as required by law. If the amount of legal reserve is equivalent to the total paid-in capital, no further appropriation for legal reserve will be necessary. It will be followed by the appropriation or reversal of special reserve. If there is still a balance, it will be pooled up the undistributed earnings at the beginning of the period (including the adjustment of the amount in undistributed earnings). The Board shall plan for the distribution of earnings. If the stock dividend and bonus are paid in cash in whole or in part, the Board shall be authorized to make a decision in a session attended by more than 2/3 of the Directors and a simple majority of the Directors in session and reported to the

General Meeting of Shareholders. If a dividend is paid in stock in part, it will be necessary to present to the General Meeting of Shareholders for resolution.

Article 24-2: The Company runs its operation in an unpredictable environment and is at the stage of growth of its life span. In consideration of long-term financial planning and meeting the needs of cash inflows of the shareholders, cash dividend paid for each year shall not fall below 10% of the total dividend in cash and in stock.

2. The Company shall pay a stock dividend with reference to the profit status of the year for dividend stability as the principle. The Company adopts a balanced dividend policy. The stock dividend payable to shareholders shall not fall below 10% of the distributable income of the year.

3. Dividend Distribution Proposed by the Board of Directors

(1) The 2022 earning distribution proposal was approved by the board of directors on March 7, 2023, as shown in the table below:

Unit: NT$

Summary	Amount
Undistributed earnings at the beginning of the period	$ 683,411,300
Add: Changes in the remeasurement of the defined benefit plan	10,827,100
Add: Labor cost of employee restricted shares	12,136,800
Net income in 2022	1,066,243,509
Retained earnings	1,772,618,709
Less: Appropriation of legal reserve	(108,920,741)
Add: Reversal of special reserve	416,413,122
Items for distribution:	
Less: Shareholder dividend - cash (NT$8/share)	(975,934,632)
Undistributed earnings at the ending of the period (Carry forward to next year)	1,104,176,458

Note: The 2022 earning distribution proposal has not yet been approved by the Shareholders' Meeting. The distribution of cash dividends has been approved by the board of directors and has yet to be paid.

(VII) Impact of stock dividend distribution on the Company's business performance and earning per share: None.

(VIII) Remuneration to the employees and Directors

1. If the Company has earnings of the year after account closing, appropriate for the remuneration to the employees and the Directors specified as follows. If there is loss carried forward, the Company shall appropriate its earnings for covering loss carried forward.

(1) Numeration to the employees in cash or stock shall not be less than 5%. If payment is made in stock, employees of subsidiaries meeting specific conditions shall also

be entitled to the payment. The Board shall set forth the condition for entitlement.

(2) No more than 1% as remuneration to the Directors.

Earnings as previously mentioned, shall be the earnings before taxation and deduction of remuneration to the employees and the Directors.

The remuneration to the employees and the Directors shall be reported to the General Meeting of Shareholders.

2. The grounds to estimate the remuneration to employees and directors: In case of a differential gap between remuneration to employees in amount of actual distribution to be distributed in stocks and the previously estimated amount: None.

3. Remuneration to be distributed as resolved in the board of directors in 2022:

(1) The amount of remuneration to employee and Directors distributed in cash or stock: Employees' cash remuneration is NT$95,786,773 and Directors' remuneration is NT$9,578,677.

(2) The percentage of amount of remuneration to employees to be distributed in stocks to the aggregate total of the net profit after tax as shown through the individual financial statements or respective financial statements and the aggregate total of remuneration to employees: The Company does not propose to distribute bonus to employees in stocks.

4. Report on remuneration to employees and Directors in 2021:

(1) Report on remuneration to employees and Directors in 2021:

Remuneration to employees: NT$237,954,352

Remuneration to Directors: NT$23,795,435

(2) If there is a discrepancy between the above amount and the recognized employee remuneration and Director's remuneration, the amount of discrepancy, reasons and handling shall be stated: No discrepancy.

(IX) Repurchase of Company stock: In the most recent year and as of the publication date of the annual report, the Company has not repurchased the company's shares.

II. Issuance of corporate bond (including foreign bond): None.

III. Preferred stock: None.

IV. Issuance of global depositary receipts: None.

V. Employee stock option: None.

VI. Employee restricted stocks:

(I) The processing of employee restricted stocks have not fully met the vesting conditions as of the date of publication of the annual report and the impact on shareholders' rights and interests:

March 27, 2023

Type of employee restricted stocks	2021 employee restricted stocks
Declaration effective date and total number of stocks	September 7, 2021; 2,300,000 shares
Issuance date	October 28, 2021
The number of employee restricted stocks issued	2,283,000 shares
The number of available restricted employee stocks to be issued	0 shares
Price of issuance	NT$10
Ratio of employee restricted stocks to total issued shares	1.87%
Vesting condition for employee restricted stocks	(I) The Company's overall performance: (1) The Company's EPS was more than NT$10, i.e. overall weight by 100%, in the previous year. (2) The Company's EPS ranged from NT$7.5 to NT$10, i.e. overall weight by 50%, in the previous year. (3) The Company's EPS was less than NT$7.5, i.e. overall weight by 0%, in the previous year. (II) Personal performance: (1) The interim performance appraisal ranking more than A (inclusive of A), i.e. personal weight by 100%. (2) The interim performance appraisal ranking B+ to A (exclusive of A), i.e. personal weight by 80%. (3) The interim performance appraisal ranking B- to B+ (exclusive of B+), i.e. personal weight by 60%. (4) The interim performance appraisal ranking C, i.e. personal weight by 0%. (III) Where any employee, upon expiration of one year after the employee has been hired at the time of subscription for the Restricted Stock Awards (hereinafter referred to as the "RSA"), is free from any violation of laws, the Company's work rules and ethical management best-practice principles in the first year, 40% shares will be vested in the employee, multiplying by the overall weight and then by personal weight. (IV) Where any employee, upon expiration of two years after the employee has been hired at the time of subscription for the RSA, is free from any violation of laws, the Company's work rules and ethical management best-practice principles in the second year, 30% shares will be vested in the employee, multiplying by the overall weight and then by personal weight. (V) Where any employee, upon expiration of three years after the employee has been hired at the time of subscription for the RSA, is free from any violation of laws, the Company's work rules and ethical management best-practice principles in the third year, 30% shares will be vested in the employee, and multiplying by the overall weight and then by personal weight.
Limitations to the rights of employee restricted stocks	(I) Before fulfilling the vesting conditions, the restricted shares under the custody shall not be sold, pledged, transferred, and gave as gifts to others or any other means of disposal. (II) Voting rights: To be conducted by the Trust in accordance with the relevant laws and regulations.
Custody of employee restricted stocks	A total of 2,283,000 shares were delivered to the Trust.

Procedures for non-compliance of the conditions	The Company can buy back and cancel all restricted stocks from any employee whom received restricted stocks but fail to comply with the conditions.
Number of employee restricted stocks bought back or canceled	936,000 shares (Note)
Number of employee restricted stocks free from custody	0 shares
Number of employee restricted stocks under custody	1,347,000 shares
Ratio of the number of employee restricted stocks under custody to total issued shares	1.10 %
Impact on shareholders' equity	1. Potential expense: With the resolution of 2021 Annual General Meeting of Shareholders, the maximum number of employee restricted stocks issued by the Company's is 2,300,000 shares where each share is issued at NT$10. The Company measures the fair value of the stock on the issue date and recognizes the related expenses by years during the vested period. The calculated amount to be expensed is NT$116,760 thousand. According to the conditions, the expensed amounts from 2021 to 2022 are NT$14,789 thousand and NT$49,522 thousand respectively, and the tentatively estimated expensed amounts from 2023 to 2024 are NT$40,009 thousand and NT$12,440 thousand respectively. 2. The dilution of EPS, and any other impact on shareholders' equity: Based on the number of 121,991,829 shares issued and outstanding by the Company as of the end of February, the possible reductions in earnings per share after expensed from 2021 to 2024 are approximately NT$0.12, NT$0.41, NT$0.33 and NT$0.10, respectively. Dilution of EPS is not significant, so there is no significant impact on shareholders' equity.

Note: The number of shares purchased from employees has been announced.

(II) Names of managers who have acquired new restricted employee shares and the names of the top ten employees who have acquired shares up to the date of publication of the annual report:

March 27, 2023; Unit: shares; %; NTD

	Title	Name	Number of new restricted employee shares	Ratio of new restricted employee shares to total issued shares	Lifted restricted rights				Restricted rights not lifted			
					Number of shares released	Price of issuance	Issuance amount	Ratio of lifted restricted shares to total issued shares	Number of restricted shares not lifted	Price of issuance	Issuance amount	Ratio of restricted shares not lifted to total issued shares
Manager	President	Lung-Lun, Hsu	257,000	0.21%	0	10	0	0	154,200	10	1,542,000	0.13%
	CEO	Chien-Hsin, Chou										
	Senior Vice President	Yu-Huang, Chen										
	Senior Vice President	Sung-Chien, Chen										
	Vice President	Cheng-Yang, Li										
	Vice President	Wen-Kang, Fan										
	Vice President	An-Lun, Sun										
	Vice President	En-Li, Chen										
	Vice President	Hsu-Hung, Hsiao										
	Vice President & CFO	Chien-Hung, Chen										
	Accounting Senior Manager	Hui-Ju, Li										

	Title	Name	Number of new restricted employee shares	Ratio of new restricted employee shares to total issued shares	Lifted restricted rights				Restricted rights not lifted			
					Number of shares released	Price of issuance	Issuance amount	Ratio of lifted restricted shares to total issued shares	Number of restricted shares not lifted	Price of issuance	Issuance amount	Ratio of restricted shares not lifted to total issued shares
Employee	Executive Assistant to President	Chung-Kai, Liao	217,000	0.18%	0	10	0	0	130,200	10	1,302,000	0.11%
	Section head	Ju-Ting, Li										
	Section head	Chia-Yu, Hsiao										
	Section head	Li-Chi, Kuo										
	Section head	Fan-Chieh, Hsu										
	Section head	Yao-Ching, Wang										
	Senior manager	Ko-Chih, Tsui										
	Section head	Jen-Chien, Wang										
	Deputy section head	Yen-Yeh, Chen										
	Senior manager	Cheng-Wei, Chen										

VII. Status of new shares issuance in connection with mergers and acquisitions: None.

VIII. Financing plans and implementation: None.

Chapter V. Business performance

I. Content of business

(I) Scope of business operation

1. Major contents of the business operation undertaken:

(1) CC01110 Computer and Peripheral Equipment Manufacturing

(2) F113050 Wholesale of Computers and Clerical Machinery Equipment

(3) F118010 Wholesale of Computer Software

(4) F213030 Retail Sale of Computers and Clerical Machinery Equipment

(5) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import

(6) I301010 Information Software Services

(7) ZZ99999 All business items that are not prohibited or restricted law, except those that are subject to special approval

2. Proportion of sales of key products

Unit: NTD thousand

Year / Key products	2022	
	Revenue	Ratio (%)
Computer peripheral products	16,355,494	95.53%
Other	765,425	4.47%
Total	17,120,919	100.00%

3. Current products:

(1) Sales of PC motherboards.

(2) Sales of spare parts for PC motherboards.

(3) Sales of 3D graphics accelerator and gaming graphics cards.

(4) Sales of multi-display card system supporting blockchain and deep learning applications.

(5) Sales of Barebone and commercial mini PC and mini home theater system.

(6) Sales of gaming monitors.

(7) Sales of industrial PC motherboards and barebones.

(8) Sales of Robust Edge AIoT platform and IIoT controllers.

(9) Sales of server equipment motherboards and assembled computers.

4. New products under development

(1) Develop motherboards for Intel Raptor Lake Refresh processor.

(2) Develop motherboards for AMD AM5 mid-to-low-end processors corresponding to low-end chipset A620.

(3) Develop 5/6nm process technology gaming graphics card based on AMD RDNA3 architecture.

(4) Develop a low-profile graphics card that can fit into a low-profile case.

(5) Develop small form factor supporting AM5 processor.

(6) Develop Storm Peak motherboard for AMD’s new generation DDR5+PCIE Gen5 workstation platform.

(7) Develop Intel workstation platform Sapphire Rapids related motherboards.

(8) Develop motherboards equipped with 5Gbps LAN and USB4.0 ports.

(9) Develop E-Sports and high refresh rate gaming monitor.

(10) Develop Robust Edge AIoT platform, IIoT controllers, industrial PC, and motherboards that support new-generation processors from Intel, AMD, and NVIDA.

(11) Develop server or motherboards equipped with the latest 3rd/4th generation Intel Xeon Scalable processors or the latest AMD EPYC processor technology and with the latest heat dissipation technologies.

(II) Industrial overview:

1. Progress and Development of the industry

Europe and the United States have gradually resumed normal life from the epidemic lockdowns with the increase in vaccination rates, and the demand for desktops has gradually increased. However, due to factors such as the shortage of CPU/ memory/ graphics cards in the PC motherboard market with rising costs, from 2022, most countries have chosen to coexist with COVID-19, gradually resuming normal life from lockdowns, and consumers shift their consumption to travel and social activities, resulting in a decline in demand for desktops, laptops, graphics cards, and even smartphones. The Russia-Ukraine war started at the end of February led to soaring energy prices and inflation. The increase in prices also caused the sales of PC motherboards and graphics cards to plummet. Another cause for the oversupply of graphics cards is the absence of crypto mining profits. At the beginning of 2022, Ethereum announced that it would cancel the proof-of-work (PoW) mechanism in September and switch to a new trust mechanism based on proof-of-stake (PoS) which resulted in miners stop buying graphics cards. As a result, gaming remains the primary use of graphics cards where the gaming market alone does not consume the production capacity originally provided for mining. To further reduce the inventory, graphics card manufacturers continue to compete on price reduction, resulting in losses in sales.

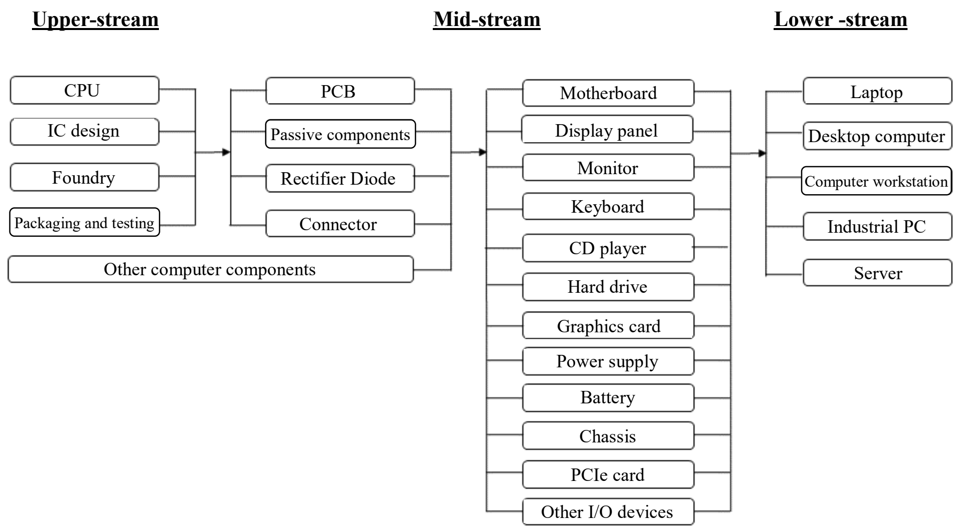
For the supply chain, while a shortage of parts was caused by freight congestion which further caused the upstream and downstream manufacturers to place orders on materials a quarter in advance in response to this situation, when the market met a sharp reversal, inventory reduction will become the most important issue for manufacturers. Faced with changes in market demand, AMD has significantly lowered the pricing of its previous generation of AM4 processors and improved the previously criticized supply issue, successfully regained a part of the market share. The new pricing also helped motherboard manufacturers to successfully reduce the AM4 motherboard and related materials. Intel and AMD have been racing to release new products at the end of 2022, providing the necessary excitement in the market.

The growing demand for edge computing and the rise of AIoT applications have driven the growth of edge AI hardware and industrial PC (IPC) and pushed up the market value. According to Data Bridge Market Research, the compound annual growth rate of the edge AI hardware market in 2021-2028 is expected to reach 20.15%, where the overall market value will rise to US$2.768 billion by 2028.

The epidemic has led to changes in people's lifestyles where the demand for network capacity continues to increase. The strong development of cloud applications and the demand for data centers in areas such as cloud computing, edge computing, AI applications, industrial computing, have driven the digital transformation of the industry, providing a long-term steady growth for the server industry.

2. Association among the upper-, mid- and lower streams

Industrial linkage table



3. Product development trends

(1) AMD has launched the AM5 platform in the third quarter of 2022. Though it has both DDR5 and PCIE Gen5 and other updated specifications, it comes with higher requirements on PCB materials, and it only supports DDR5 memory, resulting in a considerable increase in overall costs. Thus, there was only limited success in sales after launch. AMD is expected to launch a new AM5 Ryzen processor in the first quarter of 2023, using stacked packaging technology to increase the cache memory capacity, which is expected to boost sales of AM5 motherboards.

(2) Intel will also launch the Raptor Lake 65W processor and the B760 chipset in early 2023, which is expected to significantly drive the sales of the Raptor Lake platform related motherboard.

(3) After the substrate and wafer shortage is mitigated, Intel and AMD will re-launch the long-stalled high-end desktop platform product line in 2023, which is between workstation-class computers and mainstream desktops, meeting the computing demand of personal studios or small business workstations.

(4) For graphics cards, AMD launched the latest RDNA3 architecture at the end of 2022 and the new generation of GPU RX7900 series with the latest small chip packaging technology. With its excellent performance-to-power ratio and competitive pricing, the hype on the product is extremely popular among gamers.

(5) Edge computing promotes the integration of IT and OT and accelerates digital transformation and the implementation of IIoT where application for edge computing launched high efficiency computing platforms and solutions such as Edge AIoT computing platforms and controllers for a variety of industrial-grade I/O and expansion capabilities for edge AI computing power and real-time data transmission are supported.

(6) For the 5G applications, edge computing, AI and deep learning, it meets the needs of high data computing transmission, low power consumption and low latency, and takes into account the cost of upgrading the infrastructure to provide cost-effective solutions.

(7) Various rack mount servers provide I/O optimization, support PCIE Gen4/Gen5 and NVMe with powerful performance and flexible configuration and expansion capabilities to meet customers' different workloads.

(8) As the power consumption of CPUs, GPUs, and various computing and storage chips continues to increase, the development and introduction of immersion cooling technology will be a trend for the heat dissipation issue.

4. Product competition

(1) AMD has released a new AM5 new-generation platform in the third quarter of 2022, including "X670" and "B650" chipset motherboard, paired with 5nm process "Zen4"

architecture 7000 series processors. The new-generation platform not only has better performance and expandability but popularizes the latest technologies such as DDR5 and PCIE Gen5 to all motherboards. However, the overall construction cost of the AMD AM5 platform is high, and it has not brought the expected upgrading sales as the improvement on processor computing performance is not satisfactory.

(2) In the fourth quarter of 2022, Intel released the latest 13th-generation series processors and the corresponding Z790 series motherboards. The performance of the 13th generation processors has been well received by gamers in the DIY market, significantly increasing motherboard shipments.

(3) In 2022, the value of cryptocurrencies has dropped and plummet, which lead to a significant reduction in graphics card shipments.

(4) Most gaming monitor manufacturers have not performed well in sales in 2022, and the market size is expected to continue to shrink in 2023. In contrast to pursuit an increase in sales, it may be more important to improve product specifications to maintain profitability.

(5) With the changes in work and lifestyle in the post-epidemic era, the deployment and application of 5G hardware have gradually matured, prompting continuous data center upgrades. Equipped with the latest Intel/AMD processors with OCP compliance specifications and the capability to meet the workload of high-performance computing to provide customers with the best customization and stand out from the competitive market.

(III) Technological research and development:

1. R&D expenses invested in each of the last five years

Unit: NTD thousand

Year / Item	2018	2019	2020	2021	2022
R&D expenses	845,449	821,495	1,039,961	1,263,855	1,260,277
Operating revenue - net	10,193,155	13,415,090	17,911,584	19,762,672	17,120,919
R&D expenses ratio (%)	8.29	6.12	5.81	6.40	7.36

2. Successfully developed technologies or products

ASRock Group is a professional motherboard manufacturer, dedicated to the development of high added value motherboards with reasonable price. Since the launch to the market, it has been continuously praised by consumers all over the world and has successfully established the brand awareness of ASRock, ASRock Rack and ASRock Industrial. The following are the technologies or products successfully developed by ASRock in recent years:

Year	Successfully developed technologies or products
2018	Leading the industry, ASRock launched the next-generation 2.5G LAN Onboard series motherboards that replace the network standard of Gigabit LAN.
	Created a Phantom Gaming e-sports brands, launched a series of motherboards and graphics card products from the Intel Z390 Chipset, and teamed up with other alliance peripheral products to jointly create the Phantom Gaming Alliance Series PC.
	Launched ASRock's AMD VGA graphics cards worldwide, from Radeon 500 series to Vega series.
	The Steel Legend steel series motherboards built for the Japanese and Korean markets are focusing on high military-grade materials, emphasizing on durability and practicality.
	ASRock launched the industry's first series of industrial motherboards supporting Intel's 8th generation Socket1151 CPU (codenamed Coffee Lake), providing customers with the best choice for platform upgrades.
	As Intel Bay trail platform does not support PCI function, a motherboard that supports PCI function on the Bay trail platform is developed to allow customers to enjoy platform upgrades and continue to use all industrial control cards with PCI interface.
	ASRock provides MXM graphic Module & Carrier MB to meet the needs of customers pursuing multiple displays and performance.
2019	ASRock launched a new generation of Z390 Refresh series motherboards to appeal to the high-end consumers with its powerful one-piece large heat sink and stunning RGB lighting effects.
	ASRock launched the new series of Steel Legend motherboards, with durable materials and affordable prices for the mid-level consumer market.
	ASRock launched the world's first AMD water-cooled motherboard "X570 AQUA" with a global limited edition of 999 boards at a price of $999.
2020	ASRock collaborated with the well-known keyboard and mouse manufacturer "Razer" to launch the co-branded X570/B550 Taichi Razer Edition motherboard, which is the first motherboard to support the perfect lighting effects of Razer Synapse.
	ASRock reorganized and resized the existing products and launched the "PG Velocita" gaming product line for the high-end gaming motherboard market with exceptional network speed, immersive sound experience, creative RGB appearance, overclocking performance, and many other features.
	The "ASRock Graphics Card Holder" can be securely connected to the motherboard and the chassis to provide support to heavy high-end graphics cards and prevent displacement and deformation.
	"High-speed gaming USB port" can prevent users from suffering low performance and increased latency due to low bandwidth when operating a keyboard and mouse with a high polling rate, and fully utilize the performance of the high-end keyboard and mouse.
	By letting the "NIC directly controlled by the processor", it allows the network signals to be directly connected to the CPU, reducing latency, and improving transmission performance.
	ASRock introduced the industry's smallest Intel 11th Gen and AMD RYZEN 4000 series mini-PC with dual storage support.
	It is the first in the industry to launch a full series of industrial motherboards supporting Intel's 10th generation Comet Lake, providing customers with the best choice for platform upgrades.
2021	ASRock launched a new "PG Riptide" product line for the e-sports sub-brand "Phantom Gaming", with the essential specifications such as keyboard and mouse, network, sound effects, etc., to appeal to player with affordable prices, focusing on entry-level and mid-level gaming market.

Year	Successfully developed technologies or products
	The overclocking product line "OC Formula" was re-introduced to the market, and the launch of the Z590 OC Formula has attracted the attention of overclocking players around the world and won several overclocking competitions.
	The M.2 SSD heatsink with anti-drop screw design is developed for the motherboard, which can effectively prevent users from losing the heatsink screws due to careless installation.
	The DDR5 socket and the PCIE Gen5 x16 socket with steel armor are developed with additional designed metal pins to firmly connect to the PCB, strengthen the rigidity of the socket, and prevent the SMT parts with lower strength from falling off due to collision.
	ASRock introduced the robust Edge AIoT platform for workload consolidation and the industry's smallest Intel Elkhart Lake series mini PC.
2022	2022 is the 20th anniversary of ASRock. The Company launched the new "Carrara Marble" commemorative motherboards Z790 Taichi Carrara and X670E Taichi Carrara. Carrara marble symbolizes ASRock's 20 years of dedication and improvement for its excellence and achievements.
	ASRock's exclusive "Auto Driver Install" ADI function allows users to install the driver without a CD drive. As long as the operating system is installed and connected to the Internet, ADI can automatically download and install all the necessary drivers, greatly improving the convenience.
	Developed the motherboard Z790 Taichi with the highest number of phase power design in the DIY market. Features up to 24+1+2 phases power providing the motherboard with unparalleled overclocking performance and stability.
	Developed the first "LiveMixer" motherboards for creative professionals such as live broadcast hosts and content creators. LiveMixer motherboards have up to 23 USB ports and dual PCIe x4 expansion interfaces, which can be installed with various live capture cards, audio equipment, webcam, earphone and microphones, providing fundamental professional solutions.
	Developed several motherboards with "eDP" display output connectors, allowing gamers to connect to eDP display through a simple eDP cable from the PC case, simultaneously supplying power and transmitting signals. The side panel of the computer case is no longer just a transparent side panel. After the eDP display is attached on the side panel, the content of the display can be customized, and it can be used as a secondary display, providing possibilities and convenience.
	Exclusively co-developed the "Sonic The Hedgehog" motherboard with Japan's SEGA, marketed for anime and nostalgic customers, and received compelling responses from the market.
	Developed a gaming monitor product line for the sub-brand "Phantom Gaming" featuring an exclusive integrated Wi-Fi antenna embedded in the monitor stand, and successfully generated hypes in the online community.
	Launch the Robust Edge AIoT platform and IIoT controllers for IIoT vertical market applications, and develop industrial PC and motherboards equipped with Intel's newest 12th-generation processors.

Year	Award for successfully developed technology or product
2018	<BC Award 2018> X299E-ITX/ac retains the four-channel memory support capability of the X299 chipset, and won the annual category award with the most luxurious 10-layer board and military grade products.
	Z390 Taichi Ultimate has won 13 international awards, including TweakTown's Recommendation Award in Australia and Guru3D Top Pick in the US.
	The DeskMini has won 15 international awards, including HKEPC Best Buy in Hong Kong and TechPowerUp Editor's Choice Award in the US.

Year	Award for successfully developed technology or product
	<COMPUTEX d&i 2018> X299E-ITX/ac won the annual category award with its overall comprehensive design and the largest expansion space reserved for users.
2019	With its excellent specifications and well-designed appearance, Z390 Phantom Gaming X has won a total of 10 international awards from many media around the world, including TechPowerUP Innovation and Editor’s Choice Award.
	The X570 AQUA has won international awards such as the TOM’s HARDWARE Editor’s Choice Award, Chiphell’s Recommendation Award in China, and HKEPC’s Editor’s Choice in Hong Kong.
	The X570 Taichi has won 14 international awards, including the Recommended Award from TweakTown in Australia and the TechPowerUP Editor’s Choice and Highly Recommended Awards.
	athena A1 has won the COMPUTEX d&i 2019 Award.
2020	Products including X570/B550/Z490 PG Velocita have won 15 international media awards, including the international media TechPowerUP Recommendation Award, TOM’s HARDWARE Editor’s Choice Award and the 2020 Best Product.
	The X570 Taichi Razer Edition has won the well-known Australian media TweakTown Editors’ Choice Award.
	The 4X4 BOX-4000 series mini PC has won TechPowerUP’s Editors’ Choice Award.
2021	Z590 OC Formula has won 4 international media awards including TechPowerUP’s Innovation Award and TweakTown’s Editor’s Choice Award.
	The high-end Z590 series motherboards have won a total of 20 awards from world-renowned media such as HKEPC Editor’s Choice Award, Guru3D Recommended Award, and Funky Kit Editor’s Choice Award.
	The NUC 1100 BOX series mini PC has won the TechPowerUP Highly Recommended Award.
2022	The water cooling flagship-class board “Z690 AQUA OC” won the BC Award from COMPUTEX TAIPEI, the leading technology exhibition in Asia.
	ASRock’s 20th anniversary motherboard “Z790 Taichi Carrara” won the “Innovative Design Award” from world-renowned media HKEPC.
	NUC BOX-1260P Mini PC won the “Best Function Award” from the American media Tweak Town, the “Highly Recommended Award” from TechPowerup, and the “COWCOT D’ARGENT Award” from the French media Cowcotland.

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

1. Short-term business development programs:

(1) Market insight & active development: Through online forum interaction with users, global sales feedback, s internal R&D opinions, industry exchanges with suppliers, and offline player exchange meetings and distributor meetings, a fundamental understanding of users’ preferences for PC assembly specifications can be obtained and used for developing best well-balanced PC products that suit market needs.

(2) Maintain a strong and robust supply chain: Oversee supply trends for individual components for optimal procurement decisions.

(3) The core team of sales and business management cooperates from the development end to the sales end, from the Taipei headquarters to the local sales team, to accurately

oversee the global distribution and customer demands.

(4) Co-existing distribution marketing and product marketing. Incorporate product development to overall distribution strategy, social media collaboration with word-of-mouth marketing, digital media promotion, and B2C activities to increase brand awareness and product visibility.

(5) Launch product information to the main target audience, publish content on social networks such as Instagram, Facebook, Twitter, YouTube, Discord, Bilibili, and Tencent Weibo etc., to interact with customers in real time, and build a fan base.

(6) Market gaming monitors with gaming motherboards and graphics cards through global distributors and provide a complete e-sports solution.

(7) Continue to plan and market for IPC's global customers with leading R&D innovation and fast new product launches, provide the robust Edge AIoT platform for industrial automation applications, and solutions for different vertical market applications to meet customers' integration requirements for new generation platform product applications.

(8) Incorporate ODM/JDM cooperation strategy, and provide the best purchase solutions for server terminal customers in response to the growing customer demand and the introduction of Intel/AMD dual platforms into the market.

(9) Build data centers for cloud customers to increase demand for infrastructure. Provide customers with the best solutions in response to the needs of remote office and 5G transformation.

2. Long-term business development programs

(1) Diversify and market product brands, such as the "Steel Legend" series that emphasizes durability; the "Phantom Gaming" series for e-sports; the high-end all-round "Taichi" series; and the "AQUA" series for gamers looking for water-cooling. Subdivide different product lines for different consumer groups, increase brand dependence from product segmentation to penetrate into the various global consumer markets.

