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議事手冊

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股票代碼: 2377

中華民國111年6月10日

Stock Code: 2377

Micro-Star International Co., Ltd.

Handbook for the 2022 Annual Meeting of Shareholders

MEETING TIME:June 10, 2022.

PLACE:1F., No. 488, Bannan Rd., Zhonghe Dist., New Taipei City 235, Taiwan R.O.C.

Notice to readers

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

Table of Contents

Micro-Star International Co., Ltd.

Procedure for the 2022 Annual Meeting of Shareholders

Call the Meeting to order

Chairperson Remarks

Report Items

Adoption Items

Discussion Items

Extempore motions

Adjournment

Micro-Star International Co., Ltd.
Year 2022

Agenda of Annual Meeting of Shareholders

Time: 9:00 a.m. on Friday, June 10, 2022.

Place: Company’s conference room 3102 (1F., No. 488, Bannan Rd., Zhonghe Dist., New Taipei City 235, Taiwan R.O.C.)

Shareholders meeting will be held physically.

Chairperson Remarks

I. Report Items

1. Business Report of 2021.
2. The Audit Committee's Review Report on the 2021 Financial Statements.
3. Report of Employees’ Compensation and Directors’ Compensation for 2021.
4. The 2021 Earnings Distribution of cash dividends.

II. Adoption Items

1. To adopt 2021 Business Report and Financial Statements.
2. To adopt the proposal for distribution of 2021 profits.

III. Discussion Items

1. Amendment to the “ Operational Procedures for Acquisition or Disposal of Assets”.

IV. Extempore motions

Adjournment

Reports Items

Report No. 1

Business Report of 2021

Business Report

Although the COVID-19 pandemic and its variants continued spreading in 2021, the growth of the global economy has significantly recovered while the vaccination rate rises. Since the working and living styles of the regions which are affected by the pandemic have changed, the demand for remote working and home entertainment still exists. The release of new products of high cost–performance ratio also encouraged replacements. Therefore, the demand for personal computers and gaming products continued to grow. The increasing demand also caused the shortage of multiple electronic components in the upstream and tense global logistics. Due to these supply chain bottlenecks, the shipment of personal computers could not meet the demand. Luckily, we have maintained good long-term relationship with our supply chains and channel clients and watched the needs of end users closely. Thus, we were capable of responding accordingly and shipping our goods smoothly. Everyone in this company stays hand-in-hand with each other from up to down. And because of the full support of our suppliers, clients and shareholders, we again presented another new high record of our revenues and profits in 2021.

I. Operating Performance in 2021

1. Consolidated financial results

Unit: NT$ thousands

Year / Item	2021	2020	Growth amount	Growth rate
Sales revenue	201,810,152	146,502,789	55,307,363	37.75%
Gross profit	38,244,276	21,302,840	16,941,436	79.53%
Profit after tax	16,921,005	7,959,505	8,961,500	112.59%
Basic earnings per share(After-tax) (in NT dollars)	20.03	9.42	10.61	112.63%
Diluted earnings per share (After-tax) (in NT dollars)	19.78	9.34	10.44	111.78%

2. Profitability analysis

Year / Item		Financial Analysis for the Last Two-Years	
		2021	2020
Financial structure(%)	Debt to asset ratio (%)	53.60	54.67
	Long-term capital to property, plant and equipment(%)	836.18	705.74
Solvency(%)	Current ratio(%)	173.89	169.13
	Quick ratio(%)	99.29	99.71
	Interest earned ratio (times) (%)	110,389.06	30,141.93
Profitability (%)	Return on assets (%)	18.83	11.51
	Return on shareholders'equity (%)	40.96	23.92
	Profit ratio (%)	8.38	5.43
	Basic after-tax EPS(NT$)	20.03	9.42

3. Research and Development Status

MSI is the leading brand in the world of global gaming, creators, business, AIoT. The advanced research and development is the foundation and customer satisfaction is the motivation. We distribute in more than 120 countries worldwide. The display cards, desktop computers, motherboards, monitors, computer peripherals, laptops, servers, industrial computers and automotive electronics are constantly welcomed and complimented by the consumers and our clients. MSI is committed to build the digital luxury with excellent quality, user-friendly design, decent and fashionable style. MSI continues to innovate user value and is becoming a comprehensive leading brand in technology.

Following the success in the markets of global gaming, creator and high-level business, we received the award of "Best Taiwan Global Brand Value" in 2021 from the Ministry of Economic Affairs. MSI is a company which not only cultivates its brand, but also focuses on energy-saving and carbon reduction, as well as climate issues. From product development and design, incoming materials, production, packaging, replacement of hardware of the factories, to the work advice that our employees receive, eco-friendliness and energy saving are always the top considerations. Since we conducted the first greenhouse gas monitoring in 2007, we have reduced 50% of the emission and will work toward the goal of 60% by 2030.

II. Operating Plan for 2022

To cope with the change of future environment, MSI's adopted operation guidelines, estimated goals and important sales strategies for 2022 are as follows:

1. operation guideline
   (1) Sales and marketing aspect: progressively explore new markets and new customers and establish a long-term entrusted stable business relationship with customers with potentials and sound financial status to create mutual benefits.
   (2) Product R&D aspect: Develop products which meet users' needs.
   (3) Manufacturing, quality and service aspect: continue implementing automated manufacturing to increase quality and efficiency. Improve repair and services to enhance customer satisfaction.
   (4) In business management: Continue to improve operational efficiency.
   (5) Finance aspect: uphold the principle of steady and stable operation, and control various financial risks.
2. Sales forecast and the analysis

   We cover a wide range of products. While we continuously devote our efforts in the market of high-end products and pursuit of stable growth of each product, we will seek to increase the shipment in new product development and marketing, including motherboards, display cards, laptops, PCs, gaming monitors, gaming peripherals, servers, industrial computers, and auto electronics. We anticipate room for growth in the market. The company's objective is to increase the overall revenue, and will proactively broaden the market share of every product.

3. Important production and sales policy
   (1) Production policy aspect: Always paying attention to the global major political and economic situations to respond to the possible change in market demand and the suppliers' productivity. To increase capacity utilization rate by adopting planned procurement of components. To adopt flexible production to reduce stock level yet fulfilling customer's order demand. To observe the dynamic of supply chains and to ensure an effective production of employees, equipment, materials, and manufacturing methods.
   (2) Sales policy aspect: to provide good quality products that suit customers' need. To gain a mutual success in sales target with our customers.

Looking forward to 2022, the impact of the pandemic is changing. The types of supply and demand are obviously changing. Also, the geographic politics, such as the Russia-Ukraine war, and high inflation have brought negative impact on the consumer demand. The overall industrial development this year will face various challenges. Noticing the rapid changes in the outside world, we will continue to bring together the sales and marketing units, research and development units and operating and management units to raise our operating performance. Our members will work to promote the businesses and grow our performance. It is expected that the shipment of motherboards and graphic cards can reach 24 million pieces in 2022.

I hereby on behalf of the MSI management team express our appreciation to all our shareholders, customers and suppliers. We also appreciate the hard efforts of all employees and directors made during the past year. We hope our shareholders will keep supporting and encouraging us. We will work harder to achieve a greater performance and sales results to share with you.

Sincerely yours,

Chairman：Hsu, Hsiang **CEO：Huang,Chin-Ching** **Accounting Officer：Lin, Hui-Chin**

Report No. 2

The Audit Committee's Review Report on the 2021 Financial Statements.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of PWC was retained to audit MSI's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Micro-Star International Co., Ltd. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Micro-Star International Co., Ltd.

Chairman of the Audit Committee:
Hsu,Jun-Shyan

March 21, 2022

Report No. 3
Report of Employees' Compensation and Directors' Compensation for 2021.

(1) 2021 Employees' Compensation and Directors' Compensation distribution plan is in accordance with Article 235-1 of the Company Act and Article 19-1 of the Articles of Incorporation.
(2) The company's 2021 profit before allocation of Employees' Compensation and Directors' Compensation of which an approximate 7.03% is distributed to Employees' Compensation, count NT $1,540,000,000 (all cash distribution) ; of which 0.49% is distributed to Directors' Compensation, count NT$107,800,000. Both Eemployees' Compensation and Directors' Compensation are distributed in cash.
(3) The distribution above is resolved by the Company's Remuneration Committee and the Board of Directors. The above figures are no difference from the amount recognized in 2021.

Report No. 4
The 2021 Earnings Distribution of cash dividends.

(1) The Board of Directors is authorized to decide the distribution of partial or full dividends in cash, and report the decision to the shareholders meeting in accordance with Company Act in Paragraph 5 of Article 240 and Article 19 of the Articles of Incorporation. Shareholders' meeting may explicitly stipulate in the Articles of Incorporation to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be reported to the shareholders' meeting.
(2) The distributable earnings of the year 2021 is NT$8,870,990,089 will be distributed in cash totally to Shareholders' dividends(NT$10.5 per share) have been approved by the board of directors on March 21, 2022. With the approval of the cash dividend by the meeting of shareholders, the chairperson will be authorized to determine the base date and distribution date of dividends. Cash dividends will be distributed up to one dollar (rounded down values below NT$1). The odd amount will be combined to the Company's non-operating income.
(3) The dividend rate changed after this date as the number of shares circulated on the market under the influence of the following factors: buying back of the company shares and transfer or revocation of treasury shares. Please allow the chairperson to handle the affair. The chairperson is authorized by the Board of Directors to make adjustment to such distribution at his discretion.

Adoption Items

1. Proposed by the Board

Proposal:

Adoption of the 2021 Business Report and Financial Statements

Explanation:

(1) MSI Company's Financial Statements, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Liang, Hua-Ling and Lai, Chung-His of PricewaterhouseCoopers, Taiwan. Also Business Report and Financial Statements have been approved by the Board of Directors and examined by the Audit Committee.

(2) The 2021 Business Report, The Audit Committee's Review Report, audit report, and the above-mentioned Financial Statements. Please refer to page 3~5,6,9~30.

Resolution:

2. Proposed by the Board

Proposal:

Adoption of the Proposal for Distribution of 2021 Profits

Explanation:

(1) The Board of Directors has adopted a Proposal for Distribution of 2021Profits in accordance with Article 19 of the Articles of Incorporation. 2021 Earnings Distribution Table as below.

Micro-Star International Co., Ltd.
Earnings Distribution Table of 2021

（Unit: NT＄）

Items	Amount
Beginning retained earnings	14,796,612,156
+(-)2021Retained Earnings Adjustment	119,601
+2021 Net Profit after Tax	16,921,005,194
(-)Legal Reserve	(1,692,112,480)
(-) Special Reserve	(227,336,058)
(-)Cash Dividends to Share Holders (NT$10.5 per share)	(8,870,990,089)
Unappropriated Retained Earnings	20,927,298,324

Note:

1. Profit of 2021 is prioritized for profit distribution this year.
2. The cash dividend distribution earnings of the year 2021 accordance with Company Act in Paragraph 5 of Article 240 and Article 19 of the Articles of Incorporation has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors and examined by the Audit Committee on March 21, 2022.

Chairman：Hsu, Hsiang　　CEO：Huang,Chin-Ching　　Accounting Officer：Lin, Hui-Chin

Resolution:

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Opinion

We have audited the accompanying consolidated balance sheets of MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES (the "Group") as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China (the "Norm"), and we have fulfilled our ethical responsibilities in accordance with the Norm. Based on our audits and the audit reports of other independent auditors, we believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Recognition of sales revenue generated from own-brand products

Description

Please refer to Note 4(26) for accounting policies on revenue recognition. The sales revenue from own-brand products for the year ended December 31, 2021 is higher than previous year due to the substantial increase in demand for notebook computers and peripherals. The recognition of sales revenue generated from own-brand products is critical to the Group's consolidated financial statements. Therefore, it was identified as a key audit matter.

How our audit addressed the matter

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

A. Obtained an understanding of and assessed internal controls in relation to sales revenue, and validated the operating effectiveness of those above-mentioned internal controls.
B. Obtained detailed listing of sales revenue from own-brand products in the current year, and validated supporting documents, including sales invoices, customer purchase orders and delivery documents to ensure the appropriateness of recognition.
C. Inspected contents and relevant evidences in relation to sales returns and discounts occurring subsequent to the reporting period.
D. Performed accounts receivable confirmation procedure to significant customers.

Estimation of allowance for inventory valuation losses

Description

Please refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(6) for details of inventories. As of December 31, 2021, the balances of inventories and allowance for inventory valuation losses are NT$38,492,257 thousand and NT$552,595 thousand, respectively.

The Group is primarily engaged in manufacturing and sales of motherboards, interface cards, notebook computers and other electronic products. Due to the rapid technological innovations and competition within the industry as well as frequent releases of new products resulting in potential price fluctuations, there is a higher risk of inventory losses due from market value decline or obsolescence. The Group recognises inventories at the lower of cost and net realisable value. As the monetary values of allowance for inventory valuation losses is critical to the financial statements as of December 31, 2021. Therefore, it was identified as a key audit matter.

How our audit addressed the matter

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

A. Inquired with management, and assessed the reasonableness in relation to the provision of allowance for inventory valuation losses.
B. Validated the accuracy of the system logic in calculating the ageing of inventories, and confirmed the consistency with the Group's policies.
C. Validated the appropriateness of system logic of the report of individually identified obsolete

inventory prepared by management and confirmed the consistency with the Group's policies.

D. Sampled and tested the net realisable value basis of the individual inventory and validated the appropriateness.

Other matter –Reference to audits of other independent auditors

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method that are included in the consolidated financial statements. Those financial statements were audited by other independent auditors, whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on reports of the other independent auditors. Total assets of the above-mentioned entities (including investments accounted for under the equity method) amounted to NT$21,787,195 thousand and NT$18,755,869 thousand as of December 31, 2021 and 2020, constituting 21% and 24% of consolidated total assets, respectively. Sales revenue of the above-mentioned entities amounted to NT$46,487,205 thousand and NT$35,899,397 thousand for the years ended December 31, 2021 and 2020, constituting 23% and 25% of consolidated total sales revenue, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion with other matter section on the parent company only financial statements of MICRO-STAR INTERNATIONAL CO., LTD. as of and for the years ended December 31, 2021 and 2020.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Independent auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS 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 ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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.

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Liang, Hua-Ling   Lai, Chung-Hsi

For and on behalf of PricewaterhouseCoopers, Taiwan

March 21, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 23,654,801	23	$ 18,585,955	24
1110	Financial assets at fair value through profit or loss - current	6(2)	98,813	-	203,737	-
1136	Current financial assets at amortised cost	6(4)	432	-	1,000,447	1
1150	Notes receivable, net	6(5)	93,220	-	113,287	-
1170	Accounts receivable, net	6(5)	29,178,913	29	21,867,246	28
1200	Other receivables		292,862	-	265,987	-
1220	Current income tax assets		3,893	-	34,759	-
130X	Inventories, net	6(6)	37,939,662	38	27,482,537	35
1410	Prepayments	6(7)	2,125,713	2	1,807,513	3
11XX	**Total current assets**		93,388,309	92	71,361,468	91
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	104,847	-	124,338	-
1535	Non-current financial assets at amortised cost	6(4) and 8	601,754	1	226,937	-
1600	Property, plant and equipment	6(8) and 8	5,710,853	6	5,130,094	7
1755	Right-of-use assets	6(9)	390,801	-	502,400	1
1760	Investment property - net	6(11)	145,917	-	207,637	-
1840	Deferred income tax assets	6(26)	1,004,168	1	769,613	1
1900	Other non-current assets		112,941	-	75,028	-
15XX	**Total non-current assets**		8,071,281	8	7,036,047	9
1XXX	**Total assets**		$ 101,459,590	100	$ 78,397,515	100

(Continued)

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			December 31, 2021		December 31, 2020	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 2,000,000	2	$ 3,000,000	4
2120	Financial liabilities at fair value through profit or loss - current	6(2)	15,708	-	103,885	-
2170	Accounts payable		33,931,186	33	27,177,751	35
2200	Other payables	6(13)	7,891,676	8	5,344,410	7
2230	Current income tax liabilities		2,999,077	3	1,604,500	2
2250	Provision for liabilities - current	6(16)	1,203,497	1	850,435	1
2280	Current lease liabilities		192,852	-	218,182	-
2365	Refund liabilities- current		4,733,204	5	3,555,792	5
2399	Other current liabilities, others		739,224	1	337,535	-
21XX	**Total current liabilities**		53,706,424	53	42,192,490	54
	Non-current liabilities					
2570	Deferred income tax liabilities	6(26)	17,136	-	6,928	-
2580	Non-current lease liabilities		145,314	-	225,548	1
2640	Net defined benefit liability, non-current	6(15)	211,818	-	220,314	-
2670	Other non-current liabilities, others		298,578	1	212,383	-
25XX	**Total non-current liabilities**		672,846	1	665,173	1
2XXX	**Total liabilities**		54,379,270	54	42,857,663	55
	Equity attributable to owners of parent					
	Share capital	6(17)				
3110	Share capital - common stock		8,448,562	8	8,448,562	11
	Capital surplus	6(18)				
3200	Capital surplus		804,516	1	804,214	1
	Retained earnings	6(19)				
3310	Legal reserve		6,336,840	6	5,541,298	7
3320	Special reserve		674,458	1	794,525	1
3350	Unappropriated retained earnings		31,717,738	31	20,625,711	26
	Other equity interest					
3400	Other equity interest		(901,794)	(1)	(674,458)	(1)
31XX	**Equity attributable to owners of the parent**		47,080,320	46	35,539,852	45
3XXX	**Total equity**		47,080,320	46	35,539,852	45
3X2X	**Total liabilities and equity**		$ 101,459,590	100	$ 78,397,515	100