(2) Collaborate with peripheral hardware manufacturers to create and market co-branding products, and provide consumers with a full range of professional e-sports brand products.

(3) Pay attention to the other consumer electronic product trends in the PC industry, transfer the experience of the graphics card product line to extend the brand effect of the original stable sales distribution and marketing. Market the global supplier and customer base, strengthen the relationships, increase the mutual trust and mutual dependence of the supply chain, and oversee the real-time and credible market information.

(4) Work closely with SI Customer to develop the most suitable product. Expand to vast B2B market with the support of speedy technical support and RMA resources.

(5) Develop robust Edge AIoT platform global partner, monetize on business opportunities in Industry 4.0, provide an open and secure platform and intermediary software with software and hardware integration value-added services, and collaborate with partners to create a smart world to meet customers' application in IIoT vertical markets such as business, smart retail, factory automation, self-driving cars, smart cities, robotics, gaming and entertainment, security monitoring.

(6) In response to the acceleration of 5G and AI, the focus is placed on low-latency edge computing architectures, including data center requirements for self-driving, IIoT, and specific commercial applications. The Company strategizes ahead of the market to establish itself in the low-power edge computing application market.

II. Markets, production and marketing in summary

(I) Market analyses

1. Sales (distribution) regions of key products (services)

Unit: NTD thousand

Region \ Year		2021		2022	
		Amount	Ratio (%)	Amount	Ratio (%)
Domestic		137,940	0.70	218,852	1.28
Export	North America	7,093,066	35.89	6,861,991	40.08
	Europe	5,384,483	27.24	4,177,525	24.40
	Asia	6,866,859	34.75	5,686,873	33.21
	Others	280,324	1.42	175,678	1.03
	Subtotal	19,624,732	99.30	16,902,067	98.72
Total		19,762,672	100.00	17,120,919	100.00

2. Market share

The Company's motherboards are sold in the assembled computer market and have always had a certain market share and excellent reputation in the global market. In Japan, South Korea, Europe and the US and other regions, Taichi, Phantom Gaming, Steel Legend and other series have been well received, and have become the best-selling products on the leading online PC store Newegg.com. In addition, the Company hopes to meet the customer demand through in-depth cooperation with the system integrators. The Company looks to expand the B2B motherboard market, and establish a stable market share in Japan and the United States.

3. Future market supply, demand and growth

With the demand for mining no longer at a high level, the price and supply of graphics cards are gradually returning to normal, allowing true DIY users to purchase graphics cards at a reasonable price, driving the willingness of mid-to-high-end users to upgrade their computers.

In addition, AMD and NVIDIA, two major manufacturers of graphics cards, launched a new generation of graphics cards in the fourth quarter of 2022, triggering an upsurge of discussion among gamers. It is expected that the market demand for DIY computer such as motherboards and graphics cards will grow steadily in 2023. The 5G network is in the growth stage of rapid construction where the rapid development of technologies such as artificial intelligence, deep learning, cloud computing, and big data analysis has led to the continuous creation and accumulation of various data. In the long run, large cloud service providers will grow, and the rapidly growing workloads (such as AI/ML) and demand for cloud and edge deployment will drive further market growth. The Company continues to pay close attention to market trends, and introduces the best market solutions according to the different user needs in various fields of industrial PC and servers.

4. Competitive advantage

(1) Excellent management team

The management team has rich experience with streamlined organization, short and flexible decision-making time to accurately foresee the market trend and make the best response.

(2) Economies of scale

Economies of scale has given the Company a cost advantage in the products with better bargaining power for raw materials, as well as a advantage in procurement abilities by maintaining good and close cooperative relations with various suppliers. Also, there are alternative materials for the key core components have with decent inventory flexibility, reducing the loss due to material shortage and the risk of production impact.

(3) Strong and fast R&D capability

The R&D team has decades of experience in motherboards, leading the industry in enhancing value-added design and reducing costs while maintaining high quality. In addition, young and new members brought new perspectives and R&D ideas to the company.

(4) Well recognized product quality

The Company's products have been well-received with great sales and market share result since they were introduced in the market in many countries. The brand identity is strong, and the repair rate is low, which is deeply trusted by global distributors.

(5) Significant brand recognition

With the increase in the global market share, the brand awareness of the products has also grown significantly. Therefore, products other than motherboards (such as graphics cards, compact systems, and gaming displays) can be more easily marketed and developed.

(6) Complete outsourced production

The Company adopts a complete outsourced manufacturing method and there are factories locally and globally to maintain flexibility, so it is not affected by US tariff sanctions.

5. Advantages and disadvantages of development and countermeasures

(1) Advantages

A. Low-cost assembled computers are still growing in developing countries.

B. The brand value has been established, and the price and performance are recognized by customers, which is advantageous for expanding to other markets in the future.

C. Instead of adopting price cuts with competitors, adopting high-end niche product strategies strengthens profit structures.

D. Complete outsourced production has no capital expenditure.

E. Respond quickly to market demands to seize market opportunities.

(2) Disadvantages

A. Compared with its competitors, the Company lacks its own brand of peripherals such as keyboards and mice.

B. Difficulties in growth are faced in the Chinese market due to the tax system in favor of local brands.

C. Motherboard product development has more “non-functional features”, such as: RGB and heat dissipation design, resulting in higher design costs and longer development time.

(3) Countermeasures

D. Collaborate with world-renowned peripheral manufacturers to create a complete product line.

E. Create exclusive products for the Chinese market products, meet consumer demands, and create with the continue to build brand identity.

F. Emphasizes the Industrial Design (ID) aspects, readjusts, and optimizes the product development schedule.

G. Improve the distribution, inventory and working capital to reduce operational risks.

(II) Manufacturing process and key purposes of our principal products

1. Key purposes of our principal products

Key products	Key purposes
PC motherboard Mini PC Graphics card Gaming monitor	The main components of the motherboard are PCB, CHIPSETS, IC chips with different functions, power supply lines, passive components (resistors, capacitors, inductors, and connectors, etc.) where corresponding softwares are developed to provide support for various components in the DIY market such as CPU, memory, graphics cards, and peripherals such as printers, external hard drives, and monitors. It is the core components of the PC system as the basic architecture for various PC components. The Mini PC is composed of a customized motherboard and a chassis developed by ASRock with a size less than 2 liters. It is used by commercial customers who require moderate performance and simple applications without taking too much space and expansion requirement. The main components of the graphics card are similar to the motherboard, but the core processor of the graphics card, GPU, is different from the CPU. It uses many parallel processing units and powerful floating-point operations to provide the computer with real-time rendering of 3D animations which can be used to accelerate operations in image and video editing, CAD/CAM and other engineering design software. It has now been applied to AI and deep learning which is the key component for medium and high-end computers. Gaming LCD can be divided into six components: backlight, rear polarizer, rear glass plate, liquid crystal layer, front glass plate, and front analyzer. With the mature panel technology, there are flat and curved, IPS and VA panel specifications for the panel. With the upgrading of graphics card specifications, the Company hopes to simultaneously provide players with gaming monitors of suitable specifications and graphics cards, so that players can have a latency-free, high-quality gaming experience.
Industrial motherboard Robust Edge AIoT Platform	In response to the vertical market of factory automation and industrial IoT, the robust Edge AIoT platform and industrial IoT controller are launched to integrate edge AI computing workloads and develop intermediary software to create value through software and hardware integration solutions. At the same time, it provides industrial PC and motherboards equipped with a new generation platform for the vertical market applications such as smart retail, industrial automation, robotics, gaming entertainment, video surveillance, etc.

Key products	Key purposes
Server motherboard Assembled Computer	The system is used as high-performance computing server, cloud server, edge server, 5G MCE (Multi-access Edge Computing) server, distributed server for media streaming, etc. It provides the best hardware architecture construction solutions for the rise of cloud streaming games and the demand of 5G telecom in recent years, as well as the basic hardware infrastructure of the future Metaverse.

2. The manufacturing process of key products

   The products designed and developed by the Company are currently all outsourced to professional foundries to manufacture.

(III) Supply status of major raw materials

The Company focuses on the design, development, and sales of PC motherboards where all products are manufactured by professional foundries, and the main raw materials are procured by subsidiaries.

(IV) List of major purchase and sale customers

1. Suppliers accounting for at least 10% of annual consolidated net procurement in any of the last two years, the procurement amounts, percentage of total net revenue, and the reasons for increase or decrease.

Unit: NTD thousand

	2021				2022			
Item	Name	Amount	%	Relation with issuer	Name	Amount	%	Relation with issuer
1	Company X	2,946,679	16.52	None	Company X	1,536,184	15.05	None
2	Company Y	6,568,679	36.82	None	Company Y	1,268,377	12.43	None
3	Other	8,324,695	46.66	—	Other	7,403,358	72.52	—
	Net purchase	17,840,053	100.00		Net purchase	10,207,919	100.00	
Reasons for increase or decrease: Due to business demands.								

2. Customers accounting for at least 10% of annual consolidated net revenue in any of the most recent two years, the net revenue, percentage of total net revenue, and the reason for increase or decrease: None.

(V) Production value in the last two years: Not applicable.

(VI) Sales in the last two years

Unit: PCS, NT$ thousand

Year / Sales volume and value / Key Products	2021				2022			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Computer peripheral products	15,965	42,603	5,763,525	19,173,724	23,432	76,527	7,208,292	16,278,967
Other	-	95,337	-	451,008	-	142,325	-	623,100
Total	15,965	137,940	5,763,525	19,624,732	23,432	218,852	7,208,292	16,902,067

III. Profile of employees in the last two years and as of the date of publication of the annual report

Year		2021	2022	2023/01/01-2023/03/31
Number of employees	Indirect employee	725	786	789
	Direct employee	16	15	13
	Total	741	801	802
Average age		36.89	36.54	36.91
Average years of service		5.21	5.75	6.00
Academic qualification	Ph.D.	-	-	-
	Master	40.22%	40.33%	40.65%
	Bachelor’s Degree	56.00%	56.55%	56.36%
	High school	3.78%	3.12%	2.99%
	Below high school	-	-	-

Note: The above information is the personnel information of ASRock Inc., including the information of subsidiaries and branches.

IV. Environmental spending

For the last two years and up to the date of publication of the annual report, the total amount of losses (including compensation), penalties incurred by the Company due to environmental pollution, disclosure of future countermeasures (including improvement measures) and possible expenditures (Including the estimated amount of possible losses, penalties and compensation if no countermeasures are taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.):

As of the publication date of the annual report, the Company has not incurred any major punishment or loss due to environmental pollution. With the direction of future product development, it is expected that there will be no major environmental pollution in the future.

V. Employee relationship:

(I) List the Company’s fringe benefits for employees for higher education, training programs, retirement system and the enforcement the condition, accords reached by and between the labor and management sides, facts regarding the efforts and measures to safeguard employees' interests

1. Employee Welfare Measures and Implementation Status

   The Company's welfare measures can be divided into the welfare measures provided by the Company and the welfare measures provided by the employee welfare committee. The employee welfare is beneficial and has been approved by the employees:

   (1) Welfare measures provided by the Company: Labor and national health insurance, group insurance, travel insurance, employee health exam, meal allowance, year-end bonus, employee stock options, etc.

   (2) Welfare measures provided by the Employee Welfare Committee: Domestic travel, department meal subsidies, birthday gifts, holiday bonuses, year-end dinner lottery, and various supplement and subsidies (in the event of a marriage or celebration, or monetary condolences in the event of funeral services).

2. Employee continuous education and training

   To improve the quality and skills of employees, the Company conducts orientation training when new employees arrive on the job, and conducts unscheduled general and professional training depending on the needs. In addition, the Company subsidizes the tuition fees for employees to learn foreign languages.

3. Retirement system and implementation

   The Company have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units.

   The Company contributes monthly based on employees' monthly salaries and wages at a percentage regulated by law to the retirement fund deposited with Bank of Taiwan. All regular employees who have served a certain number of years can apply for retirement in accordance with the regulations. The Company pays pensions in one lump sum (Old Plan) based their years of service.

   The company has implemented the new labor retirement system since July 1, 2005, in accordance with the Labor Pension Act. Under the New Scheme, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. Employees can voluntarily contribute within 6% of their salaries. Under the New Scheme, workers aged 60 or over whose seniority exceeds fifteen years may choose to receive either monthly pension payments or a lump-sum pension payment. Workers whose seniority is less than fifteen years shall claim for a lump-sum pension payment. Seniority referred to in preceding paragraph shall be calculated based upon the period in which the contributions to the pension have been made. If the seniority of an employee is interrupted, both his/her seniority before and after the interruption shall be combined in calculation, and seniority before the Labor Pension Act shall be retained. If employees continue to work until they meet the retirement qualifications of the Labor Standards Act, they can apply for retirement in accordance with the regulations, and the Company will calculate the retirement benefits for the retained seniority according to their seniority unit (the provisions of the Labor Standards Act).

4. Employee agreement: The Company has a harmonious employee-employer relationship without labor disputes and losses.

5. Implementation of various employee rights protection measures

   In addition to formulating work rules according to laws and regulations to regulate various working conditions and protect the rights and interests of employees, the Company has also established employee-employer meetings, employee welfare committees, and employee complaint mailboxes, etc. according to laws and regulations. All rights and interests of employees can be dealt with fairly and reasonably through the above channels; so far, the Company has never had any incidents that harm the rights and interests of employees.

(II) Describing any losses suffered by the company in the most recent 2 fiscal years and up to the prospectus publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VI. ICT security management

(I) Describe the ICT security risk management framework, the ICT security policy, specific management plan and the resources invested in the ICT security management, etc.:

1. ICT security risk management framework

   (1) The IT unit is responsible for the research, establishment and evaluation of ICT security plans and technical specifications.

   (2) The relevant units are responsible for the use, management and protection of data.

   (3) ICT security operations are audited by the Auditing Department.

   (4) All employees and third-party suppliers must comply with the Company’s ICT security requirements.

2. ICT security policy

The Company continues to implement ICT security management and improve ICT security standards to ensure the security of company information, systems and equipment and protect the Company rights and sustainable operations. ICT security policies including organizations, asset management, personnel security, equipment security, network security, application security, disaster recovery management, etc. are formulated with key points of management and control as the guiding principle of ICT security management.

3. ICT security management plan

(1) Establish a firewall system to prevent illegal intrusion, destruction, or theft of information to ensure information security.

(2) Implement IMPERVA information security system to block DDOS and other attacks and prevent the system from being paralyzed due to attacks.

(3) Implement WAS WAF to block large-scale link-flooding attacks to prevent overloaded network traffic due to attacks.

(4) Establish spam filtering systems to prevent phishing or unusual email attacks.

(5) Antivirus software is installed on all computers with regular updates and scanning to provide a safe working environment for employees.

(6) Regularly deploy and install vulnerability patches to update the operating system to prevent hacker or virus attacks.

(7) Regularly perform backup and store backup data offsite.

(8) The data access authorization shall be set by the IT unit only after the approval of the responsible supervisor.

(9) Perform HR system recovery drill to ensure the correctness and effectiveness of backup data.

(10) Perform disaster recovery drills to ensure that IT personnel are capable to deal with emergencies.

(11) The access authorization will be adjusted according to the job requirements when an employee arrives, transfers, or leaves,

(12) Perform regular computer software inspection according to the operation requirements.

(II) List the losses, possible impacts, and countermeasures from major ICT security incidents in the most recent year and up to the date of publication of the annual report. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

In the most recent year and up to the date of publication of the annual report, the Company has not had any major ICT security incidents, which adversely affected the business and operations of the Company.

VII. Important contract

Supply/sales contracts, technologies cooperation contracts, construction contracts, long-term loan agreements, and all other important contracts which are likely to impact the investors' rights, whether they are currently effective or have expired in the most recent fiscal year:

Contract nature	Company Name	Participants	Contract start and end dates	Main contents	Restrictive clauses
Comprehensive credit	ASRock Incorporation	Taipei Fubon Bank	October 25, 2022 - October 25, 2023	Short-term loan and pre-settlement risk limit	None
Comprehensive credit	ASRock Incorporation	Mega International Commercial Bank Co., Ltd.	July 12, 2022 - July 11, 2023	Short-term loan and authorized guarantee	None
Comprehensive credit	Asiarock Technology Ltd.	Mega International Commercial Bank Co., Ltd.	August 17, 2022 - July 11, 2023	Short-term loans	None
Comprehensive credit	ASRock Rack Incorporation	Taipei Fubon Bank	October 25, 2022 - October 25, 2023	Short-term loan and pre-settlement risk limit	None
Comprehensive credit	ASRock Rack Incorporation	Mega International Commercial Bank Co., Ltd.	July 3, 2022 - July 2, 2023	Short-term loan and authorized guarantee	None

Chapter VI. Financial status

I. Information of condensed balance sheet and consolidated profit & loss statement for the latest 5 years

(I) Consolidated condensed balance sheet

Unit: NTD thousand

Item \ Year		Financial information for the latest 5 years				
		2018	2019	2020	2021	2022
Current assets		8,664,042	9,706,137	11,226,039	15,422,807	13,993,593
Property, plant and equipment		262,669	251,843	240,208	241,976	461,869
Right-of-use assets		Note	56,717	78,416	90,600	71,384
Intangible assets		4,844	2,992	6,775	5,775	7,411
Other assets		432,638	248,483	164,373	132,792	233,557
Total assets		9,364,193	10,266,172	11,715,811	15,893,950	14,767,814
Current liabilities	Before dividend distribution	3,225,809	3,747,151	4,325,667	7,013,600	5,813,692
	After dividend distribution	3,708,600	4,229,721	5,290,806	8,611,631	6,789,627
Non-current liabilities		26,896	64,554	81,708	91,506	60,195
Total liabilities	Before dividend distribution	3,252,705	3,811,705	4,407,375	7,105,106	5,873,887
	After dividend distribution	3,735,496	4,294,275	5,372,514	8,703,137	6,849,822
Equity attributable to owners of the parent company		6,115,316	6,197,344	6,901,308	8,271,140	8,192,335
Share capital		1,207,456	1,206,472	1,206,424	1,229,254	1,219,930
Capital surplus		3,131,054	3,129,659	3,134,705	3,332,351	3,252,907
Retained earnings	Before dividend distribution	2,046,187	2,158,751	3,032,836	4,446,127	3,937,304
	After dividend distribution	1,563,396	1,676,181	2,067,697	2,848,096	2,961,369
Other equity interest		(268,901)	(297,538)	(472,657)	(736,592)	(217,794)
Treasury stock		(480)	-	-	-	(12)
Non-controlling interests		(3,828)	257,123	407,128	517,704	701,592
Total equity	Before dividend distribution	6,111,488	6,454,467	7,308,436	8,788,844	8,893,927
	After dividend distribution	5,628,697	5,971,897	6,343,297	7,190,813	7,917,992

Note: The IFRS No. 16 has been adopted since January 1, 2019, and the comparative period has not been restated according to the transitional provisions of the standard.

(II) Consolidated statement of comprehensive income

Unit: NTD thousand

Item \ Year	Financial information for the latest 5 years				
	2018	2019	2020	2021	2022
Operating revenues	10,193,155	13,415,090	17,911,584	19,762,672	17,120,919
Gross profit	2,267,763	2,439,333	3,852,021	5,564,025	3,700,557
Operating income (loss)	666,051	766,812	1,858,076	3,058,193	1,185,050
Non-operating income and expenses	28,391	18,105	(2,293)	1,773	245,638
Profit from continuing operations before tax	694,442	784,917	1,855,783	3,059,966	1,430,688
Profit from continuing operations	592,796	650,059	1,508,583	2,459,938	1,226,800
Profit (loss) from discontinued operations	-	-	-	-	-
Profit (loss)	592,796	650,059	1,508,583	2,459,938	1,226,800
Other comprehensive income (after tax)	117,068	(95,416)	(199,212)	(111,731)	427,240
Total comprehensive income	709,864	554,643	1,309,371	2,348,207	1,654,040
Profit (loss) attributable to owners of the parent company	592,924	597,477	1,363,092	2,381,060	1,066,244
Profit (loss) attributable to non-controlling interests	(128)	52,582	145,491	78,878	160,556
Total comprehensive income attributable to owners of the parent company	709,992	502,061	1,163,880	2,269,329	1,493,484
Total comprehensive income attributable to non-controlling interests	(128)	52,582	145,491	78,878	160,556
Earnings per share - basic (Note)	4.91	4.95	11.30	19.67	8.69
Earnings per share - diluted (Note)	4.87	4.92	11.22	19.53	8.65

Note: Calculated based on the weighted average number of shares outstanding in each year.

(III) Individual condensed balance sheet

Unit: NTD thousand

Item \ Year		Financial information for the latest 5 years				
		2018	2019	2020	2021	2022
Current assets		3,412,330	3,921,460	5,475,329	5,872,496	5,819,135
Property, plant and equipment		30,762	26,757	21,405	32,300	244,897
Right-of-use assets		Note	23,537	30,671	30,010	22,877
Intangible assets		1,444	646	570	1,544	2,305
Other assets		4,239,873	4,224,128	4,390,593	4,683,124	5,157,061
Total assets		7,684,409	8,196,528	9,918,568	10,619,474	11,246,275
Current liabilities	Before dividend distribution	1,473,642	1,937,410	2,961,947	2,291,483	3,023,836
	After dividend distribution	1,956,433	2,419,980	3,927,086	3,889,514	3,999,771
Non-current liabilities		95,451	61,774	55,313	56,851	30,104
Total liabilities	Before dividend distribution	1,569,093	1,999,184	3,017,260	2,348,334	3,053,940
	After dividend distribution	2,051,884	2,481,754	3,982,399	3,946,365	4,029,875
Share capital		1,207,456	1,206,472	1,206,424	1,229,254	1,219,930
Capital surplus		3,131,054	3,129,659	3,134,705	3,332,351	3,252,907
Retained earnings	Before dividend distribution	2,046,187	2,158,751	3,032,836	4,446,127	3,937,304
	After dividend distribution	1,563,396	1,676,181	2,067,697	2,848,096	2,961,369
Other equity interest		(268,901)	(297,538)	(472,657)	(736,592)	(217,794)
Treasury stock		(480)	-	-	-	(12)
Total equity	Before dividend distribution	6,115,316	6,197,344	6,901,308	8,271,140	8,192,335
	After dividend distribution	5,632,525	5,714,774	5,936,169	6,673,109	7,216,400

Note: The IFRS No. 16 has been adopted since January 1, 2019, and the comparative period has not been restated according to the transitional provisions of the standard.

(IV) Individual condensed statement of comprehensive income

Unit: NTD thousand

Item \ Year	Financial information for the latest 5 years				
	2018	2019	2020	2021	2022
Operating revenues	8,381,096	9,171,372	12,577,723	14,535,253	12,753,815
Gross profit (Note 1)	1,542,820	1,293,076	2,052,978	3,739,055	1,800,303
Operating income (loss)	620,763	506,293	1,099,038	2,457,599	737,795
Non-operating income and expenses	53,623	178,862	459,439	407,515	415,536
Profit from continuing operations before tax	674,386	685,155	1,558,477	2,865,114	1,153,331
Profit from continuing operations	592,924	597,477	1,363,092	2,381,060	1,066,244
Profit (loss) from discontinued operations	-	-	-	-	-
Profit (loss)	592,924	597,477	1,363,092	2,381,060	1,066,244
Other comprehensive income (after tax)	117,068	(95,416)	(199,212)	(111,731)	427,240
Total comprehensive income	709,992	502,061	1,163,880	2,269,329	1,493,484
Earnings per share - basic (Note 2)	4.91	4.95	11.30	19.67	8.69
Earnings per share - diluted (Note 2)	4.87	4.92	11.22	19.53	8.65

Note 1: The amount of operating gross profit includes the subsidiary company’s (un)realized operating gross profit.

Note 2: Calculated based on the weighted average number of shares outstanding in each year.

(V) CPA auditing status

Names of CPA in the latest 5 years and their audit opinions

Year	CPA firm	Name of CPA	Auditing opinion
2018	Ernst & Young, Taiwan	Chih-Hui, Yang; Tsui-Hui, Hsiao	Unqualified - with emphasis of matters
2019	Ernst & Young, Taiwan	Chih-Hui, Yang; Chien-Ju, Yu	Unqualified - with emphasis of matters
2020	Ernst & Young, Taiwan	Chih-Hui, Yang; Chien-Ju, Yu	Unqualified opinion
2021	Ernst & Young, Taiwan	Chih-Hui, Yang; Chien-Ju, Yu	Unqualified opinion
2022	Ernst & Young, Taiwan	Chih-Hui, Yang; Chien-Ju, Yu	Unqualified opinion

Note: The financial data of the latest 5 years having been duly testified and audited by the Certified Public Accountants.

II. Financial analysis for the latest 5 years

(I) Financial analysis (consolidated)

Item	Year	2018	2019	2020	2021	2022
Financial structure	Debt to assets ratio (%)	34.74	37.13	37.62	44.70	39.77
	Ratio of long-term capital to property, plant and equipment (%)	2,338.38	2,486.43	2,907.07	3,455.98	1,786.77
Solvency	Current ratio	268.59	259.03	259.52	219.90	240.70
	Quick ratio	111.97	123.10	121.91	78.33	99.83
	Interest coverage ratio	488.42	302.25	1,909.81	3,718.07	109.52
Operating ability	Accounts receivable turnover (times)	6.68	8.21	10.96	11.15	9.70
	Aveage collection days	55	44	33	33	38
	Inventory turnover (times)	1.93	2.21	2.60	1.83	1.51
	Accounts payable turnover (times)	3.58	4.68	5.34	3.95	3.60
	Average days in sales	189	165	140	200	241
	Property, plant and equipment turnover (times)	39.68	52.15	72.80	81.97	48.65
	Total assets turnover (times)	1.11	1.37	1.63	1.43	1.12
Profitability	Return on assets (%)	6.48	6.11	12.41	17.25	7.02
	Return on shareholders' equity (%)	10.02	9.71	20.81	31.39	12.95
	Percentage of net profit before tax to the paid-in capital (%)	57.51	65.06	153.83	248.93	117.28
	Net profit rate	5.82	4.45	7.61	12.05	6.23
	Earnings per share (NT$)	4.91	4.95	11.30	19.67	8.69
Cash flow	Cash flow ratio (%)	-41.52	35.93	31.26	14.60	19.62
	Cash flow adequacy ratio (%)	1.32	50.80	43.36	28.12	32.91
	Cash reinvestment ratio (%)	-31.30	13.58	11.90	0.67	-5.29
Leverage	Business operation leverage	3.40	3.18	2.07	1.82	3.12
	Financial leverage	1.00	1.00	1.00	1.00	1.01

Reasons for the changes in the financial ratios over the latest two years: (Only those with a change above 20% shall be described)

1. Financial structure: The increase in net property, plant and equipment resulted in a decline in the ratio of long-term capital to property, plant and equipment.
2. Solvency: A decrease in inventories and current liabilities resulted in an increase in the quick ratio. A decrease in net income before income tax and interest expenses and an increase in interest expenses resulted in a decrease in the interest coverage folds for the current period.
3. Operating ability: A decrease in cost of goods sold and an increase in average inventory resulted in a decrease in inventory turnover and the increase in average days for sale of goods. A decrease in net sales and an increase in average net property, plant, and equipment resulted in a decrease in the turnover rate for property, plant, and equipment for the current period. A decrease in net sales and an increase in average total assets resulted in a decrease in the total assets' turnover rate in the current period.
4. Profitability: A decrease in operating profit, pre-tax and after-tax net profit resulted in a decrease in relevant profitability ratios in the current period.
5. Cash flow: An increase in net cash flow from operating activities and a decrease in current liabilities resulted in an increase in the cash flow ratio; an increase in cash dividends resulted in a decrease in the cash re-investment rate.

Note 1: The calculation method of the above ratio is listed on page 96.

(II) financial analysis (individual)

Item	Year	2018	2019	2020	2021	2022
Financial structure	Debt to assets ratio (%)	20.42	24.39	30.42	22.11	27.16
	Ratio of long-term capital to property, plant and equipment (%)	20,189.74	23,392.45	32,499.98	25,783.25	3,357.51
Solvency	Current ratio	231.56	202.41	184.86	256.27	192.44
	Quick ratio	163.47	160.00	136.88	159.05	154.83
	Interest coverage ratio	3,441.74	757.24	4,996.12	12,192.97	111.61
Operating ability	Accounts receivable turnover (times)	5.92	5.62	6.58	7.79	5.86
	Aveage collection days	62	65	55	47	62
	Inventory turnover (times)	7.48	9.29	9.87	7.85	8.58
	Accounts payable turnover (times)	3.97	6.79	5.88	7.71	12.97
	Average days in sales	49	39	37	46	43
	Property, plant and equipment turnover (times)	267.07	318.90	522.31	541.30	92.02
	Total assets turnover (times)	1.02	1.16	1.39	1.42	1.17
Profitability	Return on assets (%)	7.22	7.53	15.05	23.19	9.83
	Return on shareholders' equity (%)	10.02	9.71	20.81	31.39	12.95
	Percentage of net profit before tax to the paid-in capital (%)	55.85	56.79	129.18	233.08	94.54
	Net profit rate	7.07	6.51	10.84	16.38	8.36
	Earnings per share (NT$)	4.91	4.95	11.30	19.67	8.69
Cash flow	Cash flow ratio (%)	-65.93	46.41	40.62	39.88	36.44
	Cash flow adequacy ratio (%)	30.74	104.92	51.45	51.42	65.43
	Cash reinvestment ratio (%)	-24.77	6.68	10.45	-0.62	-6.09
Leverage	Business operation leverage	2.47	2.53	1.92	1.51	2.84
	Financial leverage	1.00	1.00	1.00	1.00	1.01

Reasons for the changes in the financial ratios over the latest two years: (Only those with a change above 20% shall be described)

1. Financial structure: An increase in short-term loans and accounts payable resulted in an increase in ratio of liabilities to assets; an increase in the net amount of property, plant and equipment resulted in a decrease in the ratio of long-term capital to property, plant and equipment.
2. Solvency: An increase in short-term borrowings and accounts payable resulted in a decrease in the current ratio; a decrease in net profit before income tax and interest expenses, and an increase in interest expenses resulted in a decrease in the interest coverage folds for the current period.
3. Operating ability: A decrease in net sales and an increase in average account receivables resulted in a decrease in account receivables' turnover and an increase in the average days of cash receipts; a decrease in average accounts payable resulted in an increase in the payables turnover; a decrease in net sales and the increase in the net amount of property, plant and equipment resulted in a decrease in the turnover of property, plant and equipment.
4. Profitability: A decrease in operating profit, pre-tax and after-tax net profit resulted in a decrease in relevant profitability ratios in the current period.
5. Cash flow: An increase in net cash flow from operating activities and a decrease in inventory resulted in an increase cash flow sufficiency ratio; an increase in cash dividends resulted in a decrease in the cash re-investment rate.
6. Leverage: A decrease in operating profit resulted in an increase in the operating leverage.