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

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(20)	$ 201,810,152	100	$ 146,502,789	100
5000	Operating costs	6(6)(24)	(163,565,876)	(81)	(125,199,949)	(85)
5900	Net operating margin		38,244,276	19	21,302,840	15
	Operating expenses	6(24)				
6100	Selling expenses		(11,203,377)	(5)	(7,053,359)	(5)
6200	General and administrative expenses		(1,873,387)	(1)	(1,345,054)	(1)
6300	Research and development expenses		(5,179,451)	(3)	(3,724,340)	(3)
6450	Expected credit (loss) gain		(13,417)	-	7,741	-
6000	Total operating expenses		(18,269,632)	(9)	(12,115,012)	(9)
6900	Operating profit		19,974,644	10	9,187,828	6
	Non-operating income and expenses					
7100	Interest income	6(4)(21)	72,045	-	88,822	-
7010	Other income	6(22)	872,154	-	576,975	-
7020	Other gains and losses	6(23)	(269,465)	-	(224,787)	-
7050	Finance costs		(18,706)	-	(31,945)	-
7000	Total non-operating income and expenses		656,028	-	409,065	-
7900	**Profit before income tax**		20,630,672	10	9,596,893	6
7950	Income tax expense	6(26)	(3,709,667)	(2)	(1,637,388)	(1)
8200	**Profit for the period**		$ 16,921,005	8	$ 7,959,505	5
	Other comprehensive income					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial gain (loss) on defined benefit plan	6(15)	$ 150	-	($ 5,106)	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(19,491)	-	(27,637)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	9,395	-	1,021	-
8310	Components of other comprehensive loss that will not be reclassified to profit or loss		(9,946)	-	(31,722)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(217,270)	-	147,704	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(217,270)	-	147,704	-
8300	**Total other comprehensive (loss) income for the period**		($ 227,216)	-	$ 115,982	-
8500	**Total comprehensive income for the period**		$ 16,693,789	8	$ 8,075,487	5
	Profit attributable to:					
8610	Owners of the parent		$ 16,921,005	8	$ 7,959,505	5
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 16,693,789	8	$ 8,075,487	5
	Earnings per share (in dollars)	6(27)				
9750	Basic earnings per share		$	20.03	$	9.42
9850	Diluted earnings per share		$	19.78	$	9.34

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent										
			Capital Reserves				Retained Earnings			Other equity interest		
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Donated assets received	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
2020												
Balance at January 1, 2020		$ 8,448,562	$ 628,134	$ 130,592	$ 732	$ 44,460	$ 4,982,577	$ 505,966	$ 17,065,967	($ 794,525)	$ -	$ 31,012,465
Profit for the year		-	-	-	-	-	-	-	7,959,505	-	-	7,959,505
Other comprehensive income (loss) for the year		-	-	-	-	-	-	-	(4,085)	147,704	(27,637)	115,982
Total comprehensive income (loss)		-	-	-	-	-	-	-	7,955,420	147,704	(27,637)	8,075,487
Appropriation of 2019 earnings	6(19)											
Legal reserve		-	-	-	-	-	558,721	-	(558,721)	-	-	-
Special reserve		-	-	-	-	-	-	288,559	(288,559)	-	-	-
Cash dividends		-	-	-	-	-	-	-	(3,548,396)	-	-	(3,548,396)
Due to donated assets received		-	-	-	296	-	-	-	-	-	-	296
Balance at December 31, 2020		$ 8,448,562	$ 628,134	$ 130,592	$ 1,028	$ 44,460	$ 5,541,298	$ 794,525	$ 20,625,711	($ 646,821)	($ 27,637)	$ 35,539,852
2021												
Balance at January 1, 2021		$ 8,448,562	$ 628,134	$ 130,592	$ 1,028	$ 44,460	$ 5,541,298	$ 794,525	$ 20,625,711	($ 646,821)	($ 27,637)	$ 35,539,852
Profit for the year		-	-	-	-	-	-	-	16,921,005	-	-	16,921,005
Other comprehensive income (loss) for the year		-	-	-	-	-	-	-	120	(217,270)	(10,066)	(227,216)
Total comprehensive income (loss)		-	-	-	-	-	-	-	16,921,125	(217,270)	(10,066)	16,693,789
Appropriation of 2020 earnings	6(19)											
Legal reserve		-	-	-	-	-	795,542	-	(795,542)	-	-	-
Special reserve		-	-	-	-	-	-	(120,067)	120,067	-	-	-
Cash dividends		-	-	-	-	-	-	-	(5,153,623)	-	-	(5,153,623)
Due to donated assets received		-	-	-	302	-	-	-	-	-	-	302
Balance at December 31, 2021		$ 8,448,562	$ 628,134	$ 130,592	$ 1,330	$ 44,460	$ 6,336,840	$ 674,458	$ 31,717,738	($ 864,091)	($ 37,703)	$ 47,080,320

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

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 20,630,672	$ 9,596,893
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including right-of-use assets and investment properties)	6(24)	1,240,284	1,095,818
Amortization	6(24)	162	200
Expected credit loss (gain)		13,417	(7,741)
Net (gain) loss on financial assets and liabilities at fair value through profit or loss		(125,652)	31,850
Interest expense		18,706	31,945
Interest income	6(21)	(72,045)	(88,822)
(Gain) loss on disposal of property, plant and equipment	6(23)	(862)	540
Loss (gain) on lease modification	6(9)	806	(366)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		127,713	900
Notes receivable, net		20,067	(66,173)
Accounts receivable		(7,324,112)	(4,652,441)
Other receivables		(26,646)	(37,322)
Inventories, net		(10,457,125)	(4,954,697)
Prepayments		(318,200)	(131,812)
Other non-current assets		2,883	18,207
Changes in operating liabilities			
Accounts payable		6,753,435	6,786,231
Other payables		2,548,121	1,497,850
Provision for liabilities - current		353,062	293,715
Refund liabilities- current		1,177,412	1,919,293
Other current liabilities, others		415,873	215,321
Net defined benefit liability		(8,346)	(6,766)
Other non-current liabilities		87,161	-
Cash inflow generated from operations		15,056,786	11,542,623
Interest received		71,732	86,784
Interest paid		(19,392)	(29,945)
Income tax paid		(2,496,210)	(774,794)
Net cash flows from operating activities		12,612,916	10,824,668

(Continued)

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at amortised cost		$ 625,198	$ 200,464
Acquisition of property, plant and equipment		(1,560,688)	(970,766)
Proceeds from disposal of property, plant and equipment		2,065	557
Acquisition of investment properties	6(11)	(914)	(316)
Increase in refundable deposits		(34,300)	(22,474)
Net cash flows used in investing activities		(968,639)	(792,535)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		(1,000,000)	1,500,000
Repayment of the principal portion of lease liabilities		(243,022)	(239,125)
Payment of long-term borrowings		(13,786)	(1,039)
(Decrease) increase in guarantee deposits received		(966)	13,463
Cash dividends paid	6(19)	(5,153,623)	(3,548,396)
Due to donated assets received		302	296
Net cash flows used in financing activities		(6,411,095)	(2,274,801)
Effect of exchange rate		(164,336)	119,578
Net increase in cash and cash equivalents		5,068,846	7,876,910
Cash and cash equivalents at beginning of year	6(1)	18,585,955	10,709,045
Cash and cash equivalents at end of year	6(1)	$ 23,654,801	$ 18,585,955

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of MICRO-STAR INTERNATIONAL CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of MICRO-STAR INTERNATIONAL CO., LTD. (the "Company") as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2021 and 2020, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor's 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 Accountants in the Republic of China (the "Norm"), and we have fulfilled our ethical responsibilities in accordance with the Norm. Based on our audits and the audit reports of other independent auditors, we believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2021. 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, we do not provide a separate opinion on these matters.
Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2021 are stated as follows:

Recognition of sales revenue generated from own-brand products

Description

Please refer to Note 4(24) for accounting policies on revenue recognition. The sales revenue from own-brand products for the year ended December 31, 2021 is higher than previous year due to the substantial increase in demand for notebook computers and peripherals. The recognition of sales revenue generated from own-brand products is critical to the Company's financial statements. Therefore, it was identified as a key audit matter.

How our audit addressed the matter

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

A. Obtained an understanding of and assessed internal controls in relation to sales revenue, and validated the operating effectiveness of those above-mentioned internal controls.

B. Obtained detailed listing of sales revenue from own-brand products in the current year, and validated supporting documents, including sales invoices, customer purchase orders and delivery documents to ensure the appropriateness of recognition.

C. Inspected contents and relevant evidences in relation to sales returns and discounts occurring subsequent to the reporting period.

D. Performed accounts receivable confirmation procedure to significant customers.

Estimation of allowance for inventory valuation losses

Description

Please refer to Note 4(11) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(6) for details of inventories. As of December 31, 2021, the balances of inventories and allowance for inventory valuation losses are NT$38,214,356 thousand and NT$413,261 thousand, respectively.

The Company is primarily engaged in manufacturing and sales of motherboards, interface cards, notebook computers and other electronic products. Due to the rapid technological innovations and competition within the industry as well as frequent releases of new products resulting in potential price fluctuations, there is a higher risk of inventory losses due from market value decline or obsolescence. The Company recognises inventories at the lower of cost and net realisable value. As the monetary values of allowance for inventory valuation losses is critical to the financial statements as of December 31, 2021. Therefore, it was identified as a key audit matter.

How our audit addressed the matter

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

A. Inquired with management, and assessed the reasonableness in relation to the provision of allowance for inventory valuation losses.

B. Validated the accuracy of the system logic in calculating the ageing of inventories, and confirmed the consistency with the Company's policies.
C. Validated the appropriateness of system logic of the report of individually identified obsolete inventory prepared by management and confirmed the consistency with the Company's policies.
D. Sampled and tested the net realisable value basis of the individual inventory and validated the appropriateness.

Other matter-Reference to audits of other independent auditors

We did not audit the financial statements of certain investments accounted for under the equity method that are included in the parent company only financial statements. Those financial statements were audited by other independent auditors, whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on reports of the other independent auditors. Total assets of the above-mentioned investees (including investments accounted for under the equity method) amounted to NT$1,372,674 thousand and NT$1,230,304 thousand as at December 31, 2021 and 2020, constituting 1.31% and 1.52% of total assets, respectively. Comprehensive income of the above-mentioned investees amounted to NT$265,591 thousand and NT$121,586 thousand for the years ended December 31, 2021 and 2020, constituting 1.59% and 1.51% of total comprehensive income, respectively.