Note 1: The calculation method of the above ratio is listed on page 96.

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets
   (2) Ratio of long-term capital to property, plant and equipment = (Total equities + non-current liabilities) / net property, plant and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio＝(current assets – inventories - prepaid expense) / current liabilities
   (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period
3. Operating ability
   (1) Accounts receivable turnover (including account receivable and notes receivable incurred as a result of business operation) = net sales / average accounts receivable (Including account receivable and notes receivable incurred as a result of business operation)
   (2) Average collection days = 365 / accounts receivable turnover
   (3) Inventory turnover = cost of goods sold / average inventory amount
   (4) Accounts payable turnover (including accounts payable and the notes payable incurred by business operation) = cost of goods sold / average accounts payable (including accounts payable and the notes payable incurred by business operation)
   (5) Average days in sales＝365 / inventory turnover
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment
   (7) Total assets turnover = net sales / average total assets
4. Profitability
   (1) Return on assets = (after tax net profit + interest expenses x (1- tax rate)) / average total assets
   (2) Return on shareholders' equity = after tax net profit / average total equity
   (3) Profit ratio = net income / net sales
   (4) Earnings per share = (profit or loss attributable to owners of the parent company-preferred stock dividend) / weighted average stock shares issued
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities
   (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure+inventory increase + cash dividend) within five years
   (3) Cash re-investment ratio = (net cash flow from operating activity-cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital)
6. Leverage
   (1) Operation leverage = (net operating revenues - variable operating costs and expenses) / operating profit
   (2) Financial leverage = operating profit / (operating profit - interest expenses)

III. The Audit Committee’s audit report as shown through the financial statements in the latest year

Audit Committee’s Audit Report

This is to approve

The Board has prepared the Business Report, Financial Statements (including separate and consolidated financial statements), and the proposal for earning distribution for 2022. The financial statements have been audited by Chih-Hui, Yang and Chien-Ju, Yu, CPAs of Ernst & Young, with the issuance of Auditor’s Report. We have reviewed the aforementioned Business Report, Financial Statements, and Earning Distribution Proposal, confirming the requirements. We hereby present this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

ASRock General Meeting of Shareholders

Convener of Auditing Committee: Ai, Wei

March 7, 2023

IV. Financial statements for the latest year

Please see page 111-211.

V. Auditor's responsibilities for the audit of the consolidated financial statements in the latest year

Please see page 212-301.

VI. In the Company and its affiliated enterprises, in the latest year until the date as of Annual Report issuance, developed an insolvency and the impact upon the Company's financial conditions: None.

Chapter VII. Financial status and performance review analysis and risks

I. Financial status

Financial status comparative analyses – Consolidated Report

Unit: NTD thousand

Item	2021	2022	Difference	
	Amount	Amount	Increase (decrease)	%
Current assets	$15,422,807	$13,993,593	($1,429,214)	(9.27%)
Investments accounted for using equity method	-	-	-	-
Property, plant and equipment	241,976	461,869	219,893	90.87%
Right-of-use assets	90,600	71,384	(19,216)	(21.21%)
Other assets	138,567	240,968	102,401	73.90%
Total assets	15,893,950	14,767,814	(1,126,136)	(7.09%)
Current liabilities	7,013,600	5,813,692	(1,199,908)	(17.11%)
Non-current liabilities	91,506	60,195	(31,311)	(34.22%)
Total liabilities	7,105,106	5,873,887	(1,231,219)	(17.33%)
Share capital	1,229,254	1,219,930	(9,324)	(0.76%)
Capital surplus	3,332,351	3,252,907	(79,444)	(2.38%)
Retained earnings	4,446,127	3,937,304	(508,823)	(11.44%)
Other equity interest	(736,592)	(217,794)	518,798	(70.43%)
Treasury stock	-	(12)	(12)	-
Non-controlling interests	517,704	701,592	183,888	35.52%
Total equity	8,788,844	8,893,927	105,083	1.20%

Analysis of changes in assets, liabilities and equity over 20% and NT$10,000,000:

(1) Property, plant, and equipment: Changes are due to the transfer of inventory to equipment in the current period.
(2) Right-of-use assets: Changes are due to de-accounting of right-of-use assets.
(3) Other assets: Changes are due to the increase in deferred tax assets in the current period.
(4) Non-current liabilities: Changes are due to the decrease in net defined benefit liabilities in the current period.
(5) Other equity interest: Due to exchange rate fluctuations.
(6) Non-controlling interests: Due to the increase in operating profit of subsidiaries that are not 100% controlled for the year.

II. Financial performance

Financial performance comparative analysis – Consolidated Report

Unit: NTD thousand

Item	2021	2022	Difference	
	Amount	Amount	Increase (decrease)	%
Operating revenue - net	$19,762,672	$17,120,919	($2,641,753)	(13.37%)
Operating costs	14,198,647	13,420,362	(778,285)	(5.48%)
Gross profit	5,564,025	3,700,557	(1,863,468)	(33.49%)
Operating expenses	2,505,832	2,515,507	9,675	0.39%
Operating income	3,058,193	1,185,050	(1,873,143)	(61.25%)
Non-operating income and expenses	1,773	245,638	243,865	13,754.37%
Profit from continuing operations before tax	3,059,966	1,430,688	(1,629,278)	(53.24%)
Income tax expenses (profit)	600,028	203,888	(396,140)	(66.02%)
Profit	2,459,938	1,226,800	(1,233,138)	(50.13%)
Other comprehensive income in the current period (Net profit after taxation)	(111,731)	427,240	538,971	(482.38%)
Total comprehensive income	2,348,207	1,654,040	(694,167)	(29.56%)

Analysis of changes in the increase or decrease ratio: (changes over 20% and NT$10,000,000)

(1) Gross profit: Due to the decrease in the gross profit of product combination and individual products.

(2) Non-operating income and expenses: Changes are due to changes in other gain and losses in the two periods resulted by the foreign currency exchange gains and losses.

(3) Income tax expenses (profit): A decrease in income tax expenses due to a decrease in net profit before tax.

(4) Other comprehensive income in the current period: The exchange rate fluctuation resulted in an increase in exchange profit from the translation of financial statements of foreign operating agencies.

III. Cash flow

(I) Liquidity analysis for the recent 2 years - Consolidated Report

Item \ Year	2021	2022	Increase (decrease) ratio (%)
Cash flow ratio (%)	14.60	19.62	5.02
Cash flow adequacy ratio (%)	28.12	32.91	4.79
Cash reinvestment ratio (%)	0.67	-5.29	-5.96

Analysis of the change in the increase or decrease ratio:
Change is due to the increase in net cash flow from operating activities and the decrease in current liabilities, resulting in an increase in the cash flow ratio; it is also due to the increase in net cash flow from operating activities and a decrease in inventory, resulting in an increase in the cash flow adequacy ratio; lastly, it is due to the increase in cash dividends, resulting in a decrease in the cash reinvestment ratio.

(II) Improvement plan for insufficient liquidity: There is no cash shortage.

(III) Analysis on the cash liquidity for the coming year

Unit: NTD thousand

Opening cash balance①	Net cash flow anticipated from operating activities year-round②	Anticipated year-round cash outflow③	Expected cash surplus (deficit) ①+②-③	Strategies of cash deficits	
				Investment plans	Wealth management plans
3,588,129	1,140,829	846,385	3,882,573	-	-

1. Analysis on the cash flow change in the current year:
   (1) Operating activities: The profit is expected to be stable so operating activities are net cash inflows.
   (2) Investment activities: There are no predetermined investment plans.
   (3) Estimated annual cash outflow: Distribution of cash dividends, employee remuneration and remuneration of directors and supervisors are to be performed so financing activities are net cash outflow.
2. Strategies of cash deficits: Not applicable.

IV. The impact of the significant capital expenditure over the past year upon the financial performance: None.

V. The outward investment policies over the past year, the key reasons leading to the profit or loss, the corrective plans, and the investment plan in one year ahead: None.

(I) Reinvestment policy

In line with core capabilities to strengthen the vertical integration.

(II) The outward investment policies over the past year or the key reasons leading to the profit or loss and the improvement plan

Unit: NTD thousand

Investee	Ratio of Shareholding	Recognition of investment gains and losses of the investee in the recent year	Main reason for profit or loss	Improvement plan
ASIAROCK TECHNOLOGY LTD.	100.00 %	2,928	Recognition of overseas investment gains	-
LEADER INSIGHT HOLDINGS LTD.	100.00 %	(52,186)	Recognition of overseas investment losses	-
ASRock Rack Incorporation	59.68 %	82,068	Increased profit due to increase in sales	-
ASRock Industrial Computer Corporation	64.46 %	218,819	Increased profit due to increase in sales	-
ASJade Technology Incorporation	82.50 %	(41,800)	The Company was still in the development stage at the beginning of its establishment that resulted in a loss in the current period.	-
Soaring Asia Limited	100.00%	1	Recognition of overseas investment gains	-

(III) Investment plans in the coming fiscal year

There are no major investment plans for the coming fiscal year.

VI. Risk assessment

(I) The impact incurred by change in interest rate, exchange rate, inflation upon the Company's profit or loss and the future countermeasures

1. The impact of changes in interest rates in the latest year and up to the date of publication of the annual report on the Company's profit or loss and future countermeasures

The company's operating turnover is based on its own capital so changes in interest rates have no significant impact on its operations, in addition, the company's short-term investments are mostly time deposits and repurchase agreements, the investment income accounts for a low proportion of the company's net profit after tax and has no significant impact on the company's operations. Thus, from the above, changes in interest rates have no significant impact on the Company's profit or loss.

2. The impact of changes in exchange rates in the latest year and up to the date of publication of the annual report on the Company's profit or loss and future countermeasures

The Company's products are mostly exported with the payment and purchase of goods mostly denominated in US dollars. Thus, exchange rate fluctuations will have an impact on the company's overall profit. To reduce the impact of change in exchange rate on the overall profit, the Company opens foreign currency deposit accounts to manage the buy and sell of foreign currency and repay the foreign purchases from the foreign sales income to reduce the impact of change in exchange rate on profit or loss with additional natural hedging.

The consolidated exchange gain of the Company in 2022 was NT$188,330,000, accounting for 1.1% of the current net operating income, indicating that the Company's strategy in response to exchange rate changes is appropriate.

3. The impact on inflation of the company's profit or loss in the latest year and as of the publication date of the annual report and future countermeasures

The Company's products are mostly exported that regional inflation has no significant material impact on the profit or loss unless there are global raw material price adjustments. If there is an global raw material price adjustment, it will be reflected in the production cost or product selling price.

(II) The major causes for engaging in high-risk, high-leverage investment, lending of funds to others, endorsements/guarantees and derivative financial instruments, the profits or losses and the future countermeasures

1. The Company did not engage in high-risk, high-leveraging, and derivatives transactions.

2. The Company has established the "Procedures for Acquisition and Disposal of Assets" and "Procedures for Loans and Making of Endorsement & Guarantee" for transactions such as investment, capital lending, endorsement/guarantees and derivative financial products, which have been approved by the Shareholders' Meeting. All transactions are handled in accordance with relevant regulations.

(III) The future research & development plans and the expenses anticipated to be invested into research & development

1. Future research & development programs

(1) Develop motherboards for Intel Raptor Lake Refresh processor.

(2) Develop motherboards for AMD AM5 mid-to-low-end processors corresponding to low-end chipset A620.

(3) Develop 5/6nm process technology gaming graphics card based on AMD RDNA3 architecture.

(4) Develop a low-profile graphics card that can fit into a low-profile case.

(5) Develop small form factor supporting AM5 processor.

(6) Develop Storm Peak motherboard for AMD's new generation DDR5+PCIE Gen5 workstation platform.

(7) Develop Intel workstation platform Sapphire Rapids related motherboards.

(8) Develop motherboards equipped with 5Gbps LAN and USB4.0 ports.

(9) Develop E-Sports and high refresh rate gaming monitor.

(10) Develop Robust Edge AIoT platform, IIoT controllers, industrial PC, and motherboards that support new-generation processors from Intel, AMD, and NVIDA.

(11) Develop server or motherboards equipped with the latest 3rd/4th generation Intel Xeon Scalable processors or the latest AMD EPYC processor technology and with the latest heat dissipation technologies.

2. Expenses anticipated to be invested into research & development

The company will continue to invest in the R&D of various motherboards and improve the performance to meet the market demand. It is estimated that the R&D expenditures invested in 2023 will be approximately NT$1.2 billion.

(IV) The possible impacts by government policies and laws at home and abroad upon the Company's financial conditions and the Company's countermeasures

In addition to the day-to-day operations, which are handled in accordance with relevant domestic and international laws and regulations, the Company pays attention to the development trends of domestic and foreign policies and changes in laws and regulations to understand and respond to market changes. As a result, changes in domestic and foreign policies and laws in recent years have not significantly affected the finance of the Company.

(V) The impacts generated by change in science and technology (including ICT security risk) and change in industries upon the Company's financial conditions and the Company's countermeasures

The Company is a professional motherboard R&D and design firm, dedicated to the development of practical, high value-added, low-priced motherboards. In addition to a number of patent rights, the products have won high praise from media and consumers around the world which shows the Company's R&D technology and its ability to respond to market changes. The Company will keep closely eye on the trends of the IT market to respond to the changes of related industries. Thus, technological changes and industrial changes will not have a significant impact on the Company's finance.

In response to the risk of information security threats, the Company formulates information security and reporting procedures, establishes a complete network and computer security protection system, protects information equipment and data security and ensures smooth operation of the Company to enhances its operational efficiency and competitiveness. In addition, to establish the information security awareness of all employees, information security is promoted from time to time every year to establish employees' information security awareness and reduce the Company's information security risks.

(VI) The impacts created by a change in corporate image upon the management over crisis, and the Company's countermeasures

The Company's philosophy is based on the principle of stability and integrity to build a good corporate image; it plans to enter the capital market to attract more outstanding talents, strengthen the management team, and then return the business results to the shareholders and fulfill the social responsibility. Thus, there was no incident that would jeopardize the corporate image. The Company will fulfill its corporate social responsibilities while pursuing the maximum shareholder interests.

(VII) The benefits anticipated from the merger/acquisition (M&A) efforts, the potential risks and the Company's countermeasures

The Company has no plans to acquire other companies in the recent years and as of the date of publication of the annual report. If there were plans to conduct mergers and acquisitions in the future, it will uphold a prudent evaluation to ensure the rights and interests of the company's shareholders and employees are protected.

(VIII) The risks anticipated from the expansion of the plant buildings and the Company's countermeasures

No incident has been reported in the previous fiscal year and by the date of report publication and there is no plans to expand the factory

(IX) The risks anticipated from the centralized input or output undertakings and the Company's countermeasures

The purchased finished motherboard by the Company are from the subsidiary ASIAROCK presenting a vendor concentration risk, but the subsidiary is 100% owned by the Company without the risk of supply interruption. The company also maintains good relations with other suppliers to reduce the vendor concentration risk. As in customer concentration risk, the overseas subsidiaries of the Company's major customers and their sales targets are well-known international distributors located in countries around the world presenting no customer concentration risk.

(X) The impacts and risks anticipated from the massive transfer of shareholding by directors or key shareholders who hold more than 10% in shareholding and the Company's countermeasures

From 2022 to 2023 and up to the publication date of the annual report, the Company has no directors or substantial shareholders holding more than 10% of the shares, whose shareholdings are transferred or otherwise changes hands with more than half of the shares held resulting in changes in the managerial control.

(XI) The impacts and risks anticipated from the change in the managerial powers and the Company's countermeasures

The Company's equity is largely concentrated in the directors and employees. As of the publication date of this annual report, all directors hold 46.90% of the total issued shares of the Company. In addition, the directors and employees have a strong sense of responsibility to the company, and have been dedicated to the company. The employees believe in the Company's development direction, resulting a steady good operating performance in recent years. In the future, the management team will uphold the stable business philosophy and good management ethics to create growth in the operations and profits to win the recognition from all shareholders. Thus, the Company will not have a major quantity of shares transferred or otherwise changes hands, resulting in changes in the managerial control, which will impact the company and create risks.

(XII) Litigious and non-litigious matters

1. Any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company that was finalized or remained pending during the most recent 2 fiscal years or during the current fiscal year up to the prospectus publication date: None.
2. Any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving a

company director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10 percent, and the matter was finalized or remained pending during the most recent 2 fiscal years or during the current fiscal year up to the prospectus publication date: None.

3. Any event set forth under Article 157 of the Securities and Exchange Act that involves a company director, supervisor, its general manager, or any major shareholder with a stake of more than 10 percent, provided the event occurred in the most recent 2 fiscal years or during the current fiscal year up to the prospectus publication date: None.

(XIII) Other critical risks and response measures: None.

VII. Other important disclosures: None.

Chapter VIII. Special disclosure

I. Relevant information of affiliated enterprises

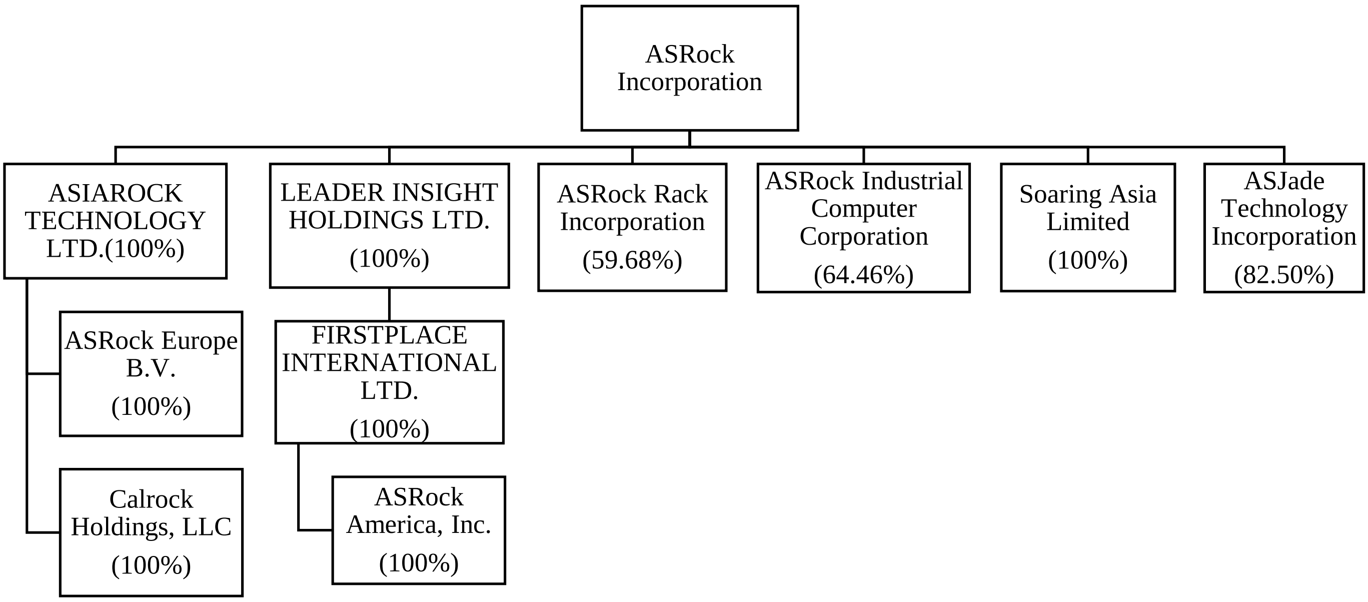
(I) Consolidated business reports teaming up with affiliated enterprises

1. Summary of affiliated enterprises

(1) Affiliates enterprises organization chart:

Organization chart of ASRock Incorporation

December 31, 2022



(2) Fundamental particulars of affiliated enterprises

December 31, 2022; Unit: NTD thousand

Name	Establishment Date	Location	Paid-in shares Capital	Business scope
ASIAROCK TECHNOLOGY LTD.	July 25, 2002	British Virgin Islands	1,228,700	Investment holding.
LEADER INSIGHT HOLDINGS LTD.	September 6, 2002	British Virgin Islands	64,507	Investment holding.
ASRock Europe B.V.	September 6, 2002	The Netherlands	7,950	Data storage and electronic material sales, international trade, etc.
ASRock America, Inc.	November 14, 2002	U.S.A.	61,435	Data storage and electronic material sales, international trade, etc.
FIRSTPLACE INTERNATIONAL LTD.	January 2, 2003	British Virgin Islands	62,971	Investment holding.
Calrock Holdings, LLC	January 29, 2003	U.S.A.	61,435	Renting office building.
ASRock Rack Incorporation	January 29, 2013	Taiwan	517,527	Manufacture and sales of computers and peripheral equipment.
ASRock Industrial Computer Corporation	July 4, 2018	Taiwan	481,884	Manufacture and sales of computers and peripheral equipment.
Soaring Asia Limited	November 5, 2018	Hong Kong	592	International trade.
ASJade Technology Incorporation	November 15, 2021	Taiwan	210,000	Service of computer software.

(3) A controlling and hierarchical relationship according to Article 369-3 of Company Act: None.

(4) The business scope covered by the overall affiliated enterprise are: manufacture and sale of computers and peripheral equipment, data storage, processing equipment, and electronic materials.

(5) Information and to data of directors and supervisors, general managers of affiliated enterprises:

December 31, 2022

<table>
<tr><th rowspan="2">Name of enterprise</th><th rowspan="2">Title</th><th rowspan="2">Name or the representative person</th><th colspan="2">Shareholding</th></tr>
<tr><th>Quantity</th><th>Ratio of Shareholding</th></tr>
<tr><td>ASIAROCK TECHNOLOGY LTD.</td><td>Director</td><td>ASRock Incorporation (Representative: Lung-Lun, Hsu)</td><td>40,000,000</td><td>100%</td></tr>
<tr><td>LEADER INSIGHT HOLDINGS LTD.</td><td>Director</td><td>ASRock Incorporation (Representative: Lung-Lun, Hsu)</td><td>2,100,000</td><td>100%</td></tr>
<tr><td>ASRock Europe B.V.</td><td>Director and President</td><td>ASIAROCK TECHNOLOGY LTD. (Representative: Ko-Chih, Tsui)</td><td>200,000</td><td>100%</td></tr>
<tr><td>ASRock America, Inc.</td><td>Director</td><td>FIRSTPLACE INTERNATIONAL LTD. (Representative: Lung-Lun, Hsu)</td><td>2,000,000</td><td>100%</td></tr>
<tr><td>FIRSTPLACE INTERNATIONAL LTD.</td><td>Director</td><td>LEADER INSIGHT HOLDINGS LTD. (Representative: Lung-Lun, Hsu)</td><td>2,050,000</td><td>100%</td></tr>
<tr><td>Calrock Holdings, LLC</td><td>Director</td><td>ASIAROCK TECHNOLOGY LTD. (Representative: Lung-Lun, Hsu)</td><td>2,000,000</td><td>100%</td></tr>
<tr><td rowspan="4">ASRock Rack Incorporation</td><td>Director and Chairman</td><td>ASRock Incorporation (Representative: Lung-Lun, Hsu)</td><td rowspan="3">30,884,308</td><td rowspan="3">59.68%</td></tr>
<tr><td>Director and President</td><td>ASRock Incorporation (Representative: Wei-Hsu, Sha)</td></tr>
<tr><td>Director</td><td>ASRock Incorporation (Representative: Shih-Jen, Chen)</td></tr>
<tr><td>Supervisor</td><td>Chien-Hung, Chen</td><td>221,477</td><td>0.43%</td></tr>
<tr><td rowspan="4">ASRock Industrial Computer Corporation</td><td>Director and Chairman</td><td>ASRock Incorporation (Representative: Chun-Ying, Li)</td><td rowspan="3">31,064,410</td><td rowspan="3">64.46%</td></tr>
<tr><td>Director</td><td>ASRock Incorporation (Representative: Yu-Kuang, Chen)</td></tr>
<tr><td>Director</td><td>ASRock Incorporation (Representative: Chien-Hsin, Chou)</td></tr>
<tr><td>Supervisor</td><td>Chien-Hung, Chen</td><td>39,000</td><td>0.08%</td></tr>
<tr><td>Soaring Asia Limited</td><td>Director</td><td>ASRock Incorporation (Representative: Lung-Lun, Hsu)</td><td>150,000</td><td>100%</td></tr>
<tr><td rowspan="4">ASJade Technology Incorporation</td><td>Director and Chairman</td><td>ASRock Incorporation (Representative: Lung-Lun, Hsu)</td><td rowspan="3">17,325,000</td><td rowspan="3">82.50%</td></tr>
<tr><td>Director</td><td>ASRock Incorporation (Representative: Chien-Hsin, Chou)</td></tr>
<tr><td>Director</td><td>ASRock Incorporation (Representative: Sung-Chien, Chen)</td></tr>
<tr><td>Supervisor</td><td>Chien-Hung, Chen</td><td>-</td><td>-</td></tr>
</table>

2. Business performances of affiliated enterprises:

December 31, 2022; Unit: NTD thousand

Name of enterprise	Capital	Total assets	Total liabilities	Net value	Operating revenues	Net operating income	Profit and/or loss this term (After tax net)	Earnings per share (NTD) (After tax)
ASIAROCK TECHNOLOGY LTD.	1,228,700	7,551,062	3,445,204	4,105,858	14,923,190	(15,373)	(17,215)	-
LEADER INSIGHT HOLDINGS LTD.	64,507	59,664	-	59,664	-	-	(52,186)	-
ASRock Europe B.V.	7,950	908,082	169,805	738,277	2,713,713	(3,193)	(2,250)	-
ASRock America, Inc.	61,435	2,270,071	2,211,488	58,583	3,942,350	(51,837)	(52,189)	-
FIRSTPLACE INTERNATIONAL LTD.	62,971	59,617	-	59,617	-	-	(52,186)	-
Calrock Holdings, LLC	61,435	65,666	689	64,977	-	-	(1,131)	-
ASRock Rack Incorporation	517,527	2,012,328	1,171,485	840,843	3,205,322	139,737	137,524	2.66
ASRock Industrial Computer Corporation	481,884	1,618,117	700,872	917,245	1,963,580	345,459	334,996	7.03
Soaring Asia Limited	592	592	-	592	-	-	1	-
ASJade Technology Incorporation	210,000	232,810	23,731	209,079	-	(52,171)	(52,876)	(4.82)

(II) The Affiliate’s Consolidated Financial Statements: None.

(III) Affiliated Enterprises Report: None.

II. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose the date on which the placement was approved by the board of directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary: None.

III. Holding or disposal of the company’s shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None.

IV. Other supplementary information: None.

V. Occurrences of events defined under Subparagraph 2, Paragraph 2, Article 36 of the Securities Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders’ equity or security prices: None.

ASRock Incorporation

Declaration of Internal Control System

Date: March 7, 2023

Based on the findings of self-assessment, the Company states the following with regard to its internal control system in 2022:

I. The Company is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management. The aim of the internal control system is to provide reasonable assurance to effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of financial reporting and compliance with of applicable laws, regulations and bylaws.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the aforementioned three objectives. Moreover, the effectiveness of an internal control system may be subject to changes of environmental or circumstances. Nevertheless, the internal control system of the Company contains self-monitoring mechanism and the Company takes corrective actions whenever a deficiency is identified.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control System by Public Companies (herein below, the “Regulations”). The criteria adopted by the Regulations identify five constituent elements of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each component further contains several items. Please refer to the Regulations for detailss.

IV. The Company has adopted the aforementioned judgment items for the internal control system to evaluate the effectiveness of the Company’s internal control system in both design and implementation.

V. Based on the findings of the self-assessment mentioned in the preceding paragraph,the Company believes that, as of December 31, 2022, its internal control system (including its supervision and management of subsidiaries), as well as understanding the degree of achievement of its objectives concerning operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of financial reporting, and compliance with the applicable laws, regulations and bylaws, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.

VI. This Statement is an integral part of the Company’s Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This Statement has been passed by the Board of Directors in their meeting held on March 7, 2023 with none of the seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

ASRock Incorporation

Chairman: Hsu-Tien, Tung

President：Lung-Lun, Hsu

Independent Auditors' Report Translated from Chinese

To ASROCK INC.

Opinion

We have audited the accompanying balance sheets of ASROCK INC.(the "Company") as of December 31, 2022 and 2021, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies(collectively "the parent company only financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Parent Company Only 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investments accounted for using equity method - Inventory of Subsidiary

The net carrying value of inventory as of December 31, 2022 for the Company's investments accounted for using equity method - Inventory of Subsidiary was significant to the parent company only financial statements. ASROCK INC. and subsidiaries' main business, the sale of motherboard products, are affected by market demand and changes. The management measured allowance for inventory obsolescence valuation losses based on market demands. The valuation involved management's significant judgement, we have therefore determined valuation on inventory a key audit matter. The audit procedures we performed regarding inventories valuation included, but not limited to, understanding the program of estimating the allowance for inventory valuation, testing the effectiveness of relevant control. For the raw material and products, we selected samples and checked related certificates, to confirm the correctness of net realizable value that management used. In addition, we obtained and reviewed the full-year purchase and sales details of raw materials and products. For raw materials that are not frequently used and products with low sales volume, we referred to industry information and management to discuss the reasonableness of allowance for inventory valuation and obsolescence losses. We also considered the appropriateness of disclosure of inventories in Notes 5 and 6 of the Company's consolidated financial statements.

Revenue recognition

The main source of revenue was from the sales of motherboard. Due to diversified pricing strategy, the orders and implied items in contracts usually included quantity discount and warranty, therefore the Company should determine the performance obligation and the timing of revenue recognition. Consequently, we considered that revenue recognition from contracts with customers is key audit matter. For revenue recognition, we have conducted audit procedures including but not limited to evaluating the design and operating effectiveness of internal controls with respect to the revenue cycle, selecting representative samples to conduct test of transactions by inspecting contracts approved by both parties, identifying the performance obligation, evaluating whether the transaction prices were appropriately allocated to all the performance obligations in the contract in proportion to the stand-alone selling prices of each performance obligation, and confirming the correctness of timing when a performance obligation is satisfied. We also considered the appropriation of operating revenue disclosure in Notes 4, 5 and 6 of the parent company only financial statements.

Other Matter - Making Reference to the Audits of Component Auditors

We did not audit the parent company only financial statements of certain investments accounted for using equity method whose statements are based solely on the reports of other auditors. These investments accounted for using equity method amounted to $862,918 thousand and $829,353 thousand, representing 7.67% and 7.81% of the parent company only total assets as of December 31, 2022 and 2021, respectively. The related share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method amounted to ($55,567) thousand and $175,248 thousand, representing (4.82)% and 6.12% of the profit before tax for the years ended December 31, 2022 and 2021.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing 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 parent company only 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 internal control of the Company.

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the parent company only 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 auditor’s 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 parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Yang, Chih-Huei
Yu, Chien-Ju

Ernst & Young, Taiwan
March 7, 2023

Notice to Readers
The accompanying parent company only financial statements are intended only to present the financial position, results of operations 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the parent company only financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
ASROCK INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of December 31, 2022	%	December 31, 2021	%
Current assets					
Cash and cash equivalents	4,6(1)	$1,757,489	16	$1,031,300	10
Financial assets measured at amortized cost - current	4,6(2),6(13)	90,000	1	860,000	8
Accounts receivable, net	4,5,6(3),6(13)	410,094	4	820,626	8
Accounts receivable - related parties, net	4,5,6(3),6(13),7	2,243,759	20	879,133	8
Inventories, net	4,5,6(4)	1,097,109	10	1,387,863	13
Prepayments	7	40,139	-	839,921	8
Other current assets	7	180,545	1	53,653	1
Total current assets		5,819,135	52	5,872,496	56
Non-current assets					
Investments accounted for using equity method	4,6(5)	5,040,294	45	4,621,442	44
Property, plant and equipment	4,6(6),7	244,897	2	32,300	-
Right-of-use assets	4,6(14)	22,877	-	30,010	-
Intangible assets	4,6(7)	2,305	-	1,544	-
Deferred tax assets	4,5,6(18)	99,793	1	47,685	-
Guarantee deposits paid		16,974	-	13,997	-
Total non-current assets		5,427,140	48	4,746,978	44
Repayment of the principal portion of lease liability					
Total assets		$11,246,275	100	$10,619,474	100

(Continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
ASROCK INC.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Liability and Equity	Notes	As of December 31, 2022	%	December 31, 2021	%
Current liabilities					
Short-term loans	6(8)	$625,000	6	$-	-
Accounts payable		56,228	-	$72,387	1
Accounts payable - related parties	7	986,480	9	527,970	5
Other payables	7	416,524	4	691,173	7
Current tax liabilities	4,5,6(18)	267,233	2	453,144	4
Lease liabilities - current	4,6(14)	9,998	-	15,322	-
Other current liabilities	7	662,373	6	531,487	5
Total current liabilities		3,023,836	27	2,291,483	22
Non-current liabilities					
Lease liabilities - non-current	4,6(14)	13,057	-	14,823	-
Net defined benefit liabiliies	4,5,6(9)	17,047	-	42,028	-
Total non-current liabilities		30,104	-	56,851	-
Total liabilities		3,053,940	27	2,348,334	22
Equity					
Capital					
Commom stock	6(10)	1,219,930	11	1,229,254	12
Capital surplus	6(10),6(11)	3,252,907	29	3,332,351	31
Retained earnings					
Legal reserve	6(10)	1,582,928	14	1,345,085	13
Special reserve	6(10)	581,757	5	472,656	4
Unappropriated retained earnings	6(10),6(11)	1,772,619	16	2,628,386	25
Total retained earnings		3,937,304	35	4,446,127	42
Other components of equity	4,6(11)	(217,794)	(2)	(736,592)	(7)
Treasury stock	4,6(10)	(12)	-	-	-
Total equity		8,192,335	73	8,271,140	78
Total liabilities and equity		$11,246,275	100	$10,619,474	100

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Accounting Items	Notes	For the years ended December 31, 2022	%	2021	%
Operating revenues	4,5,6(12),7	$12,753,815	100	$14,535,253	100
Operating costs	6(4),6(15),7	(10,658,798)	(84)	(10,820,676)	(74)
Gross profit		2,095,017	16	3,714,577	26
Unrealized intercompany profit		(403,549)	(3)	(108,835)	(1)
Realized intercompany profit		108,835	1	133,313	1
Net gross profit		1,800,303	14	3,739,055	26
Operating expenses	6(7),6(9),6(11) 6(14),6(15),7				
Sales and marketing expenses		(354,954)	(3)	(370,005)	(3)
General and administrative expenses		(224,055)	(2)	(243,937)	(2)
Research and development expenses		(486,227)	(4)	(663,826)	(5)
Expected credit gains (losses)	6(13)	2,728	-	(3,688)	-
Total operating expenses		(1,062,508)	(9)	(1,281,456)	(10)
Net operating income		737,795	5	2,457,599	16
Non-operating income and expenses	6(16)				
Interest income		13,321	-	8,503	-
Other income	7	66,779	1	111,510	1
Other gains and losses		136,033	1	(41,259)	-
Finance costs		(10,427)	-	(235)	-
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	4,6(5)	209,830	2	328,996	2
Total non-operating income and expenses		415,536	4	407,515	3
Profit from continuting operations before tax		1,153,331	9	2,865,114	19
Income tax expenses	4,5,6(18)	(87,087)	(1)	(484,054)	(3)
Profit from continuing operations		1,066,244	8	2,381,060	16
Profit		1,066,244	8	2,381,060	16
Other comprehensive income	4,6(8),6(17)				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		13,534	-	(3,287)	-
Income tax related to items that will not be reclassified to profit or loss		(2,707)	-	657	-
Items that may be reclassified subsequently to profit or loss					
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		416,413	3	(109,101)	(1)
Other comprehensive income, net of tax		427,240	3	(111,731)	(1)
Total comprehensive income		$1,493,484	11	$2,269,329	15
Earnings per share(NT$):	6(19)				
Earnings per share - basic					
Profit from continuing operations		$8.69		$19.67	
Earnings per share - diluted	6(19)				
Profit from continuing operations		$8.65		$19.53	

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
ASROCK INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Other components of equity			
	Capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Deferred compensation cost	Treasury stock	Total equity
Balance as of January 1, 2021	$1,206,424	$3,134,705	$1,209,419	$279,336	$1,544,081	$(472,657)	$-	$-	$6,901,308
Appropriation and distribution of 2020 retained earnings									
Legal reserve appropriated	-	-	135,666	-	(135,666)	-	-	-	-
Special reserve appropriated	-	-	-	193,320	(193,320)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(965,139)	-	-	-	(965,139)
Profit in 2021	-	-	-	-	2,381,060	-	-	-	2,381,060
Other comprehensive income, net of tax in 2021	-	-	-	-	(2,630)	(109,101)	-	-	(111,731)
Total comprehensive income	-	-	-	-	2,378,430	(109,101)	-	-	2,269,329
Changes in subsidiaries' ownership	-	3,581	-	-	-	-	-	-	3,581
Share-based payment transaction	22,830	194,065	-	-	-	-	(154,834)	-	62,061
Balance as of December 31, 2021	$1,229,254	$3,332,351	$1,345,085	$472,656	$2,628,386	$(581,758)	$(154,834)	$-	$8,271,140
Balance as of January 1, 2022	$1,229,254	$3,332,351	$1,345,085	$472,656	$2,628,386	$(581,758)	$(154,834)	$-	$8,271,140
Appropriation and distribution of 2021 retained earnings									
Legal reserve appropriated	-	-	237,843	-	(237,843)	-	-	-	-
Special reserve appropriated	-	-	-	109,101	(109,101)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,598,031)	-	-	-	(1,598,031)
Profit in 2022	-	-	-	-	1,066,244	-	-	-	1,066,244
Other comprehensive income, net of tax in 2022	-	-	-	-	10,827	416,413	-	-	427,240
Total comprehensive income	-	-	-	-	1,077,071	416,413	-	-	1,493,484
Treasury stock cancelled	(9,324)	-	-	-	-	-	-	9,324	-
Changes in subsidiaries' ownership	-	(2,218)	-	-	-	-	-	-	(2,218)
Share-based payment transaction	-	(77,226)	-	-	12,137	-	102,385	(9,336)	27,960
Balance as of December 31, 2022	$1,219,930	$3,252,907	$1,582,928	$581,757	$1,772,619	$(165,345)	$(52,449)	$(12)	$8,192,335

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2022	2021
Cash flows from operating activities:		
Profit before tax	$1,153,331	$2,865,114
Adjustments:		
Adjustments to reconcile (profit) loss:		
Depreciation expense	53,444	24,325
Amortization expense	2,252	2,461
Expected credit (gains) losses	(2,728)	3,688
Interest expenses	10,427	235
Interest income	(13,321)	(8,503)
Compensation cost arising from employee stock options	37,015	39,231
Share of profit of subsidiaries, associates and joint venture accounted for using equity method	(209,830)	(328,996)
Gain on disposal of property, plant and equipment	-	(20)
Property, plant and equipment charged to expenses	15	-
Unrealized intercompany profit from sale	403,549	108,835
Realized intercompany profit from sale	(108,835)	(133,313)
Changes in operating assets and liabilities:		
Decrease (Increase) in accounts receivable, net	413,260	(382,705)
(Increase) Decrease in account receivable-related parties	(1,364,626)	712,878
Decrease (Increase) in inventories, net	97,301	(18,768)
Decrease (Increase) in prepayments	799,782	(786,410)
Increase in other current assets	(127,335)	(24,979)
(Decrease) Increase in accounts payable	(16,159)	54,552
Increase (Decrease) in accounts payables-related parties	458,510	(1,660,139)
(Decrease) Increase in other payables	(274,649)	280,726
Increase in other current liabilities	130,886	398,144
(Decrease) Increase in net defined benefit liabilities	(11,447)	887
Cash generated from operations	1,429,842	1,147,243
Income taxes paid	(327,813)	(233,431)
Net cash provided by operating activities	1,102,029	913,812
Cash flows from investing activities:		
Acquisition of financial assets measured at amortized cost	-	(373,794)
Disposal of financial assets measured at amortized cost	770,000	-
Acquisition of investments accounted for using equity method	(113,438)	(103,125)
Acquisition of property, plant and equipment	(55,282)	(17,727)
Proceed from disposal of property, plant and equipment	195	20
Increase in guarantee deposits paid	(2,977)	(2,671)
Acquisition of intangible assets	(3,013)	(3,435)
Interest received	13,764	6,011
Dividends received	23,897	61,800
Net cash provided by (used in) investing activities	633,146	(432,921)
Cash flows from financing activities:		
Increase in short-term loans	625,000	-
Repayment of the principal portion of lease liability	(16,692)	(15,722)
Cash dividends paid	(1,598,031)	(965,139)
Issuance of common stock for cash	-	22,830
Interest paid	(10,208)	-
Other	(9,055)	-
Net cash provided by (used in) financing activities	1,008,986	(958,031)
Net increase (decrease) in cash and cash equivalents	726,189	(477,140)
Cash and cash equivalents, beginning of the year	1,031,300	1,508,440
Cash and cash equivalents, end of the year	$1,757,489	$1,031,300

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

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

ASROCK INC. (the Company) was approved to establish on May 10, 2002, and began its main business activities. The current main business is the sales of motherboards and related product development and design. The Company's first public offering was approved by the Securities and Futures Bureau in May, 2006 and its common shares were publicly listed on the Taiwan Stock Exchange (TWSE) in November, 2007. The Company's registered office and the main business location are at 2F., No. 37, Sec. 2, Jhongyang S. Rd., Beitou Dist., Taipei City 11270, Taiwan (R.O.C.). Pegatron Corporation is the ultimate controller of the Company to which the company belongs.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 were authorized for issue by the Company's board of directors on March 7, 2023.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2022. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising	1 January 2023

	from a Single Transaction – Amendments to IAS 12	

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. The standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments	1 January 2024

	to IAS 1	

(a) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under (a) , it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(2) Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in its functional currency, NT$. Items included in the parent company only financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

(a) When the partial disposal involves the loss of control of a subsidiary that includes a foreign operation.
(b) When the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint arrangement control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Company holds the asset primarily for the purpose of trading
(c) The Company expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Company expects to settle the liability in its normal operating cycle
(b) The Company holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the Accounts date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) the Company’s business model for managing the financial assets and

(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, account receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

   i. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

   ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

<u>Financial asset measured at fair value through profit or loss</u>

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(c) For Accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

(d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

D. Financial liabilities and equity

<u>Classification between liabilities or equity</u>

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

<u>Financial liabilities</u>

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or

liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost on a weighted average cost basis.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(10) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IFRS 10 "Consolidated Financial Statements" and the different IFRSs adopted from different reporting entity's perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate or investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company’s percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Company’s interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the ‘share of profit or loss of an associate’ in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment.* When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Machinery and equipment	5 years
Office equipment	3 years
Lease improvement	Shorter of the lease period or the useful life

Other equipment	2~5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:
(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

<u>Research and development costs</u>

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate:

i) The technical feasibility of completing the intangible asset so that it will be available for use or sale
ii) Its intention to complete and its ability to use or sell the asset
iii) How the asset will generate future economic benefits

iv) The availability of resources to complete the asset
v) The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 2 years).

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or companies of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or companies of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (company of units), then to the other assets of the unit (company of units) pro rata on the basis of the carrying amount of each asset in the unit (company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

<u>Provision for warranties</u>

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(16) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity.

(17) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

<u>Sale of goods</u>

The Company manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is high-end machinery and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts to the Company estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Company's sale of goods is from 30 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as Accounts receivables. These accounts receivable usually have a short period and do not have a significant financial component.

Rendering of services

The Company provides services of product development. These services are separately priced or negotiated, and are recognized as revenue when the performance obligations are met.

(18)Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19)Share-based payment transactions

The cost of equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities 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. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgements, estimates and assumptions

The preparation of the parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc. Please refer to Note 6 for more details.

(c) Revenue recognition – sales returns and allowance

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more details.

(d) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company company's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. As of

December 31, 2022, please refer to Note 6 for the explanation of the Company's unrecognized deferred income tax assets.

(e) Accounts receivables–estimation of impairment loss

The Company estimates the impairment loss of Accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(f) Inventories

Due to the rapid changes in technology and product demand, the Company assessed the inventory at the end of the reporting period due to normal wear and tear, obsolescence, or changes in market sales prices, and reduced inventory costs to net realizable value. The Company estimates the loss of obsolete inventories based on the product life cycle, historical experience, and subsequent inventory removal. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2022	2021
Cash on hand	$411	$480
Cash in banks	330,508	920,088
Time deposits	689,350	110,732
Cash equivalents–Bonds with repurchase agreements	737,220	-
Total	$1,757,489	$1,031,300

Cash and cash equivalents were not pledged.

(2) Financial assets measured at amortized cost

	As of December 31,	
	2022	2021
Time deposit–Current	$90,000	$860,000

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 6(13) for more details on loss allowance and Note 12 for more details on credit risk.

(3) Accounts receivable and Accounts receivable - related parties

	As of December 31,	
	2022	2021
Accounts receivable (total carrying amount)	$414,423	$829,315
Less: loss allowance	(4,329)	(8,689)
Subtotal	410,094	820,626
Accounts receivable-related parties (total carrying amount)	2,243,759	879,133
Less: loss allowance	-	-
Subtotal	2,243,759	879,133
Total	$2,653,853	$1,699,759

Accounts receivables were not pledged.

Accounts receivables are generally on 30-90 day terms. The total carrying amount as of December 31, 2022 and 2021 were $2,658,182 thousand and $1,708,448 thousand, respectively. Please refer to Note 6(13) for more details on loss allowance of accounts receivable for the years ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(4) Inventories

	As of December 31,	
	2022	2021
Raw materials	$18,916	$153,524
Work in progress	243,932	406,048
Finished goods	3,679	5,501
Merchandise	830,582	822,790
Total	$1,097,109	$1,387,863

For the years ended December 31, 2022 and 2021, the Company recognized $10,658,798 thousand and $10,820,676 thousand, respectively, in operating cost, including the reversal of inventories of $10,666 thousand and the write-down of inventories of $34,173 thousand, respectively. The benefit of falling prices is the sale of inventory commodities that have been listed as sluggish and falling prices.

No inventories were pledged.

(5) Investments accounted for using equity method

	As of December 31,			
	2022		2021	
Investees	Amount	Percentage of ownership (%)	Amount	Percentage of ownership (%)
Investments in subsidiaries:				
ASIAROCK TECHNOLOGY LIMITED	$3,714,463	100%	$3,599,438	100%
LEADER INSIGHT HOLDINGS LTD.	59,664	100%	102,306	100%
ASRock Rack Incorporation	501,788	59.68%	418,174	59.67%
ASRock Industrial Computer Corporation	591,297	64.46%	399,697	65.83%
Soaring Asia Limited	592	100%	533	100%
ASJade Technology Incorporation	172,490	82.50%	101,294	78.57%
Total	$5,040,294		$4,621,442	

The share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method as of December 31, 2022 and 2021 were $209,830 thousand and $328,996 thousand, respectively, based on the financial statements of the investee company audited by accountants during the same period.

Investments in subsidiaries

Investments in subsidiaries are expressed in parent company only financial statements as "Investments accounted for using equity method", and necessary evaluation adjustments are made.

The employee stock option plan was adopted by ASRock Industrial Computer Corporation on June 11, 2021, and the board of directors resolved to issue new shares, therefore the Company's shareholding ratio was reduced from 66.96% to 65.83% after the capital increase. Later the employee stock option plan was adopted on July 19, 2022, and the board of directors resolved to issue new shares. The shareholding ratio of the Company was reduced from 65.83% to 64.46% after the capital increase

The board of directors of ASRock Rack Incorporation resolved to cancel the company's treasury shares on April 22, 2021, which increased the Company's shareholding ratio from 62.05% to 62.43%. Later the board of directors resolved to issue employee stock option to raise capital on July 14, 2021, reducing the shareholding ratio of the Company from 62.43% to 59.66% after the capital increase. Furthermore, the stock dividends were issued on August

24, 2021 and July 26, 2022, and were transferred to capital. The shareholding ratio of the Company increased from 59.66% to 59.67%, then again to 59.68%.

The Company purchased 8,250 thousand shares of ASJade Technology Incorporation at $103,125 thousand on November 10, 2021. The Company's shareholding ratio was 78.57%. Later the Company increased investment of $113,438 thousand by purchasing 9,075 thousand shares, increasing the shareholding ratio from 78.57% to 82.5% after the capital increase.

(6) Property, plant and equipment

	Machinery equipment	Office equipment	Leasehold improvement	Other	Total
Cost:					
As of January 1, 2022	$25,790	$1,048	$12,731	$11,047	$50,616
Additional	22,607	1,193	7,045	24,437	55,282
Disposals	(362)	(21)	-	(1,696)	(2,079)
Reclassification	-	-	-	192,511	192,511
As of December 31, 2022	$48,035	$2,220	$19,776	$226,299	$296,330
As of January 1, 2021	$15,493	$210	$12,792	$8,354	$36,849
Additional	8,530	1,048	1,124	7,025	17,727
Disposals	(2,057)	(210)	(1,185)	(1,571)	(5,023)
Reclassification	3,824	-	-	(2,761)	1,063
As of December 31, 2021	$25,790	$1,048	$12,731	$11,047	$50,616
Depreciation and impairment loss:					
As of January 1, 2022	$10,117	$25	$4,877	$3,297	$18,316
Depreciation	7,207	645	3,185	24,891	35,928
Disposals	(188)	-	-	(1,696)	(1,884)
Reclassification	-	-	-	(927)	(927)
As of December 31, 2022	$17,136	$670	$8,062	$25,565	$51,433
As of January 1, 2021	$8,143	$210	$3,711	$3,380	$15,444
Depreciation	4,031	25	2,351	2,523	8,930
Disposals	(2,057)	(210)	(1,185)	(1,571)	(5,023)
Reclassification	-	-	-	(1,035)	(1,035)
As of December 31, 2021	$10,117	$25	$4,877	$3,297	$18,316
Net carrying amount as of:					
December 31, 2022	$30,899	$1,550	$11,714	$200,734	$244,897
December 31, 2021	$15,673	$1,023	$7,854	$7,750	$32,300

No Property, plant and equipment were pledged.

(7) Intangible assets

	Other
Cost:	$22,883
As of January 1, 2022	3,013
Addition-acquired separately	(19,448)
As of December 31, 2022	$6,448
As of January 1, 2021	$19,448
Addition-acquired separately	3,435
As of December 31, 2021	$22,883
Amortization and impairment:	$21,339
As of January 1, 2022	2,252
Amortization	(19,448)
As of December 31, 2022	$4,143
As of January 1, 2021	$18,878
Amortization	2,461
As of December 31, 2021	$21,339
Net carrying amount as of:	
December 31, 2022	$2,305
December 31, 2021	$1,544

Amortization expense of intangible assets under the statement of comprehensive income:

	For the years ended December 31,	
	2022	2021
Sales and marketing expenses	$37	$34
General and administrative expenses	$331	$317
Research and development expenses	$1,884	$2,110

The Company had held 1,002.44 units of Ether as of December 31, 2022, which were intangible assets acquired during the process of developing and testing the efficiency of new products and there were no foreseeable restriction during the expected net cash inflow period. They were therefore assessed to have indefinite useful lives, and were evaluated at $0 based on the cost method.

(8) Short-term Loans

		As of	
	InterestRates (%)	Dec. 31, 2022	Dec. 31, 2021
Unsecured bank loans	1.85%~1.94%	$625,000	$-

The Company's unused short-term lines of credits amount to $941,593 thousand, and $332,196 thousand, as of December 31, 2022 and 2021, respectively.

(9) Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were $16,785 thousand and $14,050 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute $132 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

As of December 31, 2022 and 2021, the Company's definite benefit plans are expected to expire in 2038 and 2037.

Pension costs recognized in profit or loss for the years ended December 31, 2022 and 2021:

	For the years ended December 31,	
	2022	2021
Current period service costs	$1,007	$934
Net interest of defined benefit liability (asset)	269	117
Total	$1,276	$1,051

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Defined benefit obligation	$45,087	$67,812	$63,017
Plan assets at fair value	(28,040)	(25,784)	(25,163)
Other non-current liabilities –	$17,047	$42,028	$37,854

Accrued net defined benefit liabilities recognized on the parent company only balance sheets			

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Net benefit liability (asset)
As of January 1, 2021	$63,017	$(25,163)	$37,854
Current period service costs	934	-	934
Net interest expense (income)	195	(78)	117
Subtotal	64,146	(25,241)	38,905
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	(1,603)	-	(1,603)
Actuarial gains and losses arising from changes in financial assumptions	(3,833)	-	(3,833)
Experience adjustments	9,102	-	9,102
Return on plan assets	-	(379)	(379)
Subtotal	3,666	(379)	3,287
Contributions by employer	-	(164)	(164)
As of December 31, 2021	67,812	(25,784)	42,028
Current period service costs	1,007	-	1,007
Net interest expense (income)	434	(165)	269
Subtotal	69,253	(25,949)	43,304
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	492	-	492
Actuarial gains and losses arising from changes in financial assumptions	(8,501)	-	(8,501)
Experience adjustments	(3,574)	-	(3,574)
Return on plan assets	-	(1,951)	(1,951)
Subtotal	(11,583)	(1,951)	(13,534)
Contributions by employer	-	(12,723)	(12,723)

	Defined benefit obligation	Fair value of plan assets	Net benefit liability (asset)
Payments from the plan	(12,583)	12,583	-
As of December 31, 2022	$45,087	$(28,040)	$17,047

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

	Pension plan (%)	
	As of December 31,	
	2022	2021
Cash	17.90%	15.25%
Equity instrument	49.88%	49.91%
Debt instrument	21.38%	23.11%
Others	10.84%	11.73%
Total	100.00%	100.00%

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2022	2021
Discount rate	1.75%	0.64%
Expected rate of salary increases	3.00%	3.00%

A sensitivity analysis for significant assumption as at December 31, 2022 and 2021 is, as shown below:

	For the years ended December 31,			
	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.5%	$-	$3,359	$-	$5,295
Discount rate decrease by 0.5%	3,666	-	5,797	-
Expected salary level increase by 0.5%	3,601	-	5,629	-
Expected salary level decrease by 0.5%	-	3,336	-	5,203

The sensitivity analyses above are based on a change in a significant assumption (for example, change in discount rate or expected salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(10) Equities

A. Common stock

The Company's authorized capital were both $1,500,000 thousand as of December 31, 2022 and 2021 (Both reserve $40,000 thousand of shares for employee stock options). The Company's issued capital were $1,219,930 thousand and $1,229,254 thousand as of December 31, 2022 and 2021, respectively, each at a par value of $10. The Company issued 121,993,029 and 122,925,429 common shares as of December 31, 2022 and 2021, respectively. Each share has one voting right and a right to receive dividends.

The Company issued 2,300 thousand shares of restricted stock awards, which was resolved at the shareholders' meeting held on August 20, 2022. The total number of new shares issued on October 28, 2022 was 2,283 thousand shares at a per value of $10, totaling $22,830 thousand.

B. Capital surplus

	As of December 31,	
	2022	2021
Additional paid-in capital	$3,127,994	$3,127,994
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired disposed of	335	335
Increase through changes in ownership interests in subsidiaries	7,818	10,012
Restricted stock to employees	116,760	194,010
Total	$3,252,907	$3,332,351

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury stock

The Company repurchased 932 thousand shares treasury stock of expired restricted employee stock in the amount of $9,324 thousand in October, 2022. The abovementioned treasury stocks were canceled upon resolution of the board meeting held on November 2, 2022. The base date of capital reduction was set on November 14, 2022. The process of statutory change registration has been completed.

The Company repurchased 1,200 shares treasury stock of expired restricted employee stock in the amount of $12 thousand in November, 2022. The abovementioned treasury stocks have not been canceled upon resolution of the board of meeting as of December 31, 2022.

D. Retained earnings and dividend policies

According to the Company’s Articles of Incorporation, current year’s earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;
b. Offset prior years’ operation losses;
c. Set aside 10% of the remaining amount as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders’ meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, dividend appropriateness and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and the Company held a general meeting of shareholders on June 12, 2019 and passed a resolution to amend the company’s articles of association, stating that if all or part of the dividends and bonuses are distributed in cash, the Board of Directors is authorized to make two-thirds The above-mentioned directors attend, and after more than half of the attending directors agree, and report to the shareholders' meeting; the share dividends must be submitted to the shareholders' meeting for resolution of distribution. The Company's Articles of Incorporation further provide that at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless such legal reserve amounts have reached to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved by the board of directors' meeting and shareholders' meeting on March 7, 2023 and May 25, 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share ($)	
	2022	2021	2022	2021
Legal reserve	$108,921	$237,843		
Special reserve	(416,413)	109,101		
Common stock - cash dividend (Note)	975,935	1,598,031	$8.00	$13.00

Note: The Company's board of directors were authorized by the Articles of Incorporation and passed the 2022 and 2021 proposal of common stock cash dividend issuance by special resolution on March 7, 2023 and February 23, 2022, respectively.

Please refer to Note 6(15) for details on employees' compensation and remuneration to directors and supervisors.

(11) Share-based payment plans

Certain employees of the Company are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

(a) Restricted stock plan for employee of the Company

The Company issued 2,300 thousand shares of restricted stock awards, which was resolved at the shareholders' meeting held on August 20, 2021. The grantees are limited to full-time employees of the Company who meet specific requirements. The Company has already filed with the Securities and Futures Bureau of the FSC for approval of the issuance and was approved. The total number of new shares issued on October 28, 2021 was 2,238 thousand shares. The stock price on the grant date was $145 per share.

Employees who have been granted the above-mentioned restricted stock awards can subscribe to the shares for $10 with vesting conditions as follows:

I. The company's performance
1. If EPS in the previous year is better than $10, the overall weight will be 100%.
2. If EPS in the previous year is between $7.5 and $10, the overall weight will be 50%.
3. If EPS in the previous year is below $7.5, the overall weight will be 0%.

II. Personal performance
1. If the mid-year assessment is better than A (include A), the personal weight will be 100%.
2. If the mid-year assessment is between B+ to A (excluding A), the personal will be weight 80%.
3. If the mid-year assessment is between B to B+ (excluding B+), the personal will be weight 60%
4. If the mid-year assessment is C, the personal weight will be 0%

III. Employees who have been granted the above-mentioned restricted stock awards and have continued to serve in the company for one year from the grant date, and have not violated any laws, articles of incorporation, business ethics and code of conduct and other relevant regulations and agreements during their employment, can receive 40% of the vested shares multiplied by overall weight and personal weight.

IV. Employees who have been granted the above-mentioned restricted stock awards and have continued to serve in the company for two years from the grant date, and have not violated any laws, articles of incorporation, business ethics and code of conduct and other relevant regulations and agreements during their employment, can receive 30% of the vested shares multiplied by overall weight and personal weight.

V. Employees who have been granted the above-mentioned restricted stock awards and have continued to serve in the company for three years from the grant date, and have not violated any laws, articles of incorporation, business ethics and code of conduct and other relevant regulations and agreements during their employment, can receive 30% of the vested shares multiplied by overall weight and personal weight.

The vested new restricted stock awards shall be entrusted and may not be sold, pledged, transferred, gifted to others, created lien or otherwise disposed of in any other manner before the vested conditions are met. According to the parent company's new share issuance measures for restricted stock awards, after the new shares with restricted stock awards are issued, except for the restricted stock awards that are delivered to a trust and those that do not meet the vested conditions under the parent company's issuance measures, the rights of the other restricted stock are the same as the common shares issued by the Company.

The detailed information of the above restricted stock awards are as follows:

	Restricted stock to employee			
Vested period	Year 1	Year 2	Year 3	Total
Original number of shares	913,200	684,900	684,900	2,283,000
Operating performance issue ratio	100.00%	98.37%	90.79%	
Estimated turnover rate	0.02%	8.82%	17.73%	
Qualified rate of performance	0.00%	76.92%	76.92%	
Vested shares	0	471,908	392,984	864,892
Embedded value	$145	$145	$145	
Labor cost	$0	$63,707	$53,053	$116,760

The new shares issued by the Company that restrict the rights of employees cannot be transferred within three years of the vesting period, but they still have the right to vote and distribute dividends. If an employee who has been allocated the restricted employee rights new shares resigns during the vesting period, he must return the restricted employee rights stock and the dividends already obtained.