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 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Independent auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS 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 ROC GAAS, we exercise professional judgement 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, 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 audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Liang, Hua-Ling Lai, Chung-Hsi
For and on behalf of PricewaterhouseCoopers, Taiwan
March 21, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying 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 auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 20,857,916	20	$ 15,776,634	20
1110	Financial assets at fair value through profit or loss - current	6(2)	98,813	-	79,297	-
1136	Current financial assets at amortised cost	6(4)	-	-	1,000,000	1
1150	Notes receivable, net	6(5)	15	-	672	-
1170	Accounts receivable, net	6(5)	19,037,266	18	13,004,695	16
1180	Accounts receivable - related parties	7	11,561,466	11	10,287,629	13
1200	Other receivables		256,197	-	219,767	-
130X	Inventories, net	6(6)	37,801,095	36	27,116,376	33
1410	Prepayments		1,634,942	2	1,377,599	2
11XX	**Total current assets**		91,247,710	87	68,862,669	85
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	104,847	-	124,338	-
1550	Investments accounted for under equity method	6(7)	9,625,531	9	8,313,914	11
1600	Property, plant and equipment	6(8)	2,654,661	3	2,660,668	3
1755	Right-of-use assets	6(9)	80,030	-	159,609	-
1840	Deferred income tax assets	6(22)	930,235	1	713,301	1
1900	Other non-current assets		26,832	-	24,723	-
15XX	**Total non-current assets**		13,422,136	13	11,996,553	15
1XXX	**Total assets**		$ 104,669,846	100	$ 80,859,222	100

(Continued)

MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	$ 2,000,000	2	$ 3,000,000	4
2120	Financial liabilities at fair value through profit or loss - current	6(2)	15,708	-	103,885	-
2170	Accounts payable		33,416,836	32	26,409,577	33
2200	Other payables	6(11)	6,721,417	6	4,340,669	6
2220	Other payables - related parties	7	5,492,631	5	4,964,060	6
2230	Current income tax liabilities		2,878,632	3	1,499,604	2
2250	Provisions for liabilities - current	6(13)	1,232,491	1	873,229	1
2280	Current lease liabilities		62,649	-	97,029	-
2365	Refund liabilities-current		4,775,490	5	3,418,122	4
2399	Other current liabilities, others		638,091	1	215,875	-
21XX	**Total current Liabilities**		57,233,945	55	44,922,050	56
	Non-current liabilities					
2570	Deferred income tax liabilities	6(22)	16,621	-	6,084	-
2580	Non-current lease liabilities		18,107	-	63,594	-
2640	Net defined benefit liability, non-current	6(12)	211,818	-	220,314	-
2670	Other non-current liabilities, others		109,035	-	107,328	-
25XX	**Total non-current liabilities**		355,581	-	397,320	-
2XXX	**Total Liabilities**		57,589,526	55	45,319,370	56
	Equity					
	Share capital	6(14)				
3110	Share capital - common stock		8,448,562	8	8,448,562	10
	Capital surplus	6(15)				
3200	Capital surplus		804,516	1	804,214	1
	Retained earnings	6(16)				
3310	Legal reserve		6,336,840	6	5,541,298	7
3320	Special reserve		674,458	1	794,525	1
3350	Unappropriated retained earnings		31,717,738	30	20,625,711	26
	Other equity interest					
3400	Other equity interest		(901,794)	(1)	(674,458)	(1)
3XXX	**Total equity**		47,080,320	45	35,539,852	44
3X2X	**Total liabilities and equity**		$ 104,669,846	100	$ 80,859,222	100

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

MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(17) and 7	$ 197,058,352	100	$ 144,805,966	100
5000	Operating costs	6(6)(20) and 7	(162,729,092)	(83)	(125,877,926)	(87)
5900	Net operating margin		34,329,260	17	18,928,040	13
	Operating expenses	6(20) and 7				
6100	Selling expenses		(9,744,185)	(5)	(6,079,422)	(4)
6200	General and administrative expenses		(1,263,743)	(1)	(842,682)	(1)
6300	Research and development expenses		(4,717,098)	(2)	(3,349,045)	(2)
6450	Expected credit gain (loss)	6(5)	5,370	-	(2,446)	-
6000	Total operating expenses		(15,719,656)	(8)	(10,273,595)	(7)
6900	Operating profit		18,609,604	9	8,654,445	6
	Non-operating income and expenses					
7100	Interest income	6(18)	43,303	-	49,551	-
7010	Other income		386,669	-	216,357	-
7020	Other gains and losses	6(2)(19)	(291,669)	-	(138,396)	-
7050	Finance costs		(11,120)	-	(21,446)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(7)	1,528,887	1	667,569	-
7000	Total non-operating income and expenses		1,656,070	1	773,635	-
7900	**Profit before income tax**		20,265,674	10	9,428,080	6
7950	Income tax expense	6(22)	(3,344,669)	(1)	(1,468,575)	(1)
8200	**Profit for the year**		$ 16,921,005	9	$ 7,959,505	5
	Other comprehensive income					
	Components of other comprehensive loss that will not be reclassified to profit or loss					
8311	Actuarial gain (loss) on defined benefit plans	6(12)	$ 150	-	($ 5,106)	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(19,491)	-	(27,637)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	9,395	-	1,021	-
8310	Components of other comprehensive loss that will not be reclassified to profit or loss		(9,946)	-	(31,722)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(217,270)	-	147,704	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(217,270)	-	147,704	-
8300	**Total other comprehensive (loss) income for the year**		($ 227,216)	-	$ 115,982	-
8500	**Total comprehensive income for the year**		$ 16,693,789	9	$ 8,075,487	5
	Earnings per share (in dollars)	6(23)				
9750	Basic earnings per share		$	20.03	$	9.42
9850	Diluted earnings per share		$	19.78	$	9.34

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

MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

			Capital Reserves				Retained Earnings			Other equity interest		
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Donated assets received	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
2020												
Balance at January 1, 2020		$ 8,448,562	$ 628,134	$ 130,592	$ 732	$ 44,460	$ 4,982,577	$ 505,966	$ 17,065,967	($ 794,525)	$ -	$ 31,012,465
Profit for the year		-	-	-	-	-	-	-	7,959,505	-	-	7,959,505
Other comprehensive income (loss) for the year		-	-	-	-	-	-	-	(4,085)	147,704	(27,637)	115,982
Total comprehensive income (loss)		-	-	-	-	-	-	-	7,955,420	147,704	(27,637)	8,075,487
Appropriation of 2019 earnings	6(16)											
Legal reserve		-	-	-	-	-	558,721	-	(558,721)	-	-	-
Special reserve		-	-	-	-	-	-	288,559	(288,559)	-	-	-
Cash dividends		-	-	-	-	-	-	-	(3,548,396)	-	-	(3,548,396)
Due to donated assets received		-	-	-	296	-	-	-	-	-	-	296
Balance at December 31, 2020		$ 8,448,562	$ 628,134	$ 130,592	$ 1,028	$ 44,460	$ 5,541,298	$ 794,525	$ 20,625,711	($ 646,821)	($ 27,637)	$ 35,539,852
2021												
Balance at January 1, 2021		$ 8,448,562	$ 628,134	$ 130,592	$ 1,028	$ 44,460	$ 5,541,298	$ 794,525	$ 20,625,711	($ 646,821)	($ 27,637)	$ 35,539,852
Profit for the year		-	-	-	-	-	-	-	16,921,005	-	-	16,921,005
Other comprehensive income (loss) for the year		-	-	-	-	-	-	-	120	(217,270)	(10,066)	(227,216)
Total comprehensive income (loss)		-	-	-	-	-	-	-	16,921,125	(217,270)	(10,066)	16,693,789
Appropriation of 2020 earnings	6(16)											
Legal reserve		-	-	-	-	-	795,542	-	(795,542)	-	-	-
Special reserve		-	-	-	-	-	-	(120,067)	120,067	-	-	-
Cash dividends		-	-	-	-	-	-	-	(5,153,623)	-	-	(5,153,623)
Due to donated assets received		-	-	-	302	-	-	-	-	-	-	302
Balance at December 31, 2021		$ 8,448,562	$ 628,134	$ 130,592	$ 1,330	$ 44,460	$ 6,336,840	$ 674,458	$ 31,717,738	($ 864,091)	($ 37,703)	$ 47,080,320

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

MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 20,265,674	$ 9,428,080
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including right-of-use assets)	6(8)(9)(20)	329,470	280,442
Amortization	6(20)	3	3
Expected credit (gain) loss	6(5)	(5,370)	2,446
Net (gain) loss on financial assets and liabilities at fair value through profit or loss		(107,693)	56,286
Interest expense		11,120	21,446
Interest income	6(18)	(43,303)	(49,551)
Share of profit of associates and joint ventures accounted for using equity method		(1,528,887)	(667,569)
Gain on disposal of property, plant and equipment	6(19)	(7)	-
Loss (gain) on lease modification	6(9)	689	(53)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		657	3,257
Accounts receivable		(6,027,201)	(2,160,868)
Accounts receivable due from related parties		(1,273,837)	(3,655,599)
Other receivables		(37,639)	(60,584)
Inventories, net		(10,684,719)	(4,360,321)
Prepayments		(257,343)	(26,305)
Changes in operating liabilities			
Accounts payable		7,007,259	6,645,119
Other payables		2,381,513	1,288,865
Other payables - related parties		528,571	691,450
Provisions for liabilities - current		359,262	293,892
Refund liabilities - current		1,357,368	1,862,613
Other current liabilities, others		422,216	150,522
Net defined benefit liability		(8,346)	(6,766)
Cash inflow generated from operations		12,689,457	9,736,805
Interest received		44,512	48,128
Interest paid		(11,885)	(19,561)
Income tax paid		(2,162,643)	(656,478)
Net cash flows from operating activities		10,559,441	9,108,894