(b) Modification or cancellation of the share-based payment plan for employees

No modification or cancellation of share-based payment plan has occurred in the year ended December 31, 2022.

(c) The expense recognized for employee services received during the years ended December 31, 2022 and 2021, is shown in the following table:

	For the years ended December 31,	
	2022	2021
Expense arising from share-based payment transaction (All of arising from equity-settled share-based payment transaction)(Note)	$37,015	$39,231

Note: The board of directors of the subsidiary company ASRock Rack Incorporation resolved to issue shares of restricted stock awards on May 29, 2020. The grantees are limited to full-time employees of the Company and ASRock Rack Incorporation. The Company recognized an expense of $24 and $55 thousand for the above-mentioned share basic payment transaction in 2022 and 2021.

(12) Operating revenue

The Company's revenue from contracts with customers in 2022 and 2021:

A. Disaggregation of revenue

	For the years ended December 31,	
	2022	2021
Revenue from contracts with customers		
Sale of goods	$12,731,569	$14,510,756
Revenue arising from rendering services	22,246	24,497
Total	$12,753,815	$14,535,253

B. The Company's revenue from contracts with customers is recognized at certain points in time.

(13) Expected credit (gains) losses

	For the years ended December 31,	
	2022	2021
Operating expenses – expected credit (gains) losses		
Accounts receivables	$ (2,728)	$3,688

Please refer to Note 12 for more details on credit risk.

The credit risk for the Company's financial assets measured at amortized cost are assessed as low as of December 31, 2022 and 2021 (The same as the assessment result of January 1, 2021). Since the transaction counterparties of the Company are all financial institutions such as banks with good credit, all of them are calculated based on the expected credit loss rate of 0% and the allowance loss amount is $0.

The Company measures the loss allowance of its trade receivables (including accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2022 and 2021 are as follows:

The Company considers the Companying of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follows:

As of December 31, 2022

		Overdue					
	Not yet due	Under 30 days	31~ 60days	61~ 90days	91~ 120days	Over 121 days	Total
Gross carrying amount	$1,852,526	$535,248	$270,020	$201	$-	$187	$2,658,182
Loss ratio	0.19%	0.10%	0.00%	1.00%	0.00%	100%	
Lifetime expected credit	3,600	540	-	2	-	187	4,329

losses							
Net carrying amount	$1,848,926	$534,708	$270,020	$199	$-	$-	$2,653,853

As of December 31, 2021

		Overdue					
	Not yet due	Under 30 days	31~ 60days	61~ 90days	91~ 120days	Over 121 days	Total
Gross carrying amount	$1,563,820	$34,892	$10,221	$7,855	$7,254	$84,406	$1,708,448
Loss ratio	0.44%	0.69%	0.10%	0.00%	0.00%	1.86%	
Lifetime expected credit losses	6,871	242	10	-	-	1,566	8,689
Net carrying amount	$1,556,949	$34,650	$10,211	$7,855	$7,254	$82,840	$1,699,759

The movement in the provision for impairment of trade receivables during the years ended December 31, 2022 and 2021 is as follows:

	Accounts receivables
As of January 1, 2022	$8,689
Addition/(reversal) for the current period	(2,728)
Write off	(1,632)
As of December 31, 2022	$4,329

	Accounts receivables
As of January 1, 2021	$5,001
Addition/(reversal) for the current period	3,688
Write off	-
As of December 31, 2021	$8,689

(14) Leases

Company as a lessee

The Company leases various properties, including real estate such as land and buildings, and parking space. The lease terms range from 1 to 5 years. The Company is not subject to any special restrictions.

The Company’s leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2022	2021
Buildings	$22,877	$30,010

During the years ended December 31, 2022 and 2021, the Company’s additions to right-of-use assets amounting to $9,383 thousand and $14,734, respectively.

(b) Lease liabilities

	As of December 31,	
	2022	2021
Lease liabilities	$23,055	$30,145
Current	$9,998	$15,322
Non-current	$13,057	$14,823

Please refer to Note 6(16)D. for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2022	2021
Buildings	$16,516	$15,395

C. Income and costs relating to leasing activities

	For the years ended December 31,	
	2022	2021

The expenses relating to variable lease payments not included in the measurement of lease liabilities	$13,035	$11,248

D. Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Company's total cash outflows for leases amounting to $29,727 thousand and $26,970 thousand, respectively.

(15) Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the years ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$-	$634,118	$634,118	$-	$848,590	$848,590
Labor and health insurance	-	37,823	37,823	-	33,538	33,538
Pension	-	18,061	18,061	-	15,101	15,101
Remuneration to directors	-	9,579	9,579	-	23,795	23,795
Other employee benefits expense	-	21,839	21,839	-	22,075	22,075
Depreciation expense	-	52,444	52,444	-	24,325	24,325
Amortization expense	-	2,252	2,252	-	2,461	2,461

i. The Company's average number of employees on December 31, 2022 and 2021, were 325 and 320 people, respectively, of which 6 people were directors, who were not concurrently employees.

ii. The Cost of average employee benefits on December 31, 2022 and 2021, amounting to $2,231 thousand and $2,928 thousand, respectively. The Cost of average employee salaries on December 31, 2022 and 2021, amounting to $1,988 thousand and $2,703 thousand, respectively. The average adjustment of employee salaries is (26.46)%.

iii. In accordance with the Securities and Exchange Act, the Company established the Audit

Committee to replace the supervisors. Therefore the supervisors' remuneration were $0 on December 31, 2022 and 2021.

iv. The Company has set up a remuneration committee to determine the performance evaluation and remuneration of directors, supervisors and managers, and regularly evaluate the remuneration of directors, supervisors and managers based on principles such as peer standards and company operating performance. Directors' remuneration is mainly based on the company's articles of association, based on the net profit before tax deducting director's remuneration and employee remuneration, and no more than 1% is allocated as directors' remuneration. The company's overall operating results and the degree of participation by each director in the company's operations are considered Reasonable remuneration. The remuneration of managers and employees includes a regular monthly salary (including principal salary and food allowance, etc.) based on personal academic experience, professional technical ability, and professional years of experience. In addition, it is based on company operating performance, personal seniority and performance. After consideration, relevant year-end bonuses, cash bonuses and performance bonuses will be issued.

According to the Articles of Incorporation, 5% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a board meeting attended by two-thirds of the total number of directors, have the profit distributed as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. If the Board of Directors subsequently modifies the estimates significantly, the Company will recognize the change as an adjustment in the profit or loss in the subsequent period. Estimated employee remuneration and directors' remuneration are recognized as expenses in the current year. If there is a significant change in the amount determined by the board meeting resolution in the following year, it will be treated according to the changes in accounting estimates and the profit and loss of the following year will be adjusted. Information on the board meeting resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 to be 7.610% of profit of the current year and 0.761% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors for the year ended December 31, 2022 amounted to $95,787 thousand and $9,579 thousand, respectively and recognized as salaries expense. A resolution was passed at the board meeting held on March 7, 2023 to distribute $95,787 thousand and $9,579 thousand in cash as employees' compensation and remuneration to directors of 2022, respectively.

A resolution was passed at the board meeting held on February 23, 2022 to distribute $237,954 thousand and $23,795 thousand in cash as employees' compensation and remuneration to directors of 2021, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2021.

A resolution was passed at the board meeting held on Fubuaray 24, 2021 to distribute $129,435 thousand and $12,944 thousand in cash as employees' compensation and remuneration to directors of 2020, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2020.

(16) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2022	2021
Interest income		
Financial assets measured at amortized cost	$13,321	$8,503

B. Other income

	For the years ended December 31,

	2022	2021
Other income - others	$66,779	$111,510

C. Other gains and losses

	For the years ended December 31,	
	2022	2021
Gains on disposal of property, plant and equipment	$-	$20
Foreign exchange gains (losses), net	136,042	(41,279)
Other expenses - others	(9)	-
Total	$136,033	$(41,259)

D. Finance costs

	For the years ended December 31,	
	2022	2021
Interest on bank loans	$10,208	$-
Interest on lease liabilities	219	235
Total	$10,427	$235

(17) Components of other comprehensive income

For the year ended December 31, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$13,534	$-	$13,534	$(2,707)	$10,827
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity	416,413	-	416,413	-	416,413

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
method					
Total	$429,947	$-	$429,947	$(2,707)	$427,240

For the year ended December 31, 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$(3,287)	$-	$(3,287)	$657	$(2,630)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(109,101)	-	(109,101)	-	(109,101)
Total	$(112,388)	$-	$(112,388)	$657	$(111,731)

(18) Income tax

The major components of income tax expense for the years ended December 31, 2022 and 2021 are as follows:

Income tax expense recognized in profit or loss

	For the years ended December 31,	
	2022	2021
Current income tax expense (income):		

Current income tax charge	$228,860	$488,138
Adjustments in respect of current income tax of prior periods	(86,958)	(102)
Deferred tax expense:		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(54,815)	(3,982)
Total income tax expense	$87,087	$484,054

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2022	2021
Deferred tax expense:		
Profit or losses of defined benefits plan	$2,707	$(657)
Income tax relating to components of other comprehensive income	$2,707	$(657)

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2022	2021
Accounting profit before tax from continuing operations	$1,153,331	$2,856,114
Tax at the domestic rates applicable to profits in the country concerned	230,666	$573,023
Tax effect of revenues exempt from taxation	(41,966)	(65,799)
Tax effect of expenses not deductible for tax purposes	12	-
Income tax impact of research and development deduction	(37,004)	(26,745)
Corporate income surtax on undistributed retained earnings	21,673	3,126

	For the years ended December 31,	
	2022	2021
Adjustments in respect of current income tax of prior periods	(86,958)	(102)
Others	664	551
Total income tax expense recognized in profit or loss	$87,087	$484,054

Deferred tax assets (liabilities) relating to the following:

For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized gains on foreign exchange	$1,638	$294	$-	$-	$1,932
Unrealized intracompany profits and losses	21,766	58,944	-	-	80,710
Inventory valuation and obsolescence loss	15,009	(2,134)	-	-	12,875
Net defined benefit liabilities-non current	8,405	(2,289)	(2,707)	-	3,409
Other payables (non-leave bonus, etc.)	867	-	-	-	867
Deferred tax income/(expense)		$54,815	$ (2,707)	$-	
Net deferred tax assets	$47,685				$99,793
Reflected in balance sheet as follows:					
Deferred tax assets	$47,685				$99,793
Deferred tax liabilities	$-				$-

For the year ended December 31, 2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized gains (losses) on foreign exchange	$(228)	$1,866	$-	$-	$1,638
Unrealized intracompany profits and losses	26,662	(4,896)	-	-	21,766
Inventory valuation and obsolescence loss	8,174	6,835	-	-	15,009
Net defined benefit liabilities-non current	7,571	177	657	-	8,405
Other payables (non-leave bonus, etc.)	867	-	-	-	867
Deferred tax income		$3,982	$657	$-	
Net deferred tax assets	$43,046				$47,685
Reflected in balance sheet as follows:					
Deferred tax assets	$43,274				$47,685
Deferred tax liabilities	$(228)				$-

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Company's overseas subsidiaries, as the Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As of December 31, 2022 and 2021, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to $2,953,014 thousand and $2,970,228 thousand, respectively.

The assessment of income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns	Notes
The Company	Assessed and approved up to 2020	None

(19) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2022	2021
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand $)	$1,066,244	$2,381,060
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	122,648	121,049
Basic earnings per share ($)	$8.69	$19.67

	For the years ended December 31,	
	2022	2021
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand $)	$1,066,244	$2,381,060
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	122,648	121,049
Effect of dilution:		
Employee compensation－stock (in thousands)	674	846
Weighted average number of ordinary shares outstanding after dilution (in thousands)	123,322	121,895
Diluted earnings per share ($)	$8.65	$19.53

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
PEGATRON Corporation	The parent company
ASIAROCK TECHNOLOGY LIMITED	The Company’s subsidiary
ASRock Europe B.V.	The Company’s subsidiary
ASRock America, Inc.	The Company’s subsidiary
ASRock Rack Incorporation	The Company’s subsidiary
ASRock Industrial Computer Corporation	The Company’s subsidiary
ASJade Technology Incorporation	The Company’s subsidiary
AS FLY TRAVEL SERVICE CO.	Substantive related party

Significant transactions with the related parties

(a) Sales

	For the years ended December 31,	
	2022	2021
Subsidiaries		
ASRock America, Inc.	$4,206,122	$3,731,808
ASRock Europe B.V.	2,423,551	3,896,085
ASIAROCK TECHNOLOGY LIMITED	185,414	95,170
Others	2,354	66,801
Total	$6,817,441	$7,789,864

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection period for related parties sales was O/A 45~90 days. The collection period for non-related parties sales were TT or 30~90 days . The outstanding balance at December 31, 2022 and 2021 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

(b) Purchases

	For the years ended December 31,	
	2022	2021
Parent Company	$-	$8
Subsidiaries		
ASIAROCK TECHNOLOGY LIMITED	10,419,821	10,335,480
Others	18,302	41,891
Total	$10,438,123	$10,377,379

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers and are TT or 30~90 days.

(c) Accounts receivable - related parties

	As of December 31,	
	2022	2021
Subsidiaries		
ASRock America, Inc.	$2,011,561	$767,816
Others	232,198	111,317
Total	$2,243,759	$879,133

(d) Prepayments

	As of December 31,	
	2022	2021
Parent Company	$891	$1,520
Subsidiaries		
ASIAROCK TECHNOLOGY LIMITED	-	733,600
Total	$891	$735,120

(e) Other current assets

	As of December 31,	
	2022	2021
Subsidiaries		
ASRock Rack Incorporation	$25,527	$14,882
Others	1,222	18,137
Total	$26,749	$33,019

(f) Accounts payable - related parties

	As of December 31,	
	2022	2021
Subsidiaries		
ASIAROCK TECHNOLOGY LIMITED	$985,859	$490,723
Others	621	37,247
Total	$986,480	$527,970

(g) Other payables

	As of December 31,	
	2022	2021
Parent Company	$1,187	$26,888
Subsidiaries		
ASRock America, Inc.	1,243	29
ASIAROCK TECHNOLOGY LIMITED	861	926
ASRock Industrial Computer Corporation	384	2,776
Others	-	242
Total	$3,675	$30,861

(h) Other current liabilities

	As of December 31,	
	2022	2021
Parent Company	$3	$3
Subsidiaries		
ASIAROCK TECHNOLOGY LIMITED	175,118	37,875
ASRock America, Inc.	230,137	81,727
Total	$405,258	$119,605

(i) Operating expenses

	For the years ended December 31,	
	2022	2021
Parent Company	$4,294	$3,770
Subsidiaries		
ASRock Europe B.V.	1,081	490
Others	-	354
Other related parties	79	3
Total	$5,454	$4,617

(j) Manufacturing overhead

	For the years ended December 31,	
	2022	2021
Parent Company	$5	$32,714

(k) Other revenue

	For the years ended December 31,	
	2022	2021
Parent Company	$1,000	$-
Subsidiaries		
ASRock Rack Incorporation	48,460	48,000
ASIAROCK TECHNOLOGY LIMITED	13,267	-
Others	1,119	35,087
Total	$63,846	$83,087

(l) Property transaction

Acquisition of intangible assets:

	Asset Name	For the years ended December 31, 2022	2021
Parent Company	Computer software	$667	$743

The Company's purchase price of computer software from the parent company was negotiated by both parties with reference to the market price.

Sale of fixed assets:

For the year ended December 31, 2022:

Related Parties	Asset Name	Sale Price	Gain(Loss) of Disposal
Subsidiaries	Machinery equipment	$174	$-

For the year ended December 31, 2021:

None.

(m) Key management personnel compensation

	For the years ended December 31, 2022	2021
Short-term employee benefits	$68,614	$107,084
Post-employment benefits	885	676
Share-based payment	4,135	6,775
Total	$73,635	$114,535

8. Assets pledged as security

None.

9. Significant contingencies and unrecognized contractual commitments

As of December 31, 2022, the Company recorded customs duties of $10,000 thousand.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Other

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2022	2021
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	$1,757,078	$1,030,820
Financial assets measured at amortized cost	90,000	860,000
Trade receivables	2,653,853	1,699,759
Other receivables	172,616	39,976
Total	$4,673,547	$3,630,555

Financial liabilities

	As of December 31,	
	2022	2021
Financial liabilities measured at amortized cost:		
Short-term loans	$625,000	$-
Accounts payables	1,042,708	600,357
Lease liabilities	23,055	30,145
Other payables	416,524	691,173
Total	$2,107,287	$1,321,675

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against foreign currency USD by 1%, the profit for the years ended December 31, 2022 and 2021 is decreased/increased by $31,722 thousand and $16,222 thousand, respectively, the equity is decreased/increased by $41,655 thousand and $38,186 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash in banks and time deposit at variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. At the reporting date, a change of 25 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2022 and 2021 to decrease /increase by $325 thousand and $4,449 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss.

The Company is exposed to credit risk from operating activities (primarily for accounts and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2022 and 2021, trade receivables from top ten customers represent 91.82% and 79.53% of the total trade receivables of the Company, respectively. The credit concentration risk of other trade receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. The Company measures the loss allowance of its trade receivables at an amount equal to life time expected credit losses, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery. (the issuer or the debtor is in financial difficulties or bankruptcy)

When the credit risk on debt instrument investment has increased, the Company will dispose that investment in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (available without undue cost and effort) is mainly based on the macroeconomic information and the credit loss ratio is further adjusted if there is significant impact from forward-looking information.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2022					
Short-term loans	$627,092	$-	$-	$-	$627,092
Accounts payables	1,042,708	-	-	-	1,042,708
Lease liabilities	10,167	10,359	2,831	-	23,357
Other payables	416,524	-	-	-	416,524
As of December 31, 2021					
Accounts payables	$600,357	$-	$-	$-	$600,357
Lease liabilities	15,505	8,813	6,229	-	30,547
Other payables	691,173	-	-	-	691,173

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term loans	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	$-	$30,145	$30,145
Cash flows	625,000	(16,692)	608,308
Non-cash change	-	9,602	9,602
As of December 31, 2022	$625,000	$23,055	$648,055

Reconciliation of liabilities for the year ended December 31, 2021:

	Lease liabilities	Total liabilities from financing activities
As of January 1, 2021	$30,905	$30,905
Cash flows	(15,722)	(15,722)
Non-cash change	14,962	14,962
As of December 31, 2021	$30,145	$30,145

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

(8) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2022		
	Foreign currencies (thousands)	Foreign exchange rate	NTD (thousands)
Financial assets			
Monetary items:			
USD	$138,622	30.7175	$4,258,121
Financial liabilities			
Monetary items:			
USD	35,351	30.7175	1,085,894

	As of December 31, 2021		
	Foreign currencies (thousands)	Foreign exchange rate	NTD (thousands)
Financial assets			
Monetary items:			
USD	$81,086	27.6830	$2,244,704
Financial liabilities			
Monetary items:			
USD	22,488	27.6830	622,535

Since there were various functional currencies used within the subsidiaries of the Company, the Company was unable to disclose foreign exchange gains or losses towards each foreign currency with significant impact. The realized and unrealized foreign exchange profit (losses) was $136,042 thousand and $(41,279) thousand for the years ended December 31, 2022 and 2021, respectively.

(9) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. <u>Other disclosure</u>

(1) Information at significant transactions

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: Please refer to Attachment 1.

C. Securities held at the end of the period: None.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 million or 20 percent of the capital stock: None.

E. Acquisition of individual real estate with amount exceeding the lower of $300 million or 20 percent of the capital stock: None.

F. Disposal of individual real estate with amount exceeding the lower of $300 million or 20 percent of the capital stock: None.

G. Related party transactions for purchases and sales amounts exceeding the lower of $100 million or 20 percent of the capital stock: Please refer to Attachment 2.

H. Receivables from related parties with amounts exceeding the lower of $100 million or 20 percent of capital stock: Please refer to Attachment 3.

I. Financial instruments and derivative transactions: None.

J. Others: Business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and accounts of any significant transactions between term: Please refer to Attachment 4.

(2) Information on investees

Of the investee company directly or indirectly has significant influence or control over, their investee companies' information: Please refer to Attachment 5.

(3) Investment in Mainland China:

None.

(4) Information of major shareholder:

Shares / Name of major shareholder	Number of shares held (shares)	Shareholding ratio (%)
ASUS INVESTMENT CO., LTD.	57,217,754	46.90 %
ASUSTEK INVESTMENT CO., LTD.	7,453,405	6.10 %
HONGHUNG INVESTMENT LIMITED	6,526,897	5.35 %

ATTACHMENT 1 Endorsement/Guarantee provided to others

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified) (Unit : thousands of NTD)

No (Note1)	Endorsememts/Guaraniees Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amounts of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed(Note4)	Endorsement Provided by Parent Company to Subsidiaries	Endorsement Provided by Subsidiaries to Parent Company	Endorsement Provided to entities in China
		Name	Nature of Relationship (Note2)										
0	ASRock Incorporation	ASIAROCK TECHNOLOGY LTD.	(2)	$5,734,635	$2,577,280	$2,457,400	$ 1,843,050	$-	30.00%	$5,734,635	Y	N	N

Note 1 : The numbers filled in for the endorsements/guarantees provided by the group or subsidiaries are as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded starting from "1"in the order.

Note 2 : The following code represents the relationship with the company:

(1) A company with which it does business.

(2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.

(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantces for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3 : The amount of endorsements/guarantees for any single entity 100% holding company of shall not exceed 70% of net worth of endorsor/guarantor.

Note 4 : The amount of endorsements/guarantees collateralized by properties shall not exceed 70% of net worth of endorsor/guarantor.

Note 5 : If the original currency amount in the above is foreign currency, it is converted into New Taiwan Dollars in December 31, 2022 financial report exchange rate, and the spot exchange rate of December 31, 2022 is USD/NTD 30.7175.

ATTACHMENT 2 Related Party Transactions for Purchases and Sales amounts exceeding the lower of $100 million or 20 percent of the Capital Stock

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified) (Unit : thousands of NTD)

Purchases/Sales Company Name	Counter-Party	Relationship (Note4)	Transactions Details				Details of Non-arm's Length Transactions (Note1)		Notes and Accounts Receivable (Payable)		Remark (Note2)
			Purchases /(Sales)	Amount	Percentage of Total Purchases (Sales)	Terms	Unit Price	Terms	Balance	Percentage of Total Receivable (Payable)	
ASRock Incorporation	ASRock Europe B.V.	1	(Sales)	$(2,423,551)	(19.00%)	45 days	Same as other clients	Same as other clients	$55,939	2.10%	
〃	ASRock America, Inc.	1	(Sales)	(4,206,122)	(32.98%)	90 days	Same as other clients	Same as other clients	2,011,561	75.67%	
〃	ASIAROCK TECHNOLOGY LIMITED	1	(Sales)	(185,414)	(1.45%)	90 days	Same as other clients	Same as other clients	176,151	6.63%	
ASIAROCK TECHNOLOGY LIMITED.	ASRock Incorporation	2	(Sales)	(10,434,158)	(73.36%)	90 days	Same as other clients	Same as other clients	1,031,901	53.47%	
〃	ASRock Rack Incorporation	3	(Sales)	(1,481,506)	(10.42%)	60 days	Same as other clients	Same as other clients	393,806	20.40%	
〃	ASRock Industrial Computer Corporation	3	(Sales)	(1,004,059)	(7.06%)	60 days	Same as other clients	Same as other clients	247,181	12.81%	
ASRock Rack Incorporation	ASRock Europe B.V.	3	(Sales)	(142,287)	(4.44%)	60 days	Same as other clients	Same as other clients	6,292	1.57%	
〃	ASRock America, Inc.	3	(Sales)	(290,960)	(9.08%)	90 days	Same as other clients	Same as other clients	105,035	26.26%	

Note 1: If the related party's transaction terms are different from the general transaction terms, the unit price and credit period column should state the difference and the reason.

Note 2: If there is any receipt (payment) in advance, the reason, contractual terms, amount, and differences from the general transaction type should be stated in the remarks column.

Note 3: The paid-in capital shall refer to the paid-in capital of the parent company. If securities issuers issued no-par value stocks or stocks with par value that are not TWD10 per share, the criteria shall be 10% of the amount attributable to parent company's equity.

Note 4: The following lists the three types of intercompany transactions (any transaction between parent company and subsidiary or between subsidiaries is disclosed as one transaction by either transaction counterparty.)

(1) Transactions from parent company to subsidiary is "1".

(2) Transactions from subsidiary to parent company is "2".

(3) Transactions between subsidiaries is "3".

ATTACHMENT 3 Receivables from Related Parties with amounts exceeding the lower of $100 million or 20 percent of Capital Stock

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified) (Unit : thousands of NTD)

Company	Counter-Party	Relationship (Note3)	Ending Balance (Note1)	Turnover	Overdue Receivables		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Collection		
ASRock Incorporation	ASRock America, Inc.	1	$2,011,561	3.03	$-	-	$107,489	-
〃	ASIAROCK TECHNOLOGY LIMITED	1	176,151	1.66	-	-	-	-
ASIAROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	1,031,901	13.25	-	-	-	-
〃	ASRock Rack Incorporation	3	393,806	5.97	-	-	-	-
〃	ASRock Industrial Computer Corporation	3	247,181	5.79	-	-	39,376	-
ASRock Rack Incorporation	ASRock America, Inc.	3	105,035	2.57	-	-	-	-

Note 1: Please fill in separately according to accounts receivable, bills, other receivables, etc.

Note 2: The paid-in capital shall refer to the paid-in capital of the parent company. If securities issuers issued no-par value stocks or stocks with par value that are not TWD10 per share, the criteria shall be 10% of the amount attributable to parent company's equity.

Note 3: The following lists the three types of intercompany transactions (any transaction between parent company and subsidiary or between subsidiaries is disclosed as one transaction by either transaction counterparty)

(1) Transactions from parent company to subsidiary is "1".

(2) Transactions from subsidiary to parent company is "2".

(3) Transactions between subsidiaries is "3".

ATTACHMENT 4 Business Relationship between the Parent and the Subsidiaries and between each Subsidiary, and the circumstances and accounts of any significant transactions between term

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified) (Unit : thousands of NTD)

No. (Note1)	Company	Counter-Party	Relationship (Note2)	Transaction Details			
				Account	Amount (Note4)	Terms	Percentage of consolidated total operating revenues or total assets(Note3)
0	ASRock Incorporation	ASRock Europe B.V.	1	Sales	$2,423,551	Same as other clients	14.16%
				Accounts receivable	55,939	45 days	0.38%
〃	〃	ASRock America, Inc.	1	Sales	4,206,122	Same as other clients	24.57%
				Accounts receivable	2,011,561	90 days	13.62%
〃	〃	ASIAROCK TECHNOLOGY LIMITED	1	Sales	185,414	Same as other clients	1.08%
				Accounts receivable	176,151	90 days	1.19%
1	ASIAROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	Sales	10,434,158	Same as other clients	60.94%
				Accounts receivable	1,031,901	90 days	6.99%
〃	〃	ASRock Rack Incorporation	3	Sales	1,481,506	Same as other clients	8.65%
				Accounts receivable	393,806	60 days	2.67%
〃	〃	ASRock Industrial Computer Corporation	3	Sales	1,004,059	Same as other clients	5.86%
				Accounts receivable	247,181	60 days	1.67%
2	ASRock Rack Incorporation	ASRock Europe B.V.	3	Sales	142,287	Same as other clients	0.83%
				Accounts receivable	6,292	60 days	0.04%
〃	〃	ASRock America, Inc.	3	Sales	290,960	Same as other clients	1.70%
				Accounts receivable	105,035	90 days	0.71%

Note 1: The Company and its subsidiaries are coded as follows:
1.The Company is coded "0".
2.Subsidiaries are coded consecutively starting from "1" in the order presented in the table above.

Note 2: The following lists the three types of intercompany transactions (any transaction between parent company and subsidiary or between subsidiaries is disclosed as one transaction by either transaction counterparty.)
(1) Transactions from parent company to subsidiary is "1".
(2) Transactions from subsidiary to parent company is "2".
(3) Transactions between subsidiaries is "3".

Note 3: The percentage is determined by the ratio of the transaction amount to the consolidated revenues or the total assets. Items on the balance sheet are calculated by the ending balance to total consolidated assets; items on the income statement are calculated by their midterm cumulative balance to the total consolidated income.

Note 4: The disclosure of significant intercompany transactions in this attachment is determined by the company based on the materiality.

ATTACHMENT 5 Information on Investees

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified) (Unit : thousands of NTD/dollor of USD)

Investor company (Note 2(1))	Investee company (Note1,2(1))	Location (Note 2(1))	Main business item (Note 2(1))	Initial Investment(Note 2(1))		Investment as of December 31, 2022(Note 2(1))			Investee company	Net	Remark
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value	Net income(loss) of investee company (Note2(2))	Investment income (loss) recognized (Note2(3))	
ASRock Incorporation	ASRock Rack Incorporation	Taiwan	Manufacture and sale of computers and peripheral	$390,240	$390,240	30,884,308	59.68%	$501,788	$137,524	$82,068	
〃	ASIAROCK TECHNOLOGY LIMITED	British Virgin Islands	Investment holding	1,320,886	1,320,886	40,000,000	100.00%	3,714,463	(17,215)	2,928	
〃	LEADER INSIGHT HOLDINGS LTD.	British Virgin Islands	Investment holding	71,559	71,559	2,100,000	100.00%	59,664	(52,186)	(52,186)	
〃	ASRock Industrial Computer Corporation	Taiwan	Manufacture and sale of computers and peripheral	239,683	239,683	31,064,410	64.46%	591,297	334,996	218,819	
〃	ASJade Technology Incorporation	Taiwan	Software Services	216,563	103,125	17,325,000	82.50%	172,490	(52,876)	(41,800)	
〃	Soaring Asia Limited	Hong Kong.	International trade	592	592	150,000	100.00%	592	1	1	
	Total									209,830	
ASIAROCK TECHNOLOGY LIMITED	ASRock Europe B.V.	Netherlands	Data storage and sales of electronic materials and international trade	USD 194,000	USD 194,000	200,000	100.00%	USD 24,034,384	(USD 75,596)	(USD 75,596)	
〃	Calrock Holdings, LLC	USA	Rent office building	USD 2,000,000	USD 2,000,000	2,000,000	100.00%	USD 2,115,328	(USD 37,999)	(USD 37,999)	
〃	Orbweb Inc. (BVI)	British Virgin Islands	Computer equipment installation and peripheral equipment wholesale and service	USD 1,000,000	USD 1,000,000	4,000,000	27.59%	USD 0	(USD 54,771)	-	
LEADER INSIGHT HOLDINGS LTD.	FIRSTPLACE INTERNATIONAL LTD.	British Virgin Islands	Investment holding	USD 2,050,000	USD 2,050,000	2,050,000	100.00%	USD 1,940,802	(USD 1,753,278)	(USD 1,753,278)	
FIRSTPLACE INTERNATIONAL LTD.	ASRock America, Inc.	USA	Data storage and sales of electronic materials and international trade	USD 2,000,000	USD 2,000,000	2,000,000	100.00%	USD 1,907,138	(USD 1,753,398)	(USD 1,753,398)	

Note 1: If a public offering company has a foreign holding company and uses consolidation as the main financial statement in accordance with local laws and regulations,the disclosure of information about the foreign invested company may only disclose relevant information to the holding company.

Note 2: If it is not in the case described in Note 1, fill in according to the following regulations:

(1)The “name of the investee company”, “location”, “main business item”, “original investment amount” and “end-of-term shareholding situation” should be based on the company’s reinvestment status and fill in the reinvestment situation of each investedcompany directly or indirectly controlled in order, and indicate the relationship between each invested company and the (public offering) company (if it is a subsidiary or a grandson company) in the remarks column.

(2)In column B of "Invested Company Current Profit and Loss", the amount of current profit and loss of each invested company should be filled in.

(3)In column B of "Investment Profits and Losses Recognized in the Current Period", only the amount of profit and loss of the subsidiaries recognized by the (public offering) company for direct reinvestment and each invested company evaluated by the equity method is required. When filling in the “recognition of the current profit and loss amount of each subsidiary for direct reinvestment”, it should be confirmed that the current profit and loss amount of each subsidiary has included the investment profit and loss that should be recognized for its reinvestment in accordance with the regulations.

Note 3: Book value = net equity $4,118,012 thousand + deferred credit $(403,549) thousand.

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For the year ended December 31, 2022

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English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

1. Statement of Cash and Cash Equivalents

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

(In dollars of Foreign Currency)

Item	Description	Amount	Note
Cash on hand	Petty cash	$411	
Cash in banks			
Current deposits		219,660	
Foreign currency current deposit	USD 3,586,145	110,157	Exchange rate：30.7175
	CNY 40,113	177	Exchange rate：4.4105
Check deposit		514	
Total		330,508	
Time deposits			
Taipeifubon Commercial Bank			
USD 20,000,000	(111.12.08-112.01.12，Rate 4.43%，Fixed Rate)	614,350	Exchange rate：30.7175
Land Bank of Taiwan			
NTD 35,000	(111.12.08-112.01.12，Rate 0.850%，Floating rate)	35,000	
NTD 40,000	(111.12.30-112.02.02，Rate 0.975%，Floating rate)	40,000	
Subtotal		689,350	
Cash equivalents			
International Bills Finance corporation			
USD 8,000,000	(111.12.15-111.02.02，Rate 4.32%，Fixed rate)	245,740	Exchange rate：30.7175
USD 16,000,000	(111.12.22-111.02.02，Rate 4.52%，Fixed rate)	491,480	
Subtotal		737,220	
Total		$1,757,489	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

2. Statement of Financial Assets Measured at Amortized Cost-Current

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

(In dollars of Foreign Currency)

Item	Description	Quantity	Par Value	Amount	Interest Rate	Accumulated Impairment Loss	Note
Time deposit–Current							
Land Bank of Taiwan	111.12.29-112.07.20	36	2,500	$ 90,000	Rate 1.210%，Floating rate	$-	
Total				$90,000			

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

3. Statetment of Accounts Receivable, net

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Non-related parties			
Client A	Payments for Sellings Goods	$45,991	
Client B	〃	32,704	
Client C	〃	31,330	
Client D	〃	28,810	
Others	The amount of individual client included in others does not exceed 5% of the account balance.	275,588	
Subtotal		414,423	
Less: loss allowance		(4,329)	
Net		410,094	
Related parties			
ASRock America Inc.	Payments for Sellings Goods	2,011,561	
ASRock Europe B.V.	〃	55,939	
ASIAROCK TECHNOLOGY LIMITED	〃	176,151	
ASRock Rack Incorporation	〃	79	
ASRock Industrial Computer Corporation	〃	29	
Subtotal		2,243,759	
Less: loss allowance		-	
Net		2,243,759	
Total		$2,653,853	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

4. Statement of Inventories, net

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Merchandise		$867,877	$1,009,752	1. Inventories were not pledged.
Work in progress		265,224	364,105	2. Inventories are valued at lower of cost or net realizable value item by item.
Raw materials		24,703	27,611	
Finished goods		3,679	3,679	
Subtotal		1,161,483	$1,405,147	
Less: allowance for inventory obsolescence valuation losses		(64,374)		
Net		$1,097,109		

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

5. Statement of Prepayments

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Overpaid sales tax		$30,139	
Other prepaid expense	Prepaid insurance etc.	7,959	
Supplies inventory		2,041	
Total		$40,139	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

6. Statement of Other Current Assets

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other receivables	Interest income and other income in receivable	$172,616	
Temporary payments	Prepaid for association fee and meal expense etc.	7,507	
Payment on behalf of others	Prepaid for rents, expense for administration and utilities etc.	422	
Total		$180,545	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

7. Statement of Changes in Investments Accounted for Using Equity Method

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Investee companies	As of January 1, 2022		Additions		Decrease		As of December 31, 2022			Fair Value/Net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price $	Total amount		
Investments Accounted for Using Equity Method													
ASRock Rack Incorporation	27,296,220	$418,174	3,588,088	$83,614 (Note 1)	-	$-	30,884,308	59.68%	$501,788	$16.25	$501,788	None	
ASIAROCK TECHNOLOGY LIMITED	40,000,000	3,599,438	-	409,739 (Note 2)	-	(294,714) (Note 3)	40,000,000	100.00%	3,714,463	92.86	3,714,463	None	
LEADER INSIGHT HOLDINGS LIMITED	2,100,000	102,306	-	9,544 (Note 4)	-	(52,186) (Note 5)	2,100,000	100.00%	59,664	28.41	59,664	None	
ASRock Industrial Computer Corporation	23,875,700	399,697	7,168,710	220,467 (Note 6)	-	(28,867) (Note 7)	31,044,410	64.46%	591,297	19.05	591,297	None	
ASJade Technology Incorporation	8,250,000	101,294	9,075,000	114,858 (Note 8)	-	(43,662) (Note 9)	17,325,000	82.50%	172,490	9.96	172,490	None	
Soaring Asia Limited	150,000	533	-	59 (Note 10)	-	-	150,000	100.00%	592	39.47	592	None	
Total		$4,621,442		$838,281		$(419,429)			$5,040,294				

Note 1: Recognize in investment gain according to the equity method by $82,068. Recognize in capital surplus according to the equity method by $1,546 .

Note 2: Recognize in investment gain according to the equity method by $2,928. The cumulative translation adjustment is $406,811.

Note 3: Unrealized intercompany profit is $294,714.

Note 4: The cumulative translation adjustment is $9,544.

Note 5: Recognize in investment loss according to the equity method by $52,186.

Note 6: Recognize in investment gain according to the equity method by $218,819. Recognize in capital surplus according to the equity method by $1,648.

Note 7: Recognize the distribution of cash dividends by $24,403. Capital surplus decreased by $4,464 due to employee stock options were not recognized based on their shareholding proportion.

Note 8: Recognize in investment of subsidiaries by $ 113,438. Recognize in capital surplus according to the equity method by $1,420.

Note 9: Recognize in investment loss according to the equity method by $41,800. Capital surplus decreased by $1,862 due to investment loss were not recognized based on their shareholding proportion.

Note 10: Recognize in investment gain according to the equity method by $1. The cumulative translation adjustment is $58.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

8. Statement of Changes in Right-of-Use Assets

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	As of January 1, 2022	Additions	Decrease	As of December 31, 2022	Note
Item A	$9,027	$9,383	$9,027	$9,383	
Item B	22,314	-	22,314	-	
Item C	3,657	-	-	3,657	
Item D	21,191	-	-	21,191	
Item E	15,133	-	-	15,133	
Total	$71,322	$9,383	$31,341	$49,364	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

9. Statement of Changes in Accumulated Depreciation of Right-of-Use Assets

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	As of January 1, 2022	Additions	Decrease	As of December 31, 2022	Note
Item A	$9,027	$1,172	$9,026	$1,173	The increase in the current period is all deprecration expense with straight - line method.
Item B	22,315	-	22,315	-	
Item C	2,850	691	-	3,541	
Item D	5,228	3,303	-	8,531	
Item E	1,892	11,350	-	13,242	
Total	$41,312	$16,516	$31,341	$26,487	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

10. Statement of Guarantee Deposits paid

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Guarantee deposits paid			
Item A	Rents deposit for vehicle	$6,180	
Item B	Rents deposit for office	4,701	
Item C	Rents deposit for vehicle	1,755	
Item D	Rents deposit for vehicle	1,580	
Item E	Rents deposit	1,188	
Others	The amount of individual item does not exceed 5% of the account balance.	1,570	
Total		$16,974	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

11. Statement of Accounts Payable

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount	Note
Non-related parties			
Vendor A	Payments for buying goods	$27,769	
Vendor B	〃	16,566	
Others	The amount of individual vendor does not exceed 5% of the account balance.	11,893	
Subtotal		56,228	
Related parties			
ASIAROCK TECHNOLOGY LIMITED	Payments for buying goods	985,859	
Others	The amount of individual vendor does not exceed 5% of the account balance.	621	
Subtotal		986,480	
Total		$1,042,708	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

12. Statement of Other Payables

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Accrued payroll		$230,951	
Accrued employees' compensation and compensation payable to directors		105,366	
Freight payable		28,099	
Others	The amount of individual item does not exceed 5% of the account balance.	52,108	
Total		$416,524	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

13. Statement of Lease Liabilities

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Period	Discount rate	As of December 31, 2022	Note
Lease Liabilities - Current					
Item C	Buildings	107.05.01-112.02.28	1.20%	$118	
Item D	Buildings	109.06.01-115.10.31	0.90%	3,299	
Item E	Buildings	110.11.01-112.02.28	0.69%	1,899	
Item A	Buildings	111.09.01~113.09.30	1.23%	4,682	
Subtotal				9,998	
Lease Liabilities - Non-current					
Item C	Buildings	107.05.01-112.02.28	1.20%	-	
Item D	Buildings	109.06.01-115.10.31	0.90%	9,508	
Item E	Buildings	110.11.01-112.02.28	0.69%	-	
Item A	Buildings	111.09.01~113.09.30	1.23%	3,549	
Subtotal				13,057	
Total				$23,055	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

14. Statement of Other Current Liabilities

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Contract liabilities		$186,069	
Refund liability		474,717	
Others	The amount of individual item does not exceed 5% of the account balance.	1,587	
Total		$662,373	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

15. Statement of Other Non-Current Liabilities

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Net defined benefit liabilities	According to IAS19 provision for net defined benefit liability	$17,047	
Total		$17,047	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

16. Statement of Operating Revenues

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Quantity(PCS)	Domestic Sales	Export Sales	Total	Note
Merchandise of computer peripheral	4,997,080	$36,606	$12,057,170	$12,093,776	
Others	45,878,896	27,683	632,356	660,039	
Total operating revenues		$64,289	$12,689,526	$12,753,815	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

17. Statement of Operating Costs

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Merchandise		
Add：Merchandise, beginning of the year	$888,944	
Merchandise purchased	8,792,409	
Less: Merchandise, ending of the year	(867,877)	
Transferred to fixed assets	(235)	
Transferred to office supplies	(248)	
Transferred to expense	(21,960)	
Product cost of sales and purchase	8,791,033	
Direct Materials		
Add：Raw materials, beginning of the year	158,255	
Raw materials purchased	1,631,906	
Less: Raw materials, ending of the year	(24,703)	
Transferred to office supplies	(1,247)	
Transferred to expense	(674)	
Raw materials used	1,763,537	
Manufacturing overhead	164,895	
Manufacturing cost	1,928,432	
Add：Work in proces, beginning of the year	410,203	
Less: Work in proces, ending of the year	(265,224)	
Transferred to office supplies	(53)	
Transferred to expense	(3,899)	
Finished goods cost	2,069,459	
Add：Finished goods, beginning of the year	5,501	
Less: Finished goods, ending of the year	(3,679)	
Add：Others	5	
Less: Transferred to fixed assets	(192,701)	
Product cost of sales and purchase	1,878,585	
Other operating cost		
Loss from inventory obsolescence valuation loss	(10,666)	
Others	(154)	
Total	$10,658,798	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

18. Statement of Sales and marketing Expenses

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salaries		$137,306	The amount of individual item included in others does not exceed 5% of the sales and marketing
Advertisement		89,248	
Depreciation		29,171	
Insurance		20,063	
Shipping		17,991	
Others		61,175	
Total		$354,954	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

19. Statement of General and Administrative Expenses

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salaries		$163,871	The amount of individual item exceed 5% of the general and administrative expenses.
Others		60,184	
Total		$224,055	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

ASROCK INC.

20. Statement of Research and Development Expenses

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salaries		$332,941	The amount of individual item included in others
Material Consumption		37,765	does not exceed 5% of the research and development
Insurance		26,527	
Others		88,994	
Total		$486,227	

Declaration

Since the companies to be included in the consolidated financial statements 2022 (from January 1 to December 31, 2022) under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are identical with the companies for inclusion in the consolidated financial statements of parent company and subsidiaries under IFRS 10. The information presented in the consolidated financial statements of affiliates has also been disclosed in the aforementioned consolidated financial statements of parent company and subsidiaries, the Company, therefore, will not prepare the consolidated financial statements of affiliates separately.

Your attention is appreciated

Company Name: ASRock Incorporation

Legal Representative: Hsu-Tien, Tung

March 7, 2023

Independent Auditors' Report Translated from Chinese

To ASROCK INC.

Opinion

We have audited the accompanying consolidated balance sheets of ASROCK INC.(the "Company") and its subsidiaries (collectively the "Group") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021,and their consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Inventory valuation

The net carrying value of inventory as of December 31, 2022 for ASROCK INC. and its subsidiaries amounted to $8,010,393 thousand, which accounted for 54% of total assets and was significant to the consolidated financial statements. The Group's main business, the sale of motherboard products, are affected by market demand and changes. The management measured allowance for inventory obsolescence valuation losses based on market demands. The valuation involved management's significant judgement, we have therefore determined valuation on inventory a key audit matter. The audit procedures we performed regarding inventories valuation included but not limited to, understanding the program of estimating the allowance for inventory valuation, testing the effectiveness of relevant control. For the raw material and products, we selected samples and checked related certificates, to confirm the correctness of net realizable value that management used. In addition, we obtained and reviewed the full-year purchase and sales details of raw materials and products. For raw materials that are not frequently used and products with low sales volume, we referred to industry information and management to discuss the reasonableness of allowance for inventory valuation and obsolescence losses. We also considered the appropriateness of disclosure of inventories in Notes 5 and 6 of the Company's consolidated financial statements.

Revenue recognition

The main source of revenue was from the sales of motherboard. Due to diversified pricing strategy, the orders and implied item in contracts usually included quantity discount and warranty, therefore the Company and its subsidiaries should determine the performance obligation and the timing of revenue recognition. Consequently, we considered that revenue recognition from contracts with customers is key audit matter. For revenue recognition, we have conducted audit procedures including but not limited to evaluating the design and operating effectiveness of internal controls with respect to the revenue cycle, selecting representative samples to conduct test of transactions by inspecting contracts approved by both parties, identifying the performance obligation, evaluating whether the transaction price were appropriately allocated to all the performance obligations in the contract in proportion to the stand-alone selling prices of each performance obligation, and confirming the correctness of timing when a performance obligation is satisfied. We also considered the appropriation of operating revenue disclosure in Notes 4, 5 and 6 of consolidated financial statements.

Other Matter - Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of $2,656,279 thousand and $1,612,326 thousand, constituting 17.99% and 10.14% of consolidated total assets as of December 31, 2022 and 2021, respectively, and total operating revenues of $6,656,063 thousand and $9,323,868 thousand, constituting 38.88% and 47.18 % of consolidated operating revenues for the years ended December 31, 2022 and 2021, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Other

We have audited and expressed an unqualified opinion including Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021.

Yang, Chih-Huei
Yu, Chien- Ju

Ernst & Young, Taiwan
March 7, 2023

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Stansards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ASROCK INCORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of December 31, 2022	%	December 31, 2021	%
Current assets					
Cash and cash equivalents	4,6(1)	$3,588,129	24	$2,213,989	14
Financial assets measured at amortized cost - current	4,6(2),6(12)	339,151	2	1,276,355	8
Accounts receivable, net	4,6(3),6(12)	1,606,534	11	1,858,239	12
Accounts receivable - related parties, net	4,6(3),6(12),7	26,411	-	37,642	-
Inventories, net	4,6(4)	8,010,393	54	9,719,405	61
Other current assets	7	422,975	3	317,177	2
Total current assets		13,993,593	94	15,422,807	97
Non-current assets					
Financial assets measured at amortized cost - non-current	4,6(2),6(12),8	2,436	-	2,389	-
Property, plant and equipment	4,6(5)	461,869	3	241,976	2
Right-of-use assets	4,6(13)	71,384	1	90,600	-
Intangible assets	4,6(6),7	7,411	-	5,775	-
Deferred tax assets	4,5,6(17)	192,186	2	96,390	1
Guarantee deposits paid		26,861	-	22,594	-
Other non-current assets		12,074	-	11,419	-
Total non-current assets		774,221	6	471,143	3
Total assets		$14,767,814	100	$15,893,950	100

(Continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
ASROCK INCORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Liability and Equity	Notes	As of December 31, 2022	%	December 31, 2021	%
Current liabilities					
Short-term loans	6(7)	$625,000	4	$-	-
Accounts payable		2,934,118	20	4,389,601	28
Accounts payable - related parties	7	68,657	-	67,237	-
Other payables	7	1,292,812	9	1,419,344	9
Current tax liabilities	4,5,6(17)	418,015	3	538,877	4
Lease liabilities - current	4,6(13),6(15)	31,896	-	42,713	-
Other current liabilities	7	443,194	3	555,828	4
Total current liabilities		5,813,692	39	7,013,600	45
Non-current liabilities					
Deferred tax liabilities	4,5,6(17)	2,159	-	1,169	-
Lease liabilities - non-current	4,6(13),6(15)	39,873	-	48,309	-
Net defined benefit liabiliies	4,5,6(8)	17,047	-	42,028	-
Other non-current liabilities		1,116	-	-	-
Total non-current liabilities		60,195	-	91,506	-
Total liabilities		5,873,887	39	7,105,106	45
Equity attributable to owners of the parent company					
Capital					
Common Stock	6(9)	1,219,930	8	1,229,254	8
Capital surplus	6(9),6(10),6(19)	3,252,907	22	3,332,351	21
Retained earnings					
Legal reserve	6(9)	1,582,928	11	1,345,085	8
Special reserve	6(9)	581,757	4	472,656	3
Unappropriated retained earnings	6(9),6(10)	1,772,619	12	2,628,386	17
Total retained earnings		3,937,304	27	4,446,127	28
Other equity interest	4	(217,794)	(1)	(736,592)	(5)
Treasury stock	4,6(9)	(12)	-	-	-
Non-controlling interests	6(9),6(19)	701,592	5	517,704	3
Total equity		8,893,927	61	8,788,844	55
Total liabilities and equity		$14,767,814	100	$15,893,950	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ASROCK INCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the years ended December 31,			
Accounting Items	Notes	2022	%	2021	%
Operating revenues	4,5,6(11),7	$17,120,919	100	$19,762,672	100
Operating costs	6(4),6(6),6(8),6(13),6(14),7	(13,420,362)	(78)	(14,198,647)	(72)
Gross profit		3,700,557	22	5,564,025	28
Operating expenses	6(6),6(8),6(10) 6(13),6(14),7				
Sales and marketing expenses		(807,777)	(5)	(814,882)	(4)
General and administrative expenses		(450,019)	(3)	(423,594)	(2)
Research and development expenses		(1,260,277)	(7)	(1,263,855)	(7)
Expected credit gains (losses)	6(12)	2,566	-	(3,501)	-
Total operating expenses		(2,515,507)	(15)	(2,505,832)	(13)
Net operating income		1,185,050	7	3,058,193	15
Non-operating income and expenses	6(15)				
Interest income		33,350	-	12,880	-
Other income		40,891	-	43,858	-
Other gains and losses		183,101	1	(54,163)	-
Finance costs		(11,704)	-	(802)	-
Total non-operating income and expenses		245,638	1	1,773	-
Profit from continuting operations before tax		1,430,688	8	3,059,966	15
Income tax expenses	4,5,6(17)	(203,888)	(1)	(600,028)	(3)
Profit from continuing operations		1,226,800	7	2,459,938	12
Other comprehensive income	4,6(16)				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		13,534	-	(3,287)	-
Income tax related to items that will not be reclassified to profit or loss		(2,707)	-	657	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign financial statements		416,413	2	(109,101)	-
Other comprehensive income, net of tax		427,240	2	(111,731)	-
Total comprehensive income		$1,654,040	9	$2,348,207	12
Profit attributable to:					
Owners of the parent company		$1,066,244		$2,381,060	
Non-controlling interests		160,556		78,878	
		$1,226,800		$2,459,938	
Comprehensive income attributable to:					
Owners of the parent company		$1,493,484		$2,269,329	
Non-controlling interests		160,556		78,878	
		$1,654,040		$2,348,207	
Earnings per share(NT$):	6(18)				
Earnings per share - basic					
Profit from continuing operations		$8.69		$19.67	
Earnings per share - diluted					
Profit from continuing operations		$8.65		$19.53	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ASROCK INCORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2022 and 2021

(Expressed in Thousaads of New Taiwan Dollars)

	Equity attributable to owners of parent company										
			Retained earnings			Total other equity interest					
	Capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Deferred compensation cost	Treasury Stock	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2021	$1,206,424	$3,134,705	$1,209,419	$279,336	$1,544,081	$(472,657)	$-	$-	$6,901,308	$407,128	$7,308,436
Appropriation and distribution of 2020 retained earnings											
Legal reserve appropriated	-	-	135,666	-	(135,666)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	193,320	(193,320)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(965,139)	-	-	-	(965,139)	-	(965,139)
Profit for the year ended December 31, 2021	-	-	-	-	2,381,060	-	-	-	2,381,060	78,878	2,459,938
Other comprehensive income, net of tax for the year ended December 31, 2021	-	-	-	-	(2,630)	(109,101)	-	-	(111,731)	-	(111,731)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	2,378,430	(109,101)	-	-	2,269,329	78,878	2,348,207
Changes in subsidiaries' ownership	-	3,581	-	-	-	-	-	-	3,581	(3,581)	-
Share-based payment transaction	22,830	194,065	-	-	-	-	(154,834)	-	62,061	3,517	65,578
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	31,762	31,762
Balance as of December 31, 2021	$1,229,254	$3,332,351	$1,345,085	$472,656	$2,628,386	$(581,758)	$(154,834)	$-	$8,271,140	$517,704	$8,788,844
Balance as of January 1, 2022	$1,229,254	$3,332,351	$1,345,085	$472,656	$2,628,386	$(581,758)	$(154,834)	$-	$8,271,140	$517,704	$8,788,844
Appropriation and distribution of 2021 retained earnings											
Legal reserve appropriated	-	-	237,843	-	(237,843)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	109,101	(109,101)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(1,598,031)	-	-	-	(1,598,031)	-	(1,598,031)
Profit for the year ended December 31, 2022	-	-	-	-	1,066,244	-	-	-	1,066,244	160,556	1,226,800
Other comprehensive income, net of tax for the year ended December 31, 2022	-	-	-	-	10,827	416,413	-	-	427,240	-	427,240
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,077,071	416,413	-	-	1,493,484	160,556	1,654,040
Treasury stock cancelled	(9,324)		-	-	-	-	-	9,324	-	-	-
Changes in subsidiaries' ownership	-	(2,218)	-	-	-	-	-	-	(2,218)	2,218	-
Share-based payment transaction	-	(77,226)	-	-	12,137	-	102,385	(9,336)	27,960	6,849	34,809
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	14,265	14,265
Balance as of December 31, 2022	$1,219,930	$3,252,907	$1,582,928	$581,757	$1,772,619	$(165,345)	$(52,449)	$(12)	$8,192,335	$701,592	$8,893,927

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
ASROCK INCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2022	2021
Cash flows from operating activities:		
Profit before tax	$1,430,688	$3,059,966
Adjustments:		
Adjustments to reconcile (profit) loss:		
Depreciation expense	126,571	84,062
Amortization expense	7,898	7,710
Expected credit (gains) losses	(2,566)	3,501
Interest expenses	11,704	802
Interest income	(33,350)	(12,880)
Compensation cost arising from employee stock options	43,864	42,748
Gain on disposal of property, plant and equipment	-	(20)
Property, plant and equipment charged to expenses	15	-
Changes in operating assets and liabilities:		
Decrease (Increase) in accounts receivable, net	252,840	(228,812)
Decrease (Increase) in accounts receivable-related parties	11,231	(21,013)
Decrease (Increase) in inventories,net	1,515,559	(3,887,237)
Increase in other current assets	(84,937)	(87,032)
(Decrease) Increase in accounts payable	(1,455,483)	1,694,458
Increase in account payable-related parties	1,420	32,790
(Decrease) Increase in other payables	(126,532)	345,869
(Decrease) Increase in other current liabilities	(112,634)	341,694
(Decrease) Increase in net defined benefit liabilities	(11,447)	887
Increase (Decrease) in other non-current liabilities	1,116	(816)
Cash generated from operations	1,575,957	1,376,677
Income taxes paid	(435,128)	(352,385)
Net cash provided by operating activities	1,140,829	1,024,292
Cash flows from investing activities:		
Acquisition of financial assets measured at amortized cost	-	(459,514)
Disposal of financial assets measured at amortized cost	939,755	-
Acquisition of property, plant and equipment	(87,770)	(46,392)
Proceed from disposal of property, plant and equipment	-	20
Increase in guarantee deposits paid	(4,267)	(3,942)
Acquisition of intangible assets	(9,526)	(6,710)
Increase in other non-current assets	(655)	(10,373)
Interest received	31,245	10,071
Net cash provided by (used in) investing activities	868,782	(516,840)
Cash flows from financing activities:		
Increase in short-term loans	625,000	-
Repayment of the principal portion of lease liability	(50,838)	(42,686)
Cash dividends	(1,611,203)	(965,139)
Issuance of common stock for cash	-	22,830
Interest paid	(10,211)	-
Changes in non-controlling interests	27,437	31,762
Other	(9,055)	-
Net cash used in financing activities	(1,028,870)	(953,233)
Effect of exchange rate fluctuations on cash held	393,399	(103,377)
Net increase (decrease) in cash and cash equivalents	1,374,140	(549,158)
Cash and cash equivalents, beginning of period	2,213,989	2,763,147
Cash and cash equivalents, end of period	$3,588,129	$2,213,989

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

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

ASRock Incorporation (the Company) was approved to establish on May 10, 2002, and began its main business activities. The current main business is the sales of motherboards and related product development and design. The Company's first public offering was approved by the Securities and Futures Bureau in May, 2006 and its common shares were publicly listed on the Taiwan Stock Exchange (TWSE) in November, 2007. The Company's registered office and the main business location are at 2F., No. 37, Sec. 2, Jhongyang S. Rd., Beitou Dist., Taipei City 11270, Taiwan (R.O.C.). Pegatron Corporation is the ultimate controller of the group to which the company belongs.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended December 31, 2022 and 2021 were authorized for issue by the Company's board of directors on March 7, 2023.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2022. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. The standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

(a) IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (a), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRSs, IASs, IFRIC and SIC ,which are endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee, and
C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
B. derecognizes the carrying amount of any non-controlling interest;
C. recognizes the fair value of the consideration received;
D. recognizes the fair value of any investment retained;
E. recognizes any surplus or deficit in profit or loss; and
F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Name of the investors	Name of subsidiaries	Nature of Business	Percentage of ownership (%) Dec. 31, 2022	Percentage of ownership (%) Dec. 31, 2021	Note
ASROCK INCORPORATION (The Company)	ASIAROCK TECHNOLOGY LTD.	Investment holding	100%	100%	
The Company	LEADER INSIGHT HOLDINGS LTD.	Investment holding	100%	100%	
The Company	ASRock Rack Incorporation	Manufacture and sale of computer and peripheral	59.68%	59.67%	Note 2
The Company	ASRock Industrial Computer Corporation	Manufacture and sale of computer and peripheral	64.46%	65.83%	Note 1
The Company	Soaring Asia Limited	International trade	100%	100%	
The Company	ASJade Technology Incorporation	Software services	82.50%	78.57%	Note 3
ASIAROCK TECHNOLOGY LTD.	ASRock Europe B.V.	Data storage and sale of electronic material and international trade	100%	100%	
ASIAROCK TECHNOLOGY LTD.	Calrock Holdings, LLC	Rent office building	100%	100%	
LEADER INSIGHT HOLDINGS LTD.	FIRSTPLACE INTERNATIONAL LTD.	Investment holding	100%	100%	
FIRSTPLACE INTERNATIONAL LTD.	ASRock America, Inc.	Data storage and sale of electronic material and international trade	100%	100%	

Note 1: The employee stock option plan was adopted by ASRock Industrial Computer Corporation on June 11, 2021, and the board of directors resolved to issue new shares, therefore the Company’s shareholding ratio was reduced from 66.96% to 65.83% after the capital increase. Later the employee stock option plan was adopted on July 19, 2022, and the board of directors resolved to issue new shares. The shareholding ratio of the Company was reduced from 65.83% to 64.46% after the capital increase.