(Continued)

MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at amortised cost		$ 1,000,000	$ 200,000
Acquisition of investment accounted for using equity method		-	(2,150)
Acquisition of property, plant and equipment	6(8)	(217,404)	(270,927)
Proceeds from disposal of property, plant and equipment		7	-
Increase in refundable deposits		(2,112)	(5,836)
Net cash flows from (used in) investing activities		780,491	(78,913)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings	6(24)	(1,000,000)	1,500,000
Repayment of the principal portion of lease liabilities	6(24)	(107,036)	(102,593)
Increase in guarantee deposits received	6(24)	1,707	15,519
Cash dividends paid	6(16)	(5,153,623)	(3,548,396)
Due to donated assets received		302	296
Net cash flows used in financing activities		(6,258,650)	(2,135,174)
Net increase in cash and cash equivalents		5,081,282	6,894,807
Cash and cash equivalents at beginning of year	6(1)	15,776,634	8,881,827
Cash and cash equivalents at end of year	6(1)	$ 20,857,916	$ 15,776,634

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

Discussion Items

1. **Proposed by the Board**

Proposal:

Amendment to the " Operational Procedures for Acquisition or Disposal of Assets". Please proceed to discuss.

Explanation:

In accordance with the laws, the Company hereby proposes amendments to the some articles of the Company's "Operational Procedures for Acquisition or Disposal of Assets". Please refer to page 39~41,42~45 (Appendix 3,3-1) for the comparison table in the Meeting Agenda Handbook.

Resolution:

Extempore motions

Appendix

1. “Shareholders Meeting Rules”
2. “Articles of Incorporation”
3. “Operational Procedures for Acquisition or Disposal of Assets” and the Comparison Table for the Amendment to “Operational Procedures for Acquisition or Disposal of Assets”
4. “Shareholding status of Directors”

Appendix 1

Shareholders Meeting Rules of
Micro-Star International Co., Ltd.

Article 1
The shareholders meeting rules of the Company is promulgated in accordance with Article 182-1 of the Company Act.
Article 2
Shareholders attending the Meeting shall submit the attendance card for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.
Article 3
When the Company holds a shareholders meeting, it may opt for the shareholders to exercise voting rights by correspondence or electronic means.
Shareholders exercising voting rights by electronic means shall cast their votes through the Company designated electronic voting platform.
The attendance and voting at the shareholders meeting shall be calculated based on the shares.
Article 4
The place of the shareholders meeting shall be at the office of the Company or at a location convenient to the shareholders and suitable for convening a shareholders meeting. The time of the meeting may not be earlier than 9 a.m or later than 3 p.m.
Article 5
When the shareholders meeting was convened by the Board of Directors, the shareholders meeting shall be presided by the Chairman of the Board of Directors. If the Chairman is absent or is unable to exercise the duties for certain reasons, the vice-Chairman shall act on his/her behalf. If the vice-Chairman is absent or is unable to exercise the duties for certain reasons, the Chairman may designate the managing director to act on his/her behalf; if there is no managing director, one of the directors may be designated to act on his/her behalf. Where the Chairman does not designate a proxy, the managing director or directors may elect a person among themselves to act on behalf of the Chairman.
When the shareholders meeting was convened by other persons who have the convening right, the shareholders meeting shall be presided by the convener.
Article 6
The Company may designate attorneys, accountants or relevant personnel engaged to be present in the shareholders meeting. The staffs handling the shareholders meeting shall wear identification cards or arm-band.
Article 7
The Company shall sound record or video record the whole process of the shareholders meeting and shall preserve it for at least one year.
Article 8
Upon the starting time of the meeting, the chairman shall order the meeting to begin. and announce the relevant information such as the number of non-voting rights and the number of shares present. However, where the shareholders present represent half or less than half of the total outstanding shares, the chairman may postpone the meeting for a total of two times. The postponed time may not in total exceed one hour. Where after two postponements, the shareholders present still do not meet the quorum but represent one-third or more of the total outstanding shares, a tentative resolution may be passed in accordance with Paragraph 1, Article 175 of the Company Act. If the shares present represent more than half of the total outstanding shares before the end of the meeting, the chairman may propose the tentative resolution to the shareholders meeting for voting in accordance with Article 174 of the Company Act.
Article 9
The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.
The shareholders shall not designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the

Meeting, one person as chairman to continue the Meeting.
Article 10
Before a shareholder makes a statement, he/she must complete a statement slip stating the subject of the statement, the shareholder number (or attendance card number) and shareholder name, and the chairman shall determine the order of his/her statement. Where a shareholder present only completed a statement slip but did not make a statement, he/she will be deemed to not have made a statement. Where the statement made is inconsistent with that stated on the statement slip, the statement made will prevail. When a shareholder present makes a statement, the other shareholders may not make a statement and interfere, unless consent is obtained from the chairman and the shareholder making the statement.
The chairman shall restrain such interfering shareholder.
Article 11
For each proposal, a shareholder may not make more than two statements, unless consent is obtained from the chairman. Each statement may not exceed five minutes. The chairman may restrain the shareholder form making the statement if he/she violates the above provisions or has exceeded the scope of the proposal.
Article 12
Where an institution is delegated to attend the shareholders meeting, it may only appoint one representative to attend. Where the institution appoints two or more
representatives to attend the shareholders meeting, only one person may make a statement for each proposal.
Article 13
After a shareholder makes a statement, the chairman may respond him/herself or designate a relevant person to respond.
Article 14
Where the chairman believes that the proposal discussed may be resolved, he/she may announce the ending of the discussion and propose that votes be made.
The votes for the proposals shall be calculated by the votes casted on the spot plus the votes casted by electronic voting.
Article 15
The personnel supervising and calculating the votes for the proposals shall be
designated by the chairman, but the supervising personnel shall be a shareholder. The result of the votes shall be announced on the spot and recorded.

Article 15-1

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.
The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
Article 16
During the meeting, the chairman may announce recesses at his/her own discretion.
Article 17
Unless otherwise specified in the Company Act and the Articles of Incorporation, resolutions at a shareholders meeting shall be adopted by a majority vote of the shareholders present. When making a resolution, if shareholders present have no objections upon the inquiry of the chairman, it will be deemed as adopted and its effect shall be the same as resolution by voting.
Article 18
When a proposal has an amendment or a replacement, the chairman may combine it
with the original proposal and determine the order of resolution. If one of the proposals is resolved, the other proposals will be deemed as rejected and there is no need to make another resolution.
Article 19
The chairman may instruct the security officer to assist in maintaining the order of the meeting. The security officer shall wear an arm-band with the word "Security" when assisting in the maintenance of the order of the meeting.
Article 20
The Rule shall be approved by the shareholders' meeting, so does the amendment. The first version
established on January 19, 1998;
The second version amended on March 3, 2000; The
third version amended on May 16, 2002;
The fourth version amended on June 17, 2014;
The fifth amendment was made on June 11, 2021.

Appendix 2

Articles of Incorporation of Micro-Star International Co., Ltd. (the "Company")

Section I - General Provisions

Article 1 - The Company is incorporated in accordance with the Company Act, with the name of 微星科技股份有限公司, and the English name of Micro-Star International Co., Ltd.

Article 2 - The purpose for which the Company is formed shall be as follows:

1. Design of various computer hardware and software and manufacture, sale and purchase of computer products, parts and components;
2. Manufacture and sale of electronic components and parts;
3. Import-export trading business in relation of the foregoing businesses;
4. Agency business for quotation, bid and distribution of related products;
5. CC01030 Manufacturing business of electric appliances;
6. CC01060 Manufacturing business of wired communications equipments;
7. CC01070 Manufacturing business of wireless communications equipments;
8. CE01030 Manufacturing business of optical devices;
9. CH01040 Manufacturing business of toys;
10. F109040 Wholesale business of toys and entertainment products;
11. F113020 Wholesale business of electric appliances;
12. F113050 Wholesale business of office machines and equipments;
13. F113070 Wholesale business of telecommunications equipments and materials;
14. F209030 Retail business of toys and entertainment products;
15. F213030 Retail business of office machines and equipments;
16. F213060 Retail business of telecommunications equipments and materials;
17. F213010 Retail business of electric appliances;
18. CC01101 Manufacturing business of regulated RF telecommunications equipments and materials;
19. F401021 Import business of regulated RF telecommunications equipments and materials;
20. CF01011 Manufacturing business of medical equipments;
21. F108031 Wholesale business of medical equipments;
22. F208031 Retail business of medical equipments;
23. CE01010 Manufacturing business of general equipments; and
24. ZZ99999 All other businesses not prohibited or restricted by laws and regulations except businesses requiring special permits.

Article 3 - The Company may provide guarantees to others in the same industry when necessary for its business, subject to the approvals of the Board of Directors.

Article 4 - The total amount of the investment by the Company is not subject to the limit of forty percent of the Company's issued and outstanding capital stock as provided for in the Republic of China Company Act.

Article 5 - The Company shall have its headquarters office in New Taipei City, Taiwan and may, when necessary, set up branch offices worldwide according to the resolution adopted at the meeting of the Board of Directors.

Article 6 - Deleted

Section II - Capital Stock

Article 7 - The total authorized capital stock of the Company shall be in the amount of NT$15,000,000,000 divided into 1,500,000,000 shares, at a par value of NT$10 each. Within the capital stock, 80,000,000 shares are reserved for the issuance of employee stock warrants.

The aforementioned capital stock may be issued in installments subject to the resolution of the Board of Directors.
In the event that the Company may purchase their own shares in accordance with laws, the Board of Director is authorized to do so pursuant to laws and regulation.

Article 7-1- The exercise price of employee stock warrants is less than the common stock closing price of issuance date shall be voted in favor by the majority present at a shareholders' meeting at which shareholders of more than two-thirds of the issued and outstanding shares present.
Lower than the actual average price of the shares of treasury stock, the transfer of shares to employees shall be voted in favor by the majority present at a shareholders' meeting at which shareholders of more than two-thirds of the issued and outstanding shares present.

Article 8 - The stock certificates of the Company shall be in registered form and issued after being signed and affixed with the seal specimen by three or more directors of the Company, being assigned serial numbers and being authenticated in accordance with law.
When issuance of new shares, the share certificates of the new issuance may be printed in combination form but shall be held in custody by centralized securities depository institutions. The shares may be made in non-printed form but shall be registered in centralized securities depository institutions.

Article 9 - Registration on shareholders' register for share transfer shall be suspended for sixty days before any ordinary shareholders' meeting, thirty days before any extraordinary shareholders' meeting, and five days before the record date for determination of the shareholders entitled to dividends or any other profits distribution by the Company.

Section III - Shareholders' Meeting

Article 10 - Shareholders' meetings of the Company are two kinds: ordinary shareholders' meetings and extraordinary shareholders' meetings. Ordinary shareholders' meetings shall be convened at least once a year by the Board of Directors in accordance with law within six months after the close of each fiscal year and notify each shareholder thirty days in advance. Extraordinary shareholders' meetings shall be convened whenever necessary and notify each shareholder fifteen days in advance.
Above mentioned notification shall provide the date, location and agenda of the meeting.
Except the rule governed by the Company Act, shareholders’ meeting shall be convened by the Board of Directors.

Article 11 - If a shareholder is unable to attend a shareholders' meeting, he/she may execute and issue a proxy in the form as printed by the Company and specify the scope of the proxy. The use of proxies and calculation of voting rights under agency shall be governed by Company Act and the "Rules of Using Proxies When Attending Shareholders' Meeting of Public-Listed Companies" promulgated by the regulatory authorities.

Article 12 - Shareholders shall be entitled to one vote for each share held by them. Shares held by the Company in accordance with Paragraph 2, Article 179 of Company Act shall not be entitled to voting rights.

Article 13 - Any resolution at a shareholders' meeting shall, unless otherwise provided for in Company Act, be adopted if voted in favor by the majority present at a shareholders' meeting at which shareholders of more than one-half of the issued and outstanding shares present.

Section IV - Directors and Supervisors

Article 14 - The Company shall have seven to eleven directors. The term of the directors and supervisors shall be three years. The directors and supervisors shall be eligible for re-election and shall be elected from persons with legal capacity at a shareholders' meeting.
The board of directors of a company shall have at least three independent directors among the directors elected in accordance with the preceding Paragraph of this Article. The election of directors shall adopt the candidates nomination system. Non-independent directors and independent directors shall be elected together and the elected quota of which shall be calculated separately. Among the directors elect, candidate to whom the ballots cast represent a prevailing number of votes shall be dependent directors and the rest be independent directors.
The total shareholding of the directors shall be governed by the "Rules Governing the

Percentage and Inspection of the Shareholding of Directors and Supervisors of Public-listed Companies."

Enhancing supervision functions and strengthening management mechanisms, the board of directors of the Company may set up Functional committees.

Functional committees shall adopt an organizational charter to be approved by the board of directors, the organizational charter shall contain the number of directors, terms, and authorization of committee.

Article14-1- In the event the Company establishes an Audit Committee in accordance with Article 14.4 of the Securities Exchange Act, the date of Audit Committee establishment shall be date of abolition of supervisors. The rules regarding to the supervisors of the Companies Act, the Securities Exchange Act shall apply to the Audit Committee.

The functions and exercise of powers of the Audit Committee shall be governed by "Regulations Governing the Exercise of Powers by the Audit Committee of a Public Company" and relevant government authorities' regulations.

Article 15 - The Board of Directors shall be composed of directors. The Chairman and Vice Chairman shall be elected from among the directors pursuant to Article 208 of Company Act. The Chairman of the Board of Directors shall have the authority to represent the Company externally.

Article 16 - The board meeting unless otherwise provided for in this Act, shall be called by the Chairman. The Chairman of the Board of Directors shall act as the chairman. In the event that the Chairman of the Board of Directors is at leave or cannot execute his duties for any cause, the attorney-in-fact shall handle pursuant to Article 208 of Company Act. In case of his/her absence of a director, the director may, by issuing a proxy specifying the scope of agency, designate one of the other directors to act for and on his/her behalf. A director may only act for one other director. If the board meeting is conducted through videoconference, the directors shall be deemed attending the board meeting in person is participating the meeting through videoconference.

In calling a meeting of the Board of Directors, a notice setting forth therein the subjects to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time.

The notice of calling a meeting of the Board of Directors may be delivered by means of a written notice, email, or fax.

Article 16-1 - Any resolution at a Board meeting shall be adopted if voted in favor by the majority present at a Board meeting at which more than half of the Directors are present unless otherwise stipulated in Company Act.

Article 16-2- Deleted.

Article 16-3- The Company may authorize the Board of Directors to have liability insurance for all the directors during their tenure of the Board.

Article 16-4 - The remuneration of directors shall be discussed and decided by the Board of Directors referencing the standard generally adhered by other companies of the sameindustry.

Section V - Managers

Article 17 - The Company may have one president. The appointment, removal and remuneration of the president shall be conducted in accordance with Article 29 of Company Act.

Section VI - Accounting

Article 18 - The fiscal year of the Company is calendar year. At the end of each fiscal year, the Board of Directors shall prepare (1) report of business operation, (2)financial statements, (3) proposal for appropriation of earnings or covering of loss, etc, and send the same to the ordinary shareholders meeting for their recognition in accordance with relevant laws and regulations.

Article 19 - The Company is in a highly changeable industry. Many high-end lucrative products are in growth. The distribution of dividends shall be made taking into consideration the needs of Company future development and operation, and the interests of shareholders. If the annual results shall have profit, such profits should first pay all taxes and reimburse accumulative loss, then take 10% legal reserve, reserve or reverse special reserve according to the Company Act. After previous deductions and reserves, the Company can take 10% to 90% of the distributable

earnings plus undistributed retained earnings as bonus proposed by the board of directors. The bonus distributed in cash at whole or partially can be decided by the board Board's majority resolution and report to the shareholders' meeting. If the bonus will be distributed by the issuance new shares, the issuance shall be approved by the shareholders' meeting.
Shareholders' bonus shall be distributed in accordance with the percentage of the shares owned among the total outstanding shares of the Company. Shareholders' bonus can be distributed through the forms of cash and stock dividends. In such distribution combination, cash dividends shall be counted no less than 30% of the total distributed bonus.
In the event there are deductions under the account of shareholder's equity which cannot be allocated from after-tax profits of the current fiscal year, whether accumulated from previous year or occurred in the current year, the Company shall allocate sufficient special reserves from the beginning aggregate balance of undistributed earnings and subtract such shareholder equity deductions before profits distribution.

Article 19-1- The pre-tax income of the current fiscal year shall first offset the accumulated deficits. If the balance is positive, then the Company shall allocate the remuneration to be distributed to employees, directors in accordance with the following ratio.

1. Employee remuneration in the percentage of 6% to 10%. Individuals eligible for employee remuneration include the Company's employees and the employees of the Company's subsidiaries meeting certain requirements. Such requirements are to be set by the Board of Directors.
2. Remuneration to be distributed to directors shall not exceed 1%.

The decision of the percentage of remuneration to be distributed to employees, directors and supervisors set forth in the preceding Paragraph, the forms of distribution (cash or stock dividends) and the amounts and shares thereof shall be made through the special resolutions of the Board of Directors and reported to the shareholder's meeting.

Article 20 - According to provisions of Company ActArticle 241， the Company is able to authorize the Board to distribute legal reserve or capital surplus in cash at whole or partially with majority resolution and report at the shareholders' meeting. Alternatively, the distribution can be issuance new shares upon the approval of shareholders' meeting.

Section VII - Supplementary Provisions

Article 21 - Matters not provided for in these Articles of Incorporation shall be governed by Company Act.