Note 2: The board of directors of ASRock Rack Incorporation resolved to cancel the company's treasury shares on April 22, 2021, which increased the Company's shareholding ratio from 62.05% to 62.43%. Later the board of directors resolved to issue employee stock option to raise capital on July 14, 2021, reducing the shareholding ratio of the Company from 62.43% to 59.66% after the capital increase. Furthermore, the stock dividends were issued on August 24, 2021 and July 26, 2022, and were transferred to capital. The shareholding ratio of the Company increased from 59.66% to 59.67%, then again to 59.68%.

Note 3: The Company purchased 8,250 thousand shares of ASJade Technology Inc., at $103,125 thousand on November 10, 2021. The Company's shareholding ratio was 78.57%. Later the Company increased investment of $113,438 thousand to purchasing 9,075 thousand shares, increasing the shareholding ratio from 78.57% to 82.5% after the capital increase.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

A. When the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
B. When the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint arrangement control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
B. The Group holds the asset primarily for the purpose of trading.
C. The Group expects to realize the asset within twelve months after the reporting period.
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when:

A. The Group expects to settle the liability in its normal operating cycle
B. The Group holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) the Group's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

   i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

   ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

<u>Financial asset measured at fair value through profit or loss</u>

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(c) For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost on a weighted average cost basis.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

In addition, the company's great-grandson company-ASRock America, Inc.'s commodity inventory is calculated based on the actual purchase cost, using the first-in first-out method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5~39 years
Machinery and equipment	2~5 years
Office equipment	3~5 years
Lease improvement	Shorter of the lease period or the useful life
Other equipment	2~7 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

i) The technical feasibility of completing the intangible asset so that it will be available for use or sale
ii) Its intention to complete and its ability to use or sell the asset
iii) How the asset will generate future economic benefits
iv) The availability of resources to complete the asset
v) The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 3 years).

(14) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(16) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(17) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is high-end machinery and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts to the Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. These accounts receivable usually have a short period and do not have a significant financial component.

Rendering of services

The Group provides services of product development. These services are separately priced or negotiated, and are recognized as revenue when the performance obligations are met.

(18) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc.

(c) Revenue recognition – sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more details.

(d) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. As of December 31, 2022, please refer to Note 6 for the explanation of the Group’s unrecognized deferred income tax assets.

(e) Accounts receivables–estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(f) Inventories

Due to the rapid changes in technology and product demand, the Group assessed the inventory at the end of the reporting period due to normal wear and tear, obsolescence, or changes in market sales prices, and reduced inventory costs to net realizable value. The Group estimates the loss of obsolete inventories based on the product life cycle, historical experience, and subsequent inventory removal. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of	
	Dec. 31, 2022	Dec. 31, 2021
Cash on hand	$1,198	$1,260
Cash in banks	795,326	1,589,202
Time deposits	1,562,598	582,003
Cash equivalents – Bonds with repurchase agreements	1,229,007	41,524
Total	$3,588,129	$2,213,989

Cash and cash equivalents were not pledged. The pledged time deposits have been transferred to financial assets measured at amortized cost.

(2) Financial assets measured at amortized cost

	As of	
	Dec. 31, 2022	Dec. 31, 2021
Time deposit–Current	$339,151	$1,276,355
Time deposit–Non-current	$2,436	$2,389

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 6(12) for more details on loss allowance and Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(3) Account receivable and account receivable- related parties

	As of	
	Dec. 31, 2022	Dec. 31, 2021
Account receivable (total carrying amount)	$1,628,839	$1,883,310
Less: loss allowance	(22,305)	(25,071)
Subtotal	1,606,534	1,858,239
Accounts receivable-related parties		
(total carrying amount)	26,411	37,642
Less: loss allowance	-	-
Subtotal	26,411	37,642
Total	$1,632,945	$1,895,881

Account receivables were not pledged.

Account receivables are generally on 30-90 day terms. The total carrying amount as of December 31, 2022 and 2021 were $1,655,250 and $1,920,952 thousand, respectively. Please refer to Note 6(12) for more details on loss allowance of accounts receivable for the years ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(4) Inventories

	As of	
	Dec. 31, 2022	Dec. 31, 2021
Raw materials	$4,024,423	$6,669,833
Work in process	1,032,860	1,273,186
Finished goods	388,632	439,128
Merchandise	2,564,478	1,337,258
Total	$8,010,393	$9,719,405

For the years ended December 31, 2022 and 2021, the Group recognized $13,420,362 thousand and $14,198,647 thousand, respectively, in operating cost, including the write-down of inventories of $477,780 thousand and the reversal of inventories $10,211 thousand, respectively. The benefit of falling prices in the prior period is the sale of inventory commodities that have been listed as sluggish and falling prices.

No inventories were pledged.

(5) Property, plant and equipment

	Land	Buildings	Machinery equipment	Office equipment	Leasehold improvement	Other	Total
Cost:							
As of January 1, 2022	$38,768	$152,560	$115,296	$11,732	$28,062	$67,397	$413,815
Addition	-	-	41,582	5,146	13,043	27,999	87,770
Disposals	-	-	(10,738)	(1,200)	(1,374)	(28,778)	(42,090)
Reclassifications	-	-	(188)	-	-	192,511	192,323
Effect of movement in exchange rate	4,250	16,725	1,636	768	280	730	24,389
As of December 31, 2022	$43,018	$169,285	$147,588	$16,446	$40,011	$259,859	$676,207
As of January 1, 2021	$39,907	$155,853	$98,604	$11,019	$28,055	$50,039	$383,477
Addition	-	1,170	16,765	1,320	4,862	22,275	46,392
Disposals	-	-	(3,458)	(401)	(4,780)	(2,013)	(10,652)
Reclassifications	-	-	3,824	-	-	(2,761)	1,063
Effect of movement in exchange rate	(1,139)	(4,463)	(439)	(206)	(75)	(143)	(6,465)
As of December 31, 2021	$38,768	$152,560	$115,296	$11,732	$28,062	$67,397	$413,815
Depreciation and impairment loss:							
As of January 1, 2022	$-	$51,376	$54,634	$9,929	$13,638	$42,262	$171,839
Depreciation	-	6,026	27,624	1,777	7,672	34,164	77,263
Disposals	-	-	(10,738)	(1,200)	(1,374)	(28,778)	(42,090)
Reclassifications	-	-	(188)	-	-	(927)	(1,115)
Effect of movement in exchange rate	-	5,827	1,251	766	244	353	8,441
As of December 31, 2022	$-	$63,229	$72,583	$11,272	$20,180	$47,074	$214,338
As of January 1, 2021	$-	$47,154	$38,615	$9,924	$13,463	$34,113	$143,269
Depreciation	-	5,632	19,757	611	5,009	11,270	42,279
Disposals	-	-	(3,458)	(401)	(4,780)	(2,013)	(10,652)
Reclassifications	-	-	-	-	-	(1,035)	(1,035)
Effect of movement in exchange rate	-	(1,410)	(280)	(205)	(54)	(73)	(2,022)
As of December 31, 2021	$-	$51,376	$54,634	$9,929	$13,638	$42,262	$171,839
Net carrying amount as of:							
December 31, 2022	$43,018	$106,056	$75,005	$5,174	$19,831	$212,785	$461,869

December 31, 2021	$38,768	$101,184	$60,662	$1,803	$14,424	$25,135	$241,976

No property, plant and equipment were pledged.

(6) Intangible assets

Other	For the years ended December 31, 2022	2021
Cost:		
As of January 1	$42,455	$36,125
Addition-acquired separately	9,526	6,710
Disposal	(20,626)	(331)
Effect of movement in exchange rate	190	(49)
As of December 31	$31,545	$42,455
Amortization and impairment:		
As of January 1	$36,680	$29,350
Amortization	7,898	7,710
Disposal	(20,626)	(331)
Effect of movement in exchange rate	182	(49)
As of December 31	$24,134	$36,680

	As of Dec. 31, 2022	Dec. 31, 2021
Net carrying amount as at:	$7,411	$5,775

Amortization expense of intangible assets under the statement of comprehensive income:

	For the years ended December 31, 2022	2021
Sales and marketing expenses	$6,663	$6,428
General and administrative expenses	$651	$711
Research and development expenses	$584	$571

The Group had held 1,002.44 units of Ether as of December 31, 2022, which were intangible assets acquired during the process of developing and testing the efficiency of new products and there were no foreseeable restriction during the expected net cash inflow period. They were therefore assessed to have indefinite useful lives, and were evaluated at $0 based on the cost method.

(7) Short-term Loans

		As of	
	InterestRates (%)	Dec. 31, 2022	Dec. 31, 2021
Unsecured bank loans	1.85%~1.94%	$625,000	$-

The Group's unused short-term lines of credits amount to $1,341,593 thousand, and $732,196 thousand, as of December 31, 2022 and December 31, 2021, respectively.

(8) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension benefits for employees of overseas subsidiaries are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were $39,070 thousand and $33,012 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15^{th} year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute $ 132 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

As of December 31, 2022 and December 31, 2021, the Group's definite benefit plans are expected to expire in the year of 2038 and 2037.

Pension costs recognized in profit or loss for the years ended December 31, 2022 and 2021:

	For the years ended December 31,	
	2022	2021
Current period service costs	$1,007	$934
Net interest of defined benefit liability (asset)	269	117
Total	$1,276	$1,051

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Defined benefit obligation	$45,087	$67,812	$63,017
Plan assets at fair value	(28,040)	(25,784)	(25,163)

Other non-current liabilities – Accrued net defined benefit liabilities recognized on the consolidated balance sheets	$17,047	$42,028	$37,854

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Net benefit liability (asset)
As of January 1, 2021	$63,017	$(25,163)	$37,854
Current period service costs	934	-	934
Net interest expense (income)	195	(78)	117
Subtotal	64,146	(25,241)	38,905
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	(1,603)	-	(1,603)
Actuarial gains and losses arising from changes in financial assumptions	(3,833)	-	(3,833)
Experience adjustments	9,102	-	9,102
Return on plan assets	-	(379)	(379)
Subtotal	3,666	(379)	3,287
Contributions by employer	-	(164)	(164)
As of December 31, 2021	67,812	(25,784)	42,028
Current period service costs	1,007	-	1,007
Net interest expense (income)	434	(165)	269
Subtotal	69,253	(25,949)	43,304
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	492	-	492
Actuarial gains and losses arising from changes in financial assumptions	(8,501)	-	(8,501)
Experience adjustments	(3,574)	-	(3,574)
Return on plan assets	-	(1,951)	(1,951)
Subtotal	(11,583)	(1,951)	(13,534)
Contributions by employer	-	(12,723)	(12,723)
Payments from the plan	(12,583)	12,583	-
As of December 31, 2022	$45,087	(28,040)	$17,047

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

	Pension plan (%)	
	As of December 31,	
	2022	2021
Cash	17.90%	15.25%

	Pension plan (%)	
	As of December 31,	
	2022	2021
Equity instrument	49.88%	49.91%
Debt instrument	21.38%	23.11%
Others	10.84%	11.73%
Total	100.00%	100.00%

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2022	2021
Discount rate	1.75%	0.64%
Expected rate of salary increases	3.00%	3.00%

A sensitivity analysis for significant assumption as at December 31, 2022 and 2021 is, as shown below:

	For the years ended December 31,			
	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.5%	$-	$3,359	$-	$5,295
Discount rate decrease by 0.5%	3,666	-	5,797	-
Expected salary level increase by 0.5%	3,601	-	5,629	-
Expected salary level decrease by 0.5%	-	3,336	-	5,203

The sensitivity analyses above are based on a change in a significant assumption (for example, change in discount rate or expected salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(9) Equities

A. Common Stock

The Company's authorized capital were both $1,500,000 thousand as of December 31, 2022 and 2021 (Both reserve $40,000 thousand of shares for employee stock options). The Company's issued capital were $1,219,930 thousand and $1,229,254 thousand as of December 31, 2022 and 2021, respectively, each at a par value of $10. The Company issued shares 121,993,029 and 122,925,429 shares common shares as of December 31, 2022 and 2021, respectively. Each share has one voting right and a right to receive dividends.

The Company issued 2,300 thousand shares of restricted stock awards, which was resolved at the shareholders' meeting held on August 20, 2021. The total number of new shares issued on October 28, 2021 was 2,283 thousand shares at a per value of $10, totaling $22,830 thousand.

B. Capital surplus

	As of	
	2022	2021
Additional paid-in capital	$3,127,994	$3,127,994
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired disposed of	335	335
Increase through changes in ownership interests in subsidiaries	7,818	10,012
Restricted stock to employees	116,760	194,010
Total	$3,252,907	$3,332,351

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury Stock

The Company repurchased 932 thousand shares treasury stock of expired restricted employee stock in the amount of $9,324 thousand in October, 2022. The abovementioned treasure stocks were canceled upon resolution of the board meeting held on November 2,

2022. The base date of capital reduction was set on November 14, 2022. The process of statutory change registration has been completed.

The Company repurchased 1,200 shares treasury stock of expired restricted employee stock in the amount of $12 thousand in November, 2022. The abovementioned treasure stocks have not been canceled upon resolution of the board meeting as of December 31, 2022.

D. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, dividend distribution appropriateness and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and the Company held a general meeting of shareholders on June 12, 2019 and passed a resolution to amend the company's articles of association, stating that if all or part of the dividends and bonuses are distributed in cash, the Board of Directors is authorized to make two-thirds The above-mentioned directors attend, and after more than half of the attending directors agree, and report to the shareholders' meeting; the share dividends must be submitted to the shareholders' meeting for resolution of distribution. The Company's Articles of Incorporation further provide that at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless such legal reserve amounts have reached to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved by the board of directors' meeting and shareholders' meeting on March 7, 2023 and May 25, 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share ($)	
	2022	2021	2022	2021
Legal reserve	$108,921	$237,843		
Special reserve	(416,413)	109,101		
Common stock - cash dividend(Note)	975,935	1,598,031	$8.00	$13.00

Note: The Company's board of directors were authorized by the Articles of Incorporation and passed the 2022 and 2021 proposal of common stock cash dividend issuance by special resolution on March 7, 2023 and February 23, 2022, respectively.

Please refer to Note 6(14) for details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	For the years ended December 31,

	2022	2021
Beginning balance	$517,704	$407,128
Profit attributable to non-controlling interests	160,556	78,878
Changes in subsidiaries' ownership	2,218	(3,581)
Changes in non-controlling interests (including share-based payment)	21,114	35,279
Ending balance	$701,592	$517,704

(10) Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

(a) Restricted stock plan for employee of the parent entity

The Company issued 2,300 thousand shares of restricted stock awards, which was resolved at the shareholders' meeting held on August 20, 2021. The grantees are limited to full-time employees of the Company who meet specific requirements. The Company has already filed with the Securities and Futures Bureau of the FSC for approval of the issuance and was approved. The total number of new shares issued on October 28, 2021 was 2,283 thousand shares. The stock price on the grant date was $145 per share.

Employees who have been granted the above-mentioned restricted stock awards can subscribe to the shares for $10 with vesting conditions as follows:

I. The company's performance
1. If EPS in the previous year is better than $10, the overall weight will be 100%.
2. If EPS in the previous year is between $7.5 and $10, the overall weight will be 50%.
3. If EPS in the previous year is below $7.5, the overall weight will be 0%.

II. Personal performance
1. If the mid-year assessment is better than A (include A), the personal weight will be 100%.
2. If the mid-year assessment is between B+ to A (excluding A), the personal will be weight 80%.
3. If the mid-year assessment is between B to B+ (excluding B+), the personal will be weight 60%

4. If the mid-year assessment is C, the personal weight will be 0%

III. Employees who have been granted the above-mentioned restricted stock awards and have continued to serve in the company for one year from the grant date, and have not violated any laws, articles of incorporation, business ethics and code of conduct and other relevant regulations and agreements during their employment, can receive 40% of the vested shares multiplied by overall weight and personal weight.

IV. Employees who have been granted the above-mentioned restricted stock awards and have continued to serve in the company for two years from the grant date, and have not violated any laws, articles of incorporation, business ethics and code of conduct and other relevant regulations and agreements during their employment, can receive 30% of the vested shares multiplied by overall weight and personal weight.

V. Employees who have been granted the above-mentioned restricted stock awards and have continued to serve in the company for three years from the grant date, and have not violated any laws, articles of incorporation, business ethics and code of conduct and other relevant regulations and agreements during their employment, can receive 30% of the vested shares multiplied by overall weight and personal weight.

The vested new restricted stock awards shall be entrusted and may not be sold, pledged, transferred, gifted to others, created lien or otherwise disposed of in any other manner before the vested conditions are met. According to the parent company's new share issuance measures for restricted stock awards, after the new shares with restricted stock awards are issued, except for the restricted stock awards that are delivered to a trust and those that do not meet the vested conditions under the parent company's issuance measures, the rights of the other restricted stock are the same as the common shares issued by the Company.

The detailed information of the above restricted stock awards are as follows:

	Restricted stock to employee			
Vested period	Year 1	Year 2	Year 3	Total
Original number of shares	913,200	684,900	684,900	2,283,000
Operating performance issue ratio	100.00%	98.37%	90.79%	
Estimated turnover rate	0.02%	8.82%	17.73%	
Qualified rate of performance	0.00%	76.92%	76.92%	
Vested shares	0	471,908	392,984	864,892

	Restricted stock to employee			
Vested period	Year 1	Year 2	Year 3	Total
Embedded value	$145	$145	$145	
Labor cost	$0	$63,707	$53,053	$116,760

The new shares issued by the Company that restrict the rights of employees cannot be transferred within three years of the vesting period, but they still have the right to vote and distribute dividends. If an employee who has been allocated the restricted employee rights new shares resigns during the vesting period, he must return the restricted employee rights stock and the dividends already obtained.

(b) Share-based payment plan for employees of the subsidiary

(1) ASRock Rack Incorporation

The share-based payment plan which the company had issued as of December 31, 2022 are as follows:

Agreement Type	Grant Date	Shares (Thousand)	Contractual Life	Vested Condition
Restricted stocks for employees	2019.02.27	1,490	4 years	Employees who have continued to serve in the company for three years and four years will get 50% and 50% respectively.
Employee stock option plan	2020.05.29	1,500	1.5 years	Employees who have continued to serve in the company for one year will get 100%.
Employee stock option plan (Note)	2022.06.30	2,300	3.5 years	Employees who have continued to serve in the company for two years and three years will get 50% and 50% respectively.

Note: After the employee stock option issued, except when the company's securities with common share convertible right or stock option are converted to common stock or the company issues new shares as employee bonus, if the company's common shares increases, and in the event of capital reduction for reasons other than treasury stock cancellation thereby causing decrease in common shares and if the company distributes common share cash dividends which account for more than 1.5% of current share price, the company would make adjustment in accordance with the company's Employee Stock Option Certificate Issuance and Stock Subscription Measures.

The detailed information of the above restricted stock awards are as follows:

	Restricted stock to employee				
Vested period	Year 1	Year 2	Year 3	Year 4	Total
Original number of shares	-	-	745,000	745,000	1,490,000
Estimated turnover rate	-	-	14.19%	20.00%	
Vested shares after considering the turnover rate	-	-	639,250	596,000	1,235,250
Embedded value	-	-	$5.53	$5.53	
Labor cost	$-	$-	$3,535	$3,296	$6,831

The fair value of the share options is estimated at the grant date using a binomial option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The following table lists the inputs to the model used for the plan granted on May 29, 2020 and June 30, 2022:

	As of	
	May 29, 2020	June 30, 2022
Fair value on grant date	0.1232	1.85~2.26
Exercise price	22	22
Expected volatility (%)	30.95	41.16~44.34
Risk-free interest rate (%)	0.2763	0.9867~1.0237
Expected option life (Years)	1 .	2.5~3.5
Weighted average share price ($)	11.7	13.74
Option pricing model	Binomial option pricing model	

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

As of May 29, 2020

	For the years ended December 31,			
	2022		2021	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)
Outstanding as of January 1	-	$-	1,500	$22
Granted	-	-	-	-
Forfeited	-	-	(50)	-
Exercised	-	-	(1,450)	22
Outstanding as of December 31	-	-	-	
Exercisable as of December 31	-		-	

The aforementioned share-based payment plans had been exercised completely as of December 31, 2022 and 2021.

As of June 30, 2022

	For the years ended December 31	
	2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)
Outstanding as of January 1	-	$-
Granted	2,300	22
Forfeited	-	-
Exercised	-	-
Outstanding as of December 31	2,300	19.45
Exercisable as of December 31	-	

The information on the outstanding share options as of December 31, 2022, is as follows:

	Exercise price (Note)	Weighted average remaining contractual life (Years)
As of December 31, 2022		
Share options outstanding at the end of the period	$19.45	3

Note: The exercise price of employee stock option will be adjusted with stock option measures.

(2) ASRock Industrial Computer Corporation

The share-based payment plan which the company has issued as of December 31, 2022 are as follows:

Agreement Type	Grant Date	Shares (Thousand)	Contractual Life	Vested Condition
Employee stock option plan	2019.01.15	1,500	2.5 years	Employees who have continued to serve in the company for one year and two years will get 50% and 50% respectively.
Employee stock option plan (Note)	2021.04.20	2,200	3.5 years	Employees who have continued to serve in the company for one year, two years, and three years will get 35%, 35%, and 30% respectively.
Employee stock option plan (Note)	2022.07.08	2,100	3.5 years	Employees who have continued to serve in the company for two years and three years will get 50% and 50% respectively.

Note: After the employee stock option issued, except when the company's securities with common share convertible right or stock option are converted to common stock or the company issues new shares as employee bonus, if the company's common shares increases, and in the event of capital reduction for reasons other than treasury stock cancellation thereby causing decrease in common shares and if the company distributes common share cash dividends which account for more than 1.5% of current share price, the company would make adjustment in accordance with the company's Employee Stock Option Certificate Issuance and Stock Subscription Measures.

The fair value of the share options is estimated at the grant date using a binomial option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The following table lists the inputs to the model used for the plan granted on January 15, 2019, April 20, 2021, and July 8, 2022:

	As of		
	January 15, 2019	April 20, 2021	July 8, 2022
Fair value on grant date	1.03	1.2~2.16	3.94~4.41

Exercise price	10	14.5	22
Expected volatility (%)	31.74	29.61~31.19	26.4~28.49
Risk-free interest rate (%)	0.5741	0.1185~0.2523	0.8988~0.9707
Expected option life (Years)	2.5	1.5~3.5	2.5~3.5
Weighted average share price ($)	8.1	12.49	21.69
Option pricing model	Binomial option pricing model		

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

As of January 15, 2019	For the years ended December 31,			
	2022		2021	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)
Outstanding as of January 1	-	$-	750	$10
Granted	-	-	-	-
Exercised	-	-	(613)	10
Forfeited	-	-	(137)	-
Outstanding as of December 31	-	-	-	-
Exercisable as of December 31	-		-	

The aforementioned share-based payment plan had been exercised completely as of December 31, 2022 and 2021.

As of April 20, 2021

	For the years ended December 31,			
	2022		2021	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)
Outstanding as of January 1	2,200	$12.5	-	$-
Granted	-	-	2,200	14.5
Exercised	(770)	12.5	-	-
Outstanding as of December 31	1,430	10	2,200	12.5
Exercisable as of December 31	-		-	

The information on the outstanding share options as of December 31, 2022 and 2021, is as follows:

	Exercise price (Note)	Weighted average remaining contractual life (Years)
As of December 31, 2022		
Share options outstanding at the end of the period	$10	1.8
As of December 31, 2021		
Share options outstanding at the end of the period	$12.5	2.8

Note: The exercise price of employee stock option will be adjusted with stock option measures.

As of July 8, 2022

	For the years ended December 31	
	2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)
Outstanding as of January 1	-	$-
Granted	2,100	22

As of July 8, 2022	For the years ended December 31	
	2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)
Exercised	-	-
Outstanding as of December 31	2,100	16.15
Exercisable as of December 31	-	

The information on the outstanding share options as of December 31, 2022 is as follows:

	Exercise price (Note)	Weighted average remaining contractual life (Years)
As of December 31, 2022		
Share options outstanding at the end of the period	$16.15	3.02

Note: The exercise price of employee stock option will be adjusted with stock option measures.

(3) ASJade Technology Corporation

The share-based payment plan which the company has issued as of December 31, 2022 are as follows:

Agreement Type	Grant Date	Shares (Thousand)	Contractual Life	Vested Condition
Employee stock option plan	2022.09.07	3,240	10 years	Cumulative exercisable stock option percentage, employees who have continued to serve in the company for two years and three years will be vested 50% and 100% respectively.

The fair value of the share options is estimated at the grant date using a binomial option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The following table lists the inputs to the model used for the plan granted on September 7, 2022 :

	As of September 7, 2022
Fair value on grant date	6.16
Exercise price	10
Expected volatility (%)	22.71
Risk-free interest rate (%)	1.3170
Expected option life (Years)	10
Weighted average share price ($)	13.69
Option pricing model	Binomial option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

As of September 7, 2022	For the years ended December 31	
	2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)
Outstanding as of January 1	-	$-
Granted	3,240	10
Exercised	-	-
Outstanding as of December 31	3,240	10
Exercisable as of December 31	-	

The information on the outstanding share options as of December 31, 2022 is as follows:

	Exercise price	Weighted average remaining contractual life (Years)
As of December 31, 2022		
Share options outstanding at the end of the period	$10	9.65

(c) Modification or cancellation of the share-based payment plan for employees

No modification or cancellation of share-based payment plan has occurred for the year ended December 31, 2022.

(d) The expense recognized for employee services received during the years ended December 31, 2022 and 2021, is shown in the following table:

	For the years ended December 31,	
	2022	2021
Expense arising from share-based payment transaction (All of arising from equity-settled share-based payment transaction)	$43,864	$42,748

(11) Operating revenues

A. Disaggregation of revenue

	For the years ended December 31,	
	2022	2021
Revenue from customers		
Sale of goods	$17,070,702	$19,685,407
Revenue arising from rendering services	50,217	77,265
Total	$17,120,919	19,762,672

B. The Group’s revenue from contracts with customers is recognized at certain points in time.

(12) Expected credit (gains) losses

	For the years ended December 31,	
	2022	2021
Operating expenses – expected credit (gains) losses		
Accounts receivables	$(2,566)	$3,501

Please refer to Note 12 for more details on credit risk.

The credit risk for the Group's financial assets measured at amortized cost are assessed as low as of December 31, 2022 and 2021 (The same as the assessment result of January 1, 2021). Since the transaction counterparties of the Group are all financial institutions such as banks with good credit, all of them are calculated based on the expected credit loss rate of 0% and the allowance loss amount is $0.

The Group measures the loss allowance of its trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2022 and 2021 are as follows:

The Group considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follows:

As of December 31, 2022

		Overdue					
	Not yet due	Under 30 days	31~60 days	61~90 days	91~120 days	Over 121 days	Total
Gross carrying amount	$1,355,215	272,714	13,626	1,313	11,049	1,333	1,655,250
Loss ratio	1.27%	1.51%	2.25%	2.08%	1.94%	32.69%	
Lifetime expected credit losses	17,205	4,116	306	27	215	436	22,305
Net carrying amount	1,338,010	268,598	13,320	1,286	10,834	897	1,632,945

As of December 31, 2021

		Overdue					
	Not yet due	Under 30 days	31~60 days	61~90 days	91~120 days	Over 121 days	Total
Gross carrying amount	$1,642,482	$117,995	$53,842	$7,319	$14,686	$84,628	$1,920,952
Loss ratio	1.25%	2.07%	0.46%	0.00%	1.44%	1.88%	

Lifetime expected credit losses	20,587	2,437	247	-	212	1,588	25,071
Net carrying amount	$1,621,895	$115,558	$53,595	$7,319	$14,474	$83,040	$1,895,881

The movement in the provision for impairment of Trade receivables during the years ended December 31, 2022 and 2021 is as follows:

	Accounts receivables
As of January 1, 2022	$25,071
Addition/(reversal) for the current period	(2,566)
Write off	(1,631)
Effect of exchange rate	1,431
As of December 31, 2022	$22,305
As of January 1, 2021	$21,963
Addition/(reversal) for the current period	3,501
Write off	(2)
Effect of exchange rate	(391)
As of December 31, 2021	$25,071

(13) Leases

Group as a lessee

The Group leases various properties, including real estate such as land and buildings, and parking space. The lease terms range from 1 to 5 years. The Group is not subject to any special restrictions.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As of	
	Dec. 31, 2022	Dec. 31, 2021
Buildings	$71,384	$90,600

During the years ended December 31, 2022 and 2021, the Group's additions to right-of-use assets amounting to $29,571 and $44,553 thousand, respectively.

(b) Lease liabilities

	As of	
	Dec. 31, 2022	Dec. 31, 2021
Lease liabilities	$71,769	$91,022
Current	$31,896	$42,713
Non-current	$39,873	$48,309

Please refer to Note 6 (15)D for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2022	2021
Buildings	$49,308	$41,783

C. Income and costs relating to leasing activities

	For the years ended December 31,	
	2022	2021
The expenses relating to variable lease payments not included in the measurement of lease liabilities	$15,141	$15,478

D. Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Group's total cash outflows for leases amounting to $65,979 thousand and $58,164 thousand, respectively.

(14) Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the years ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$-	$1,350,666	$1,350,666	$-	$1,402,022	$1,402,022
Labor and health insurance	-	82,862	82,862	-	71,200	71,200
Pension	-	40,346	40,346	-	34,063	34,063
Other employee benefits expense	-	49,256	49,256	-	48,192	48,192
Depreciation expense	9,164	117,407	126,571	8,846	75,216	84,062
Amortization expense	-	7,898	7,898	-	7,710	7,710

According to the Articles of Incorporation, 5% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a board meeting attended by two-thirds of the total number of directors, have the profit distributed as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. If the Board of Directors subsequently modifies the estimates significantly, the Company will recognize the change as an adjustment in the profit or loss in the subsequent period. Estimated employee remuneration and directors' remuneration are recognized as expenses in the current year. If there is a significant change in the amount determined by the board meeting resolution in the following year, it will be treated according to the changes in accounting estimates and the profit and loss of the following year will be adjusted. Information on the board meeting resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31 , 2022 to be 7.610% of profit of the current year and 0.761% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors for the year ended December 31, 2022 amounted to $95,787 thousand and $9,579 thousand, respectively and recognized as salaries expense. A resolution was passed at the board meeting held on March 7, 2023 to distribute $95,787 thousand and $9,579 thousand in cash as employee's compensation and remuneration to directors of 2022, respectively.