Article 22 - These Articles of Incorporation were entered into on July 23, 1986.
The first amendment was made on June 30, 1989;The second amendment was made on March 26, 1990; The third amendment was made on June 25, 1991; The fourth amendment was made on April 25, 1994; The fifth amendment was made on May 30, 1995;The sixth amendment was made on June 11, 1996;
The seventh amendment was made on August 30, 1996; The eighth amendment was made on April 19, 1997; The ninth amendment was made on February 28, 1998; The tenth amendment was made on September 18, 1998; The eleventh amendment was made on May 20, 1999; The twelfth amendment was made on May 4, 2000;The thirteenth amendment was made on May 10, 2001; The fourteenth amendment was made on May 10, 2001; The fifteenth amendment was made on May 16, 2002; The sixteenth amendment was made on May 28, 2003; The seventeenth amendment was made on May 28, 2003; The eighteenth amendment was made on June 9, 2004; The nineteenth amendment was made on June 14, 2005;The twentieth amendment was made on June 14, 2006; The twenty-first amendment was made on June 13, 2007;The twenty-second amendment was made on June 11, 2008; The twenty-third amendment was made on June 16, 2009; The twenty-forth amendment was made on June 10, 2010; The twenty-fifth amendment was made on June 9, 2011; The twenty-sixth amendment was made on June 17, 2014;The twenty-seventh amendment was made on June 16, 2016; The twenty-eighth amendment was made on June 15, 2018; The twenty-nineth amendment was made on June 14, 2019; The thirtieth amendment was made on June 10, 2020.

Appendix 3

Micro-Star International Co., Ltd.
“Operational Procedure for Acquisition or Disposal of Assets”

Article 1
In order to protect investments, carry out information transparency and enhance the Company’s asset management, these procedures are established in accordance with the applicable laws and administrative explanations.

Article 2
This Procedure is made according to Article 36-1 of the Securities and Exchange Act and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (hereinafter referred to as the “Governing Regulations”).

Article 3
The Governing Regulations shall govern the definitions of terms used in this Procedure.

Article 4
The Procedures for Handling Acquisition and Disposal of Assets of the Company are as follows:
(Ⅰ)Scope of Assets: the Governing Regulations shall govern the assets specified in this Procedure.
I. Scope of Assets: The Governing Regulations shall govern the assets specified in this Procedure.
II. Evaluation Procedure:

(Ⅰ)Regarding this Company's Acquisition and Disposal of Assets, the responsible unit shall submit the reason for acquisition and disposal of assets, the transaction target, the transaction counterparty, the transfer price, collection/payment terms, price reference basis and other matters to the department in charge for feasibility assessment, so that relevant matters can be handled according to the Hierarchy of Decision-Making Authority.

(Ⅱ)Price Determination Method and Reference Basis

1.Acquisition and disposal of securities that are transacted at centralized trading market or places of business of securities firms shall be conducted at the then market price of the securities.
2.Acquisition and disposal of securities that are not transacted at centralized trading market or places of business of securities firms shall take into account the net worth per share, profitability, future growth potential, market interest rate, nominal interest rate of bond, the debtor's credit, investment risk, recent transaction price or opinions of experts in securities analysis.
3.Acquisition and disposal of real property or the relevant right-of-use assets shall take into account the announced current value, assessed value, actual transaction price of nearby real property, valuation report from the professional valuation agency, etc.
4.Acquisition and disposal of other assets or the relevant right-of-use assets shall be conducted in one of following way as appropriate: price inquiry, price comparison, bargaining or open tendering.
Regarding this Company’s acquisition and disposal of securities, intangible assets, membership certificate, real property, equipment, right-of-use assets, etc., if the transaction amount conform to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” the valuation report from the professional valuation agency or its appraisers and opinions from the accountant, lawyer and/or securities underwriter as specified in the Governing Regulations shall be obtained before the date of actual acquisition and disposal of relevant assets. However, if relevant assets have gone through the court auction procedure or disposed of by the court, the supporting documents issued by the court may be used to replace the valuation report or the accountant’s opinions.
The Company, when acquiring or disposing of securities, intangible assets or the right-of-use assets thereof, membership, real property, equipment or the right-of-use assets thereof, where the transaction value reaches the amounts set forth in the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” shall, prior to the date of occurrence of the event, obtain an appraisal report from a professional appraiser and their officers or an opinion from a certified public accountant, attorney-at-law or securities underwriters; if the disposal of asset occurs through a court auction process, the certification issued by the court may be the substitute for such appraisal report or accountant’s opinion.

Ⅲ. Operating Procedure:

(Ⅰ)Authorized Amount and Hierarchy of Decision-Making Authority

1.Acquisition and disposal of long-term equity investment, government bonds, corporate bonds, financial bonds and real property or the relevant right-of-use assets shall be reviewed and approved by the Board of Directors. But if the amount of each single transaction doesn't reach 500 million NTDs, the Board of Directors may authorize the Chairman of the Board or the General Manager to review and approve it before reporting it to the Board of Directors.

2.Acquisition and disposal of short-term equity investment, short-term bond investment, securities for the recognition fund, depositary receipts, call (put) warrants shall be reviewed and approved by the Chairman of the Board or the General Manager. But if the amount of a single transaction reaches 500 million NTDs, it shall be reviewed and approved by the Board of Directors.

3. If the Company or any subsidiary which is not a publicly listed domestic company, acquires from or disposes of any real property or the right-of-use to a related party or acquires from or disposes of any assets other than real property or the right-of-use, where, in either case, the transaction amount reaches ten percent of the Company's total assets, relevant data shall be submitted to the Audit Committee for discussion and to the Board of Directors for resolution according to the Governing Regulations. If, according to the Governing Regulations, the handling process must be reported to the Shareholders' Meeting, the Company shall do so in accordance with the relevant regulation; provided, however, that the foregoing requirements do not apply to the transactions between the Company and its subsidiary(ies) or between the subsidiary(ies).

4.Regarding the acquisition and disposal of equipment for business purposes or the relevant right-of-use assets or the acquisition and disposal of the right to use real property for business purposes between this Company and its subsidiary(ies) or between the subsidiary(ies) over which this Company directly or indirectly controls 100% of their issued shares or total capital, if the amount of each single transaction does not reach NTD 500 million, the Board of Directors may authorize the Chairman of the Board to review and approve it before reporting it to the Board of Directors for retro-active ratification.

(Ⅱ)Executive Unit:

Regarding this Company's acquisition and disposal of long-term/short-term securities, the Executive Unit shall be the Finance Center Regarding this Company's acquisition and disposal of real property or the relevant right-of-use assets and other fixed assets, the Executive Unit shall be the user department and relevant authorities. The Executive Unit in charge of Announcement and Declaration of relevant matters shall be the Finance Department

(Ⅲ)Transaction Process:

Acquisition and disposal of relevant assets shall be governed by this Company's internal control system.

Ⅳ.Announcement and Declaration Procedures:

(Ⅰ)If this Company and its subsidiaries are subject to the Announcement and Declaration Procedures owing to the acquisition and disposal of assets, relevant information shall be submitted through the official website specified by the competent authority within 2 days after the date of actual acquisition and disposal.

(Ⅱ)To implement the Announcement and Declaration Procedures, experts shall be invited to propose opinions and publicize information according to the Governing Regulations. The content of the declaration and other matters needing attention shall be governed by the Governing Regulations.

Ⅴ.Limits on Investment by this Company and its Subsidiaries:

(Ⅰ)Regarding the acquisition of real property not for business purposes and the relevant right-of-use assets by this Company and its subsidiaries, the cumulative amount shall not exceed 100% of shareholders' equity specified in the most recent financial statements.

(Ⅱ)The total amount of investment by this Company and its subsidiary(ies) shall not exceed 100% of shareholders' equity specified in the most recent financial statements. The amount of investment in individual securities shall not exceed 40% of shareholders' equity specified in the most recent financial statements.

Article 5

The Procedure for Controlling the Acquisition and Disposal of Assets by this Company's subsidiaries is as follows:

I. This Company's subsidiary(ies) shall comply with the "Procedure for Handling Acquisition and Disposal of Assets" and the "Group Business Operating Policy" established by the headquarters of the Group and the "List of Authority" of the handling subsidiary. In case of any conflict between any documents, the stricter provisions shall apply.

II. Subsidiaries shall take the initiative to check if the acquisition or disposal of assets is compliant with the foregoing regulations.

III. The internal auditor of this Company shall periodically review the subsidiaries' self-check reports and other related matters.

IV. If this Company's subsidiaries are not domestic publicly-held corporations, and if the subsidiaries shall be subject to Announcement and Declaration Procedures, this Company shall act on their behalf.

V. In the Governing Regulations and the Announcement and Declaration Procedures applicable to the subsidiaries in the preceding paragraph, this Company's paid-in capital or total assets shall prevail in provisions that specify 20% of the paid-in capital or 10% of the total assets.

VI. The subsidiaries and the Parent Company referred to in this Procedure shall be determined by the Financial Report Compilation Guidelines for the securities issuing entities.

Article 6

Except as otherwise specified in this Procedure, the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" shall govern the transactions between this Company and stakeholders.

Article 7

This Company's "The Procedure for Handling Derivatives Trading" and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" shall govern this Company's Derivatives Trading and relevant matters.

Article 8

Relevant laws and regulations and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" shall govern this Company's merger, split, acquisition or share transfer.

Article 9

When this Company's manager and relevant personnel in charge deal with the Acquisition and Disposal of Assets and relevant matters in material violation of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" or this Procedure, they shall be punished according to regulations.

Article 10

The relevant laws and regulations and this Company's rules and regulations shall govern the outstanding matters or questions and doubts concerning this Procedure.

The establishment or amendment to these Handling Procedures in accordance with the Governing Regulations and the acquisition or disposal of substantial assets in accordance with these Handling Procedures or other laws or the transaction of derivatives, which shall be resolved by the Board of Directors, shall be approved by the majority of the Audit Committee or unanimously before submitted to the Board.

If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.

The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

If the Company is with independent directors designated, the opposition and /or consent and the reason for opposition should be considered comprehensively and should be stated in the minutes of meeting for record.

These Rules and all subsequent amendments each shall be implemented after being approved by the Shareholders Meeting.

These Articles of Incorporation were entered into on June 1, 1996.

The second amendment was made on March 5, 1999;

The third amendment was made on October 29, 1999;

The fourth amendment was made on December 20, 1999;

The fifth amendment was made on March 8, 2001;

The sixth amendment was made on May 28, 2003;

The seventh amendment was made on June 13, 2007;

The eighth amendment was made on June 15, 2012;

The ninth amendment was made on June 17, 2014;

The tenth amendment was made on June 15, 2017;

The eleventh amendment was made on June 15, 2018;

The twelfth amendment was made on June 14, 2019;

The thirteenth amendment was made on June 10, 2022;

Appendix 3-1

Micro-Star International Co., Ltd.
Comparison chart of the amended articles of
Operational Procedures for Acquisition or Disposal of Assets

AFTER THE REVISION	BEFORE THE REVISION	Remarks
Article 1 In order to protect investments, carry out information transparency and enhance the Company's asset management, these procedures are established in accordance with the applicable laws and administrative explanations.	**Article 1** This Procedure is formulated to protect investment, implement information disclosure, and strengthen this company's asset management.	Wording modification
Article 3 The Governing Regulations shall govern the definitions of terms used in this Procedure.	Article 3 The Governing Regulations shall govern the definitions of terms used in this Procedure.	Wording modification
Article 4 The Procedures for Handling Acquisition and Disposal of Assets of the Company are as follows: (Ⅰ)Scope of Assets: The Governing Regulations shall govern the assets specified in this Procedure. (Paragraphs Ⅱ(Ⅰ)~(Ⅱ)4. are omitted) The Company, when acquiring or disposing of securities, intangible assets or the right-of-use assets thereof, membership, real property, equipment or the right-of-use assets thereof, where the transaction value reaches the amounts set forth in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," shall, prior to the date of occurrence of the event, obtain an appraisal report from a professional appraiser and their officers or an opinion from a certified public accountant, attorney-at-law or securities underwriters; if the disposal of asset occurs through a court auction process, the certification issued by the court may be the substitute for such appraisal report or accountant's opinion. Ⅲ. Operating Procedure: (Paragraphs (Ⅰ)1~2. are omitted) 3.If the Company or any subsidiary which is not a publicly listed domestic company, acquires from or disposes of any real property or the right-of-use to a related party or acquires from or disposes of any assets other than real property or the right-of-use, where, in either case, the transaction amount reaches ten percent of the Company's total assets, relevant data shall be submitted to the Audit Committee for discussion and to the Board of Directors for resolution according to the Governing Regulations. If, according to the Governing Regulations, the handling process must be reported to the Shareholders' Meeting, the Company shall do so in accordance with the relevant regulation;	**Article 4** This Company formulates the Procedure for Handling Acquisition and Disposal of Assets as follows, and the Acquisition and Disposal of Assets shall be handled according to the Handling Procedure: (Ⅰ)Scope of Assets: The Governing Regulations shall govern the assets specified in this Procedure.Evaluation Procedure: (Paragraphs Ⅱ(Ⅰ)~(Ⅱ)4. are omitted) Regarding this Company's Acquisition and Disposal of Assets, the responsible unit shall submit the reason for acquisition and disposal of assets, the transaction target, the transaction counterparty, the transfer price, collection/payment terms, price reference basis and other matters to the department in charge for feasibility assessment, so that relevant matters can be handled according to the Hierarchy of Decision-Making Authority. Ⅲ. Operating Procedure: (Paragraphs (Ⅰ)1~2. are omitted) 3.Regarding this Company's acquisition and disposal of real property or the relevant right-of-use assets from stakeholders, relevant data shall be submitted to the Audit Committee for discussion and the Board of Directors for resolution according to the Governing Regulations. If the Handling Status must be submitted to the Shareholders' Meeting according to the Governing Regulations, it shall be handled in accordance with relevant regulations. 4.Regarding the acquisition and disposal of equipment for business purposes or the relevant right-of-use assets or the acquisition and disposal of the right to use real property for business purposes between this Company and its subsidiaries or subsidiaries over which this Company directly or indirectly control 100% of their issued shares or total capital, if the amount of	In accordance with the applicable laws and operation necessity

provided, however, that the foregoing requirements do not apply to the transactions between the Company and its subsidiary(ies) or between the subsidiary(ies). 4.Regarding the acquisition and disposal of equipment for business purposes or the relevant right-of-use assets or the acquisition and disposal of the right to use real property for business purposes between this Company and its subsidiary(ies) or between the subsidiary(ies) over which this Company directly or indirectly controls 100% of their issued shares or total capital, if the amount of each single transaction does not reach NTD 500 million, the Board of Directors may authorize the Chairman of the Board to review and approve it before reporting it to the Board of Directors for retro-active ratification. (Ⅱ)Executive Unit: Regarding this Company's acquisition and disposal of long-term/short-term securities, the Executive Unit shall be the Finance Center Regarding this Company's acquisition and disposal of real property or the relevant right-of-use assets and other fixed assets, the Executive Unit shall be the user department and relevant authorities. The Executive Unit in charge of Announcement and Declaration of relevant matters shall be the Finance Department. (Paragraphs (Ⅲ)~Ⅳ are omitted) Ⅴ.(Ⅰ) are omitted (Ⅱ)The total amount of investment by this Company and the subsidiary(ies) shall not exceed 100% of the shareholders' equity specified in the most recent financial statements. The amount of investment in individual securities shall not exceed 40% of the shareholders' equity specified in the most recent financial statements.	each single transaction does not reach 500 million NTDs, the Board of Directors may authorize the Chairman of the Board to review and approve it before reporting it to the Board of Directors for retroactive ratification. (Ⅱ)Executive Unit: Regarding this Company's acquisition and disposal of long-term/short-term securities, the Executive Unit shall be the Finance Department. Regarding this Company's acquisition and disposal of real property or the relevant right-of-use assets and other fixed assets, the Executive Unit shall be the user department and relevant authorities. The Executive Unit in charge of Announcement and Declaration of relevant matters shall be the Shareholder Services Department. (Paragraphs (Ⅲ)~Ⅳ are omitted) Ⅴ.(Ⅰ) are omitted (Ⅱ)The total amount of investment by this Company shall not exceed 100% of shareholders' equity specified in the most recent financial statements. The amount of investment in individual securities shall not exceed 40% of shareholders' equity specified in the most recent financial statements. (Ⅲ)The total amount of investment in securities by subsidiaries established by this Company for investment or holding purposes shall not exceed 200% of shareholders' equity specified in the most recent financial statements. The amount of investment in individual securities shall not exceed 200% of shareholders' equity specified in the most recent financial statements. (Ⅳ)The total amount of investment in securities by subsidiaries established by this Company not for investment or holding purposes shall not exceed 100% of shareholders' equity specified in the most recent financial statements. The amount of investment in individual securities shall not exceed 40% of shareholders' equity specified in the most recent financial statements.	

Article 5
The Procedure for Controlling the Acquisition and Disposal of Assets by this Company's subsidiaries is as follows:
I. This Company's subsidiary(ies) shall comply with the "Procedure for Handling Acquisition and Disposal of Assets" and the "Group Business Operating Policy" established by the headquarters of the Group and the "List of Authority" of the handling subsidiary. In case of any conflict between any documents, the stricter provisions shall apply.
II. Subsidiaries shall take the initiative to check if the acquisition or disposal of assets is compliant with the foregoing regulations.
III. The internal auditor of this Company shall periodically review the subsidiaries' self-check reports and other related matters.
IV. If this Company's subsidiaries are not domestic publicly-held corporations, and if the subsidiaries shall be subject to Announcement and Declaration Procedures, this Company shall act on their behalf.
V. In the Governing Regulations and the Announcement and Declaration Procedures applicable to the subsidiaries in the preceding paragraph, this Company's paid-in capital or total assets shall prevail in provisions that specify 20% of the paid-in capital or 10% of the total assets.
VI. The subsidiaries and the Parent Company referred to in this Procedure shall be determined by the Financial Report Compilation Guidelines for the securities issuing entities.

Article 5
The Procedure for Controlling the Acquisition and Disposal of Assets by this Company's subsidiaries is as follows:
I. This Company's subsidiaries shall formulate and implement "The Procedure for Handling Acquisition and Disposal of Assets," which shall be passed by the Board of Directors (and the Shareholders' Meeting if they are publicly-held corporations) and then submitted to the Parent Company's Board of Directors for review and approval. The same shall apply to amendment to "The Procedure for Handling Acquisition and Disposal of Assets."
II. Subsidiaries shall take the initiative to check if the self-formulated Procedure for Handling Acquisition and Disposal of Assets is consistent with the Governing Regulations and if the Acquisition and Disposal of Assets are based on the self-formulated Handling Procedure.
III. The internal auditor of this Company shall periodically review the subsidiaries' self-check reports and other related matters.
IV. If this Company's subsidiaries are not domestic publicly-held corporations, and if the subsidiaries shall be subject to Announcement and Declaration Procedures, this Company shall act on their behalf.
V. In the Governing Regulations and the Announcement and Declaration Procedures applicable to the subsidiaries in the preceding paragraph, this Company's paid-in capital or total assets shall prevail in provisions that specify 20% of the paid-in capital or 10% of the total assets.

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