A resolution was passed at the board meeting held on February 23, 2022 to distribute $237,954 thousand and $23,795 thousand in cash as employees' compensation and remuneration to directors of 2021, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2021.

A resolution was passed at the board meeting held on February 24, 2021 to distribute $129,435 thousand and $12,944 thousand in cash as employees' compensation and remuneration to directors of 2020, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2020.

(15) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2022	2021
Interest income		
Financial assets measured at amortized cost	$33,350	$12,880

B. Other income

	For the years ended December 31,	
	2022	2021
Other income - others	$40,891	$43,858

C. Other gains and losses

	For the years ended December 31,	
	2022	2021
Foreign exchange gains (losses), net	$188,330	(49,039)
Other losses - others	(5,229)	(5,144)
Gains on disposal of property, plant and equipment	-	$20
Total	$183,101	$(54,163)

D. Finance costs

	For the years ended December 31,	
	2022	2021
Interest on bank loans	$10,208	$-
Interest on lease liabilities	1,494	802
Other	2	-
Total	$11,704	$802

(16) Components of other comprehensive income

For the year ended December 31, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$13,534	$-	$13,534	$(2,707)	$10,827
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of	416,413	-	416,413	-	416,413

foreign financial statements					
Total	$429,947	$-	$429,947	$(2,707)	$427,240

For the year ended December 31, 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$(3,287)	$-	$(3,287)	$657	$(2,630)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign financial statements	(109,101)	-	(109,101)	-	(109,101)
Total	$(112,388)	$-	$(112,388)	$657	$(111,731)

(17) Income tax

The major components of income tax expense (income) for the years ended December 31, 2022 and 2021 are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31, 2022	2021
Current income tax expense:		
Current income tax charge	$408,830	$602,552
Adjustments in respect of current income tax of prior periods	(107,895)	(6,037)
Deferred tax expense (income):		

Deferred tax expense relating to origination and reversal of temporary differences	(95,691)	3,704
Deferred tax expense relating to origination and reversal of tax loss and tax credit	(50)	(963)
Exchange differences	(1,306)	772
Total income tax expense	$203,888	$600,028

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2022	2021
Deferred tax expense (income):		
Profit or losses of defined benefits plan	$2,707	$(657)
Income tax relating to components of other comprehensive income	$2,707	$(657)

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2022	2021
Accounting profit before tax from continuing operations	$1,430,688	$3,059,966
Tax at the domestic rates applicable to profits in the country concerned	$367,824	$694,929
Tax effect of revenues exempt from taxation	(41,966)	(65,799)
Tax effect of expenses not deductible for tax purposes	12	2
Tax effect of deferred tax assets/liabilities	580	-
Income tax impact of research and development deduction	(37,004)	(26,746)
Corporate income surtax on undistributed retained earnings	21,673	3,128
Adjustments in respect of current income tax of prior periods	(107,895)	(6,037)
Others	664	551
Total income tax expense recognized in profit or loss	$203,888	$600,028

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized gains (losses) on foreign exchange	$948	$(820)	$-	$8	$136
Unrealized intragroup profits and losses	26,396	73,279	-	-	99,675
Inventory valuation and obsolescence loss	51,400	22,526	-	927	74,853
Net defined benefit liabilities-non current	8,406	(2,289)	(2,707)	-	3,410
Other payables (non-leave bonus, etc.)	3,561	3,057	-	393	7,011
Bad debt losses	909	(142)	-	95	862
Other	703	80	-	75	858
Unused taxable loss	2,898	50	-	274	3,222
Deferred tax income/(expense)		$95,741	$(2,707)	$1,772	
Net deferred tax assets/(liabilities)	$95,221				$190,027
Reflected in balance sheet as follows:					
Deferred tax assets	$96,390				$192,186
Deferred tax liabilities	$(1,169)				$(2,159)

For the year ended December 31, 2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized gains (losses) on foreign exchange	$(1,730)	$2,679	$-	$(1)	$948
Unrealized intragroup profits and losses	36,026	(9,630)	-	-	26,396
Inventory valuation and obsolescence loss	48,026	3,502	-	(128)	51,400
Net defined benefit liabilities-non current	7,571	178	657	-	8,406
Other payables (non-leave bonus, etc.)	2,582	1,040	-	(61)	3,561
Bad debt losses	1,189	(249)	-	(31)	909
Other	1,967	(1,224)	-	(40)	703
Unused taxable loss	1,996	963	-	(61)	2,898
Deferred tax income/(expense)		$(2,741)	$657	$(322)	
Net deferred tax assets/(liabilities)	$97,627				$95,221

Reflected in balance sheet as follows:		
Deferred tax assets	$99,849	$96,390
Deferred tax liabilities	$(2,222)	$(1,169)

The following table contains information of the unused tax losses of the Group:

Unused taxable losses of overseas subsidiaries

(Expressed in US Dollars)

Year	Tax losses for the period	Unused tax losses as of December 31, 2022	Unused tax losses as of December 31, 2021	Expiration year
2015	$66,557	2,698	2,698	2035
2016	35,946	35,946	35,946	2036
2017	35,778	35,778	35,778	2037
2018	30,930	30,930	30,930	2039
2019	39,318	39,318	39,318	2040
2020	91,132	91,132	91,132	2041
2021	62,423	62,423	62,423	2042
2022	54,555	54,555	-	2043
Total		$352,780	$298,225	

Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred tax assets have not been recognized in respect of unused tax losses, unused tax credits and deductible temporary differences amounting to $100,775 thousand and $32,780 thousand, respectively, as the future taxable profit may not be available.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As of December 31, 2022 and 2021, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to $2,953,014 thousand and $2,970,228 thousand, respectively.

The assessment of income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns	Notes
The Company	Assessed and approved up to 2020	None
Subsidiary－ASIAROCK TECHNOLOGY LTD.	None	Exempt from income tax accordance with local regulations
Subsidiary－LEADER INSIGHT HOLDINGDS LTD.	None	Exempt from income tax accordance with local regulations
Subsidiary－ASRock Rack Incorporation	Assessed and approved up to 2020	None
Subsidiary－ASRock Industrial Computer Corporation	Assessed and approved up to 2020	None
Subsidiary－Soaring Asia Limited	None	Exemption from income tax accordance with local regulations
Sub-subsidiary－ASRock Europe B.V.	Assessed and approved up to 2021	None
Sub-subsidiary－Calrock Holdings, LLC	Assessed and approved up to 2021	None
Sub-subsidiary－FIRSTPLACE INTERNATIONAL LTD.	None	Exempt from income tax accordance with local regulations
Great-subsidiary－ASRock America, Inc.	Assessed and approved up to 2021	None

(18) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2022	2021
A. Basic earnings per share		

	2022	2021
Profit attributable to ordinary equity holders of the Company (in thousand $)	$1,066,244	$2,381,060
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	122,648	121,049
Basic earnings per share ($)	$8.69	$19.67

B. Diluted earnings per share

Profit attributable to ordinary equity holders of the Company (in thousand $)	$1,066,244	$2,381,060
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	122,648	121,049
Effect of dilution:		
Employee compensation－stock (in thousands)	674	846
Weighted average number of ordinary shares outstanding after dilution (in thousands)	123,322	121,895
Diluted earnings per share ($)	$8.65	$19.53

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(19) Changes in parent’s interest in subsidiaries

Acquisition of new shares in a subsidiary not in proportionate to ownership interest

ASRock Industrial Computer Corporation issued new shares on July 19, 2022 and June 11, 2021, however the Company did not purchase any of the new shares, consequently the ownership interest in ASRock Industrial Computer Corporation was reduced to 64.46% and 65.83%, respectively. The related interest in ASRock Industrial Computer Corporation reduced, including changes in non-controlling interests, is as follows:

	As of	
	July 19, 2022	June 11, 2021
Changes in non-controlling interests	$(4,464)	$(6,644)
Difference recognized in capital surplus within equity	$(4,464)	$(6,644)

ASRock Rack Incorporation issued new shares on July 14, 2021, however the Company did not purchase any of new shares, consequently its ownership interest in ASRock Rack Incorporation was reduced to 59.66%. The related interest in ASRock Rack Incorporation reduced, including changes in non-controlling interest, is as follows:

	As of July 14, 2021
Changes in non-controlling interests	$1,461
Difference recognized in capital surplus within equity	$1,461

ASJade Technology Incorporation issued new shares on December 16, 2022, the Company purchased $113,438 thousand, consequently its ownership interest in ASJade Technology Incorporation was increased to 82.50%. The related interest in ASJade Technology Incorporation increased, including changes in non-controlling interest, is as follows:

	As of December 16, 2022
Acquisition the issuance of new shares	$17,812
Changes in non-controlling interests	(19,674)
Difference recognized in capital surplus within equity	$(1,862)

Buying back treasury shares by the subsidiary

ASRock Rack Incorporation recovered 191 thousand shares of treasury shares from non-controlling interests and cancelled them on April 22, 2021. As a result, the Company's ownership of ASRock Rack Incorporation increased to 62.43%. The additional equity interest acquired including changes in non-controlling equity is as follows:

	As of April 22, 2021
Increase (decrease) to non-controlling interests	$2,383
Difference recognized in capital surplus within equity	$2,383

Subsidiary issued stock dividend

ASRock Rack Incorporation issued stock dividends on July 26, 2022 and August 24, 2021, increasing the Company's ownership to 59.68% and 59.67%, respectively. The additional equity interest acquired including changes in non-controlling equity is as follows:

	As of	
	July 26, 2022	August 24, 2021

Increase (decrease) to non-controlling interests	$43	$67
Difference recognized in capital surplus within equity	$43	$67

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
PEGATRON Corporation	Parent company of the group
AS FLY TRAVEL SERVICE CO.,	Substantive related party
Cotek Electronics (Suzhou) Co., Ltd.	Substantive related party
Piotek Computer (Suzhou) Corporation	Substantive related party

Significant transactions with the related parties

(a) Sales

	For the years ended December 31,	
	2022	2021
Parent company	$106,324	$31,688
Other related parties	-	314
Total	$106,324	$32,002

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection period for related parties sales was O/A 90 days. The collection period for non-related parties sales were TT or 30~90 days from FOB shipping point. The outstanding balance at December 31, 2022 and 2021 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed. In addition, for the years ended December 31, 2022 and 2021, the amount of sales to related parties has eliminated amounts paid for outsourcing. The elimination amounted to $ 61,211 thousand and $76,519 thousand, respectively.

(b) Purchases

	For the years ended December 31,	
	2022	2021
Parent company	$38,816	$30,972

Other related parties	15,327	60,808
Total	$54,143	$91,780

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers and are between 30~90 days. In addition, for the years ended December 31, 2022 and 2021, the amount of purchases to related parties has eliminated amounts paid for outsourcing. The elimination amounted to $217,712 thousand and $120,534 thousand, respectively.

(c) Accounts receivable - related parties

	As of	
	Dec. 31, 2022	Dec. 31, 2021
Parent company	$26,411	$37,642

(d) Prepayments (Account under "Other current assets")

	As of	
	Dec. 31, 2022	Dec. 31, 2021
Parent company	$891	$1,520

(e) Other receivable(Account under "Other current assets")

	As of	
	Dec. 31, 2022	Dec. 31, 2021
Parent company	$18	$211

(f) Temporary payments (Account under "Other current assets")

	As of	
	Dec. 31, 2022	Dec. 31, 2021
Other related parties	$795	$-

(g) Accounts payable - related parties

	As of	
	Dec. 31, 2022	Dec. 31, 2021

Parent company	$68,469	$43,141
Other related parties	188	24,096
Total	$68,657	$67,237

(h) Other payables

	As of	
	Dec. 31, 2022	Dec. 31, 2021
Parent company	$44,059	$120,196
Other related parties	15	-
Total	$44,074	$120,196

(i) Other current liabilities

	As of	
	Dec. 31, 2022	Dec. 31, 2021
Parent company	$68	$61

(j) Other revenue

	For the years ended December 31,	
	2022	2021
Parent company	$1,012	$-

(k) Operating costs and expenses

	For the years ended December 31,	
	2022	2021
Parent company	$218,066	$212,145
Other related parties	2,814	6
Total	$220,880	$212,151

(l) Property transaction

		For the years ended December 31,	
	Asset Name	2022	2021
Parent company	Computer software	$2,831	$2,831

(m) Key management personnel compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	$75,325	$109,338
Post-employment benefits	886	676
Share-based payment	4,135	6,775
Total	$80,346	$116,789

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

	Carrying amount As of December 31,		
Items	2022	2021	Secured liabilities
Financial assets measured at amortized cost- current	$12,287	$-	Tariffs and lease guarantees
Financial assets measured at amortized cost- non current	2,436	2,389	Tariffs and lease guarantees
	$14,723	$2,389	

9. Significant contingencies and unrecognized contractual commitments

As of December 31, 2022, the Company and its subsidiaries recorded customs duties of $15,000 thousand.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Financial instruments

(1) Categories of financial instruments

Financial assets

	As of	
	Dec. 31, 2022	Dec. 31, 2021
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	$3,586,931	$2,212,729
Financial assets measured at amortized cost	341,587	1,278,744
Trade receivables	1,632,945	1,895,881
Other receivables	162,304	44,207
Total	$5,723,767	$5,431,561

Financial liabilities

	As of	
	Dec. 31, 2022	Dec. 31, 2021
Financial liabilities measured at amortized cost:		
Short-term loans	$625,000	$-
Accounts payables	3,002,775	4,456,838
Lease liabilities	71,769	91,022
Other payables	1,292,812	1,419,344
Total	$4,992,356	$5,967,204

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against foreign currency USD by 1%, the profit for the years ended December 31, 2022 and 2021 is decreased/increased by $7,468 thousand and $(16,302) thousand, respectively, the equity is decreased/increased by $41,655 thousand and $38,186 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash in banks and time deposit at variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. At the reporting date, a change of 25 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2022 and

2021 to increase /decrease by $1,820 thousand and $6,559 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss.

The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2022 and 2021, amounts receivables from top ten customers represent 46.83% and 45.04% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. The Group measures the loss allowance of its trade receivables at an amount equal to lifetime expected credit losses, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery. (the issuer or the debtor is in financial difficulties or bankruptcy)

When the credit risk on debt instrument investment has increased, the Group will dispose that investment in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (available without undue cost and effort) is mainly based on the macroeconomic information and the credit loss ratio is further adjusted if there is significant impact from forward-looking information.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2022					
Short-term loans	$627,092	$-	$-	$-	$627,092
Accounts payables	3,002,775	-	-	-	3,002,775
Lease liabilities	32,916	33,281	7,197	-	73,394
Other payables	1,292,812	-	-	-	1,292,812
As of December 31, 2021					
Accounts payables	$4,456,838	$-	$-	$-	$4,456,838
Lease liabilities	43,276	32,890	15,991	-	92,157
Other payables	1,419,344	-	-	-	1,419,344

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term loans	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	$-	$91,022	$91,022
Cash flows	625,000	(50,838)	574,162
Non-cash change	-	31,065	31,065
Foreign exchange movement	-	520	520
As of December 31, 2022	$625,000	$71,769	$696,769

Reconciliation of liabilities for the years ended December 31, 2021:

	Lease liabilities	Total liabilities from financing activities
As of January 1, 2021	$78,939	$78,939
Cash flows	(42,686)	(42,686)
Non-cash change	54,871	54,871
Foreign exchange movement	(102)	(102)
As of December 31, 2021	$91,022	$91,022

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

(8) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2022		
	Foreign currencies (thousands)	Foreign exchange rate	NTD (thousands)
Financial assets			
Monetary items:			
USD	$139,794	30.7175	$4,294,124
Financial liabilities			
Monetary items:			
USD	$115,484	30.7175	$3,547,365

	As of December 31, 2021		
	Foreign currencies (thousands)	Foreign exchange rate	NTD (thousands)
Financial assets			
Monetary items:			
USD	$119,573	27.6830	$3,310,139
Financial liabilities			
Monetary items:			
USD	178,460	27.6830	4,940,308

Since there were various functional currencies used within the subsidiaries of the Group, the Group was unable to disclose foreign exchange (losses) gains towards each foreign currency with significant impact. The realized and unrealized foreign exchange gains (losses) was $188,330 thousand and $(49,039) thousand for the years ended December 31, 2022 and 2021, respectively.

(9) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information at significant transactions

A. Financing provided to others: None.
B. Endorsement/Guarantee provided to others: Please refer to Attachment 1.
C. Securities held at the end of the period: None.
D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 million or 20 percent of the capital stock: None.
E. Acquisition of individual real estate with amount exceeding the lower of $300 million or 20 percent of the capital stock: None.
F. Disposal of individual real estate with amount exceeding the lower of $300 million or 20 percent of the capital stock: None.
G. Related party transactions for purchases and sales amounts exceeding the lower of $100 million or 20 percent of the capital stock: Please refer to Attachment 2.
H. Receivables from related parties with amounts exceeding the lower of $100 million or 20 percent of capital stock: Please refer to Attachment 3.
I. Financial instruments and derivative transactions: None.
J. Others - Business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and accounts of any significant transactions between term: Please refer to Attachment 4.

(2) Information on investees

Of the investee company directly or indirectly has significant influence or control over, their investee companies' information: Please refer to Attachment 5.

(3) Investment in Mainland china:

None.

(4) Information of major shareholder:

Shares / Name of major shareholder	Number of shares held (shares)	Shareholding ratio (%)
ASUS INVESTMENT CO., LTD.	57,217,754	46.90%
ASUSTEK INVESTMENT CO., LTD.	7,453,405	6.10%
HONG HUNG INVESTMENT LIMITED	6,526,897	5.35%

14. Segment information

(1) The main business of the Group is to research and development, design and sales of products such as motherboards. The main operating decision makers monitors the overall operation results of the Group to formulate decisions on resources allocation and performance evaluate the overall performance, so the Group is a single operating unit.

(2) Geographical information

	For the years ended December 31,	
	2022	2021
A. Revenue from external customers:		
Asia	$5,905,725	$7,004,799
Europe	4,177,525	5,384,483
America	6,861,991	7,093,066
Others	175,678	280,324
Total	$17,120,919	$19,762,672

Revenue is categorized based on the customer's country.

	As of December 31,	
	2022	2021
B. Non-current assets:		
Europe	$115,751	$108,866
Asia	399,098	217,010
America	64,750	46,488
Total	$579,599	$372,364

(3) Information about major customers

The net sales revenue of a single customer for the years ended December 31, 2022 and 2021 both did not exceed 10% of the consolidated net income.

ATTACHMENT 1 Endorsement/Guarantee provided to others

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified) (Unit : thousands of NTD)

No (Note1)	Endorsememts/Guaraniees Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amounts of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed(Note4)	Endorsement Provided by Parent Company to Subsidiaries	Endorsement Provided by Subsidiaries to Parent Company	Endorsement Provided to entities in China
		Name	Nature of Relationship (Note2)										
0	ASRock Incorporation	ASIAROCK TECHNOLOGY LTD.	(2)	$5,734,635	$2,577,280	$2,457,400	$ 1,843,050	$-	30.00%	$5,734,635	Y	N	N

Note 1 : The numbers filled in for the endorsements/guarantees provided by the group or subsidiaries are as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded starting from "1"in the order.

Note 2 : The following code represents the relationship with the company:

(1) A company with which it does business.

(2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.

(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantces for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3 : The amount of endorsements/guarantees for any single entity 100% holding company of shall not exceed 70% of net worth of endorsor/guarantor.

Note 4 : The amount of endorsements/guarantees collateralized by properties shall not exceed 70% of net worth of endorsor/guarantor.

Note 5 : If the original currency amount in the above is foreign currency, it is converted into New Taiwan Dollars in December 31, 2022 financial report exchange rate, and the spot exchange rate of December 31, 2022 is USD/NTD 30.7175.

ATTACHMENT 2 Related Party Transactions for Purchases and Sales amounts exceeding the lower of $100 million or 20 percent of the Capital Stock

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified) (Unit : thousands of NTD)

Purchases/Sales Company Name	Counter-Party	Relationship (Note4)	Transactions Details				Details of Non-arm's Length Transactions (Note1)		Notes and Accounts Receivable (Payable)		Remark (Note2)
			Purchases /(Sales)	Amount	Percentage of Total Purchases (Sales)	Terms	Unit Price	Terms	Balance	Percentage of Total Receivable (Payable)	
ASRock Incorporation	ASRock Europe B.V.	1	(Sales)	$(2,423,551)	(19.00%)	45 days	Same as other clients	Same as other clients	$55,939	2.10%	
〃	ASRock America, Inc.	1	(Sales)	(4,206,122)	(32.98%)	90 days	Same as other clients	Same as other clients	2,011,561	75.67%	
〃	ASIAROCK TECHNOLOGY LIMITED	1	(Sales)	(185,414)	(1.45%)	90 days	Same as other clients	Same as other clients	176,151	6.63%	
ASIAROCK TECHNOLOGY LIMITED.	ASRock Incorporation	2	(Sales)	(10,434,158)	(73.36%)	90 days	Same as other clients	Same as other clients	1,031,901	53.47%	
〃	ASRock Rack Incorporation	3	(Sales)	(1,481,506)	(10.42%)	60 days	Same as other clients	Same as other clients	393,806	20.40%	
〃	ASRock Industrial Computer Corporation	3	(Sales)	(1,004,059)	(7.06%)	60 days	Same as other clients	Same as other clients	247,181	12.81%	
ASRock Rack Incorporation	ASRock Europe B.V.	3	(Sales)	(142,287)	(4.44%)	60 days	Same as other clients	Same as other clients	6,292	1.57%	
〃	ASRock America, Inc.	3	(Sales)	(290,960)	(9.08%)	90 days	Same as other clients	Same as other clients	105,035	26.26%	

Note 1: If the related party's transaction terms are different from the general transaction terms, the unit price and credit period column should state the difference and the reason.

Note 2: If there is any receipt (payment) in advance, the reason, contractual terms, amount, and differences from the general transaction type should be stated in the remarks column.

Note 3: The paid-in capital shall refer to the paid-in capital of the parent company. If securities issuers issued no-par value stocks or stocks with par value that are not TWD10 per share, the criteria shall be 10% of the amount attributable to parent company's equity.

Note 4: The following lists the three types of intercompany transactions (any transaction between parent company and subsidiary or between subsidiaries is disclosed as one transaction by either transaction counterparty.)

(1) Transactions from parent company to subsidiary is "1".

(2) Transactions from subsidiary to parent company is "2".

(3) Transactions between subsidiaries is "3".

ATTACHMENT 3 Receivables from Related Parties with amounts exceeding the lower of $100 million or 20 percent of Capital Stock

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified) (Unit : thousands of NTD)

Company	Counter-Party	Relationship (Note3)	Ending Balance (Note1)	Turnover	Overdue Receivables		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Collection		
ASRock Incorporation	ASRock America, Inc.	1	$2,011,561	3.03	$-	-	$107,489	-
〃	ASIAROCK TECHNOLOGY LIMITED	1	176,151	1.66	-	-	-	-
ASIAROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	1,031,901	13.25	-	-	-	-
〃	ASRock Rack Incorporation	3	393,806	5.97	-	-	-	-
〃	ASRock Industrial Computer Corporation	3	247,181	5.79	-	-	39,376	-
ASRock Rack Incorporation	ASRock America, Inc.	3	105,035	2.57	-	-	-	-

Note 1: Please fill in separately according to accounts receivable, bills, other receivables, etc.

Note 2: The paid-in capital shall refer to the paid-in capital of the parent company. If securities issuers issued no-par value stocks or stocks with par value that are not TWD10 per share, the criteria shall be 10% of the amount attributable to parent company's equity.

Note 3: The following lists the three types of intercompany transactions (any transaction between parent company and subsidiary or between subsidiaries is disclosed as one transaction by either transaction counterparty)

(1) Transactions from parent company to subsidiary is "1".

(2) Transactions from subsidiary to parent company is "2".

(3) Transactions between subsidiaries is "3".

ATTACHMENT 4 Business Relationship between the Parent and the Subsidiaries and between each Subsidiary, and the circumstances and accounts of any significant transactions between term

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified) (Unit : thousands of NTD)

No. (Note1)	Company	Counter-Party	Relationship (Note2)	Transaction Details			
				Account	Amount (Note4)	Terms	Percentage of consolidated total operating revenues or total assets(Note3)
0	ASRock Incorporation	ASRock Europe B.V.	1	Sales	$2,423,551	Same as other clients	14.16%
				Accounts receivable	55,939	45 days	0.38%
〃	〃	ASRock America, Inc.	1	Sales	4,206,122	Same as other clients	24.57%
				Accounts receivable	2,011,561	90 days	13.62%
〃	〃	ASIAROCK TECHNOLOGY LIMITED	1	Sales	185,414	Same as other clients	1.08%
				Accounts receivable	176,151	90 days	1.19%
1	ASIAROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	Sales	10,434,158	Same as other clients	60.94%
				Accounts receivable	1,031,901	90 days	6.99%
〃	〃	ASRock Rack Incorporation	3	Sales	1,481,506	Same as other clients	8.65%
				Accounts receivable	393,806	60 days	2.67%
〃	〃	ASRock Industrial Computer Corporation	3	Sales	1,004,059	Same as other clients	5.86%
				Accounts receivable	247,181	60 days	1.67%
2	ASRock Rack Incorporation	ASRock Europe B.V.	3	Sales	142,287	Same as other clients	0.83%
				Accounts receivable	6,292	60 days	0.04%
〃	〃	ASRock America, Inc.	3	Sales	290,960	Same as other clients	1.70%
				Accounts receivable	105,035	90 days	0.71%

Note 1: The Company and its subsidiaries are coded as follows:
1.The Company is coded "0".
2.Subsidiaries are coded consecutively starting from "1" in the order presented in the table above.

Note 2: The following lists the three types of intercompany transactions (any transaction between parent company and subsidiary or between subsidiaries is disclosed as one transaction by either transaction counterparty.)
(1) Transactions from parent company to subsidiary is "1".
(2) Transactions from subsidiary to parent company is "2".
(3) Transactions between subsidiaries is "3".

Note 3: The percentage is determined by the ratio of the transaction amount to the consolidated revenues or the total assets. Items on the balance sheet are calculated by the ending balance to total consolidated assets; items on the income statement are calculated by their midterm cumulative balance to the total consolidated income.

Note 4: The disclosure of significant intercompany transactions in this attachment is determined by the company based on the materiality.

ATTACHMENT 5 Information on Investees
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified) (Unit : thousands of NTD/dollor of USD)

Investor company (Note 2(1))	Investee company (Note1,2(1))	Location (Note 2(1))	Main business item (Note 2(1))	Initial Investment(Note 2(1))		Investment as of December 31, 2022(Note 2(1))			Investee company	Net	Remark
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value	Net income(loss) of investee company (Note2(2))	Investment income (loss) recognized (Note2(3))	
ASRock Incorporation	ASRock Rack Incorporation	Taiwan	Manufacture and sale of computers and peripheral	$390,240	$390,240	30,884,308	59.68%	$501,788	$137,524	$82,068	
〃	ASIAROCK TECHNOLOGY LIMITED	British Virgin Islands	Investment holding	1,320,886	1,320,886	40,000,000	100.00%	3,714,463	(17,215)	2,928	
〃	LEADER INSIGHT HOLDINGS LTD.	British Virgin Islands	Investment holding	71,559	71,559	2,100,000	100.00%	59,664	(52,186)	(52,186)	
〃	ASRock Industrial Computer Corporation	Taiwan	Manufacture and sale of computers and peripheral	239,683	239,683	31,064,410	64.46%	591,297	334,996	218,819	
〃	ASJade Technology Incorporation	Taiwan	Software Services	216,563	103,125	17,325,000	82.50%	172,490	(52,876)	(41,800)	
〃	Soaring Asia Limited	Hong Kong.	International trade	592	592	150,000	100.00%	592	1	1	
	Total									209,830	
ASIAROCK TECHNOLOGY LIMITED	ASRock Europe B.V.	Netherlands	Data storage and sales of electronic materials and international trade	USD 194,000	USD 194,000	200,000	100.00%	USD 24,034,384	(USD 75,596)	(USD 75,596)	
〃	Calrock Holdings, LLC	USA	Rent office building	USD 2,000,000	USD 2,000,000	2,000,000	100.00%	USD 2,115,328	(USD 37,999)	(USD 37,999)	
〃	Orbweb Inc. (BVI)	British Virgin Islands	Computer equipment installation and peripheral equipment wholesale and service	USD 1,000,000	USD 1,000,000	4,000,000	27.59%	USD 0	(USD 54,771)	-	
LEADER INSIGHT HOLDINGS LTD.	FIRSTPLACE INTERNATIONAL LTD.	British Virgin Islands	Investment holding	USD 2,050,000	USD 2,050,000	2,050,000	100.00%	USD 1,940,802	(USD 1,753,278)	(USD 1,753,278)	
FIRSTPLACE INTERNATIONAL LTD.	ASRock America, Inc.	USA	Data storage and sales of electronic materials and international trade	USD 2,000,000	USD 2,000,000	2,000,000	100.00%	USD 1,907,138	(USD 1,753,398)	(USD 1,753,398)	

Note 1: If a public offering company has a foreign holding company and uses consolidation as the main financial statement in accordance with local laws and regulations,the disclosure of information about the foreign invested company may only disclose relevant information to the holding company.

Note 2: If it is not in the case described in Note 1, fill in according to the following regulations:

(1)The “name of the investee company”, “location”, “main business item”, “original investment amount” and “end-of-term shareholding situation” should be based on the company’s reinvestment status and fill in the reinvestment situation of each investedcompany directly or indirectly controlled in order, and indicate the relationship between each invested company and the (public offering) company (if it is a subsidiary or a grandson company) in the remarks column.

(2)In column B of "Invested Company Current Profit and Loss", the amount of current profit and loss of each invested company should be filled in.

(3)In column B of "Investment Profits and Losses Recognized in the Current Period", only the amount of profit and loss of the subsidiaries recognized by the (public offering) company for direct reinvestment and each invested company evaluated by the equity method is required. When filling in the “recognition of the current profit and loss amount of each subsidiary for direct reinvestment”, it should be confirmed that the current profit and loss amount of each subsidiary has included the investment profit and loss that should be recognized for its reinvestment in accordance with the regulations.

Note 3: Book value = net equity $4,118,012 thousand + deferred credit $(403,549) thousand.