

**Richwave Technology Corp. And
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of affiliates of Richwave Technology Corp. as of and for the year ended December 31, 2021, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those required to be included in the consolidated financial statements of parent and subsidiary companies in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Richwave Technology Corp. did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

RICHWAVE TECHNOLOGY CORP.

By

Ma-Dye-Jyun
Chairman

February 24, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Richwave Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of Richwave Technology Corp. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Revenue Recognition

According to auditing standards in the Republic of China, there is an inherent risk of fraud in revenue recognition. Management may be under pressure to achieve their targets and attempt to inflate sales figures. The risk of authenticity of sales revenue for customers with sales growth and significant transaction amount is relatively high, giving rise to the risk of inflated sales. Therefore, revenue recognition has been identified as a key audit matter for the year ended December 31, 2021. In response to the aforementioned key audit matter, we understood the Group's internal controls on the approval of sales orders and its delivery procedures, tested the operating effectiveness of these controls, selected samples of and tested the validity of occurrence of the sales

transactions, checked for discrepancies between the counterparties of the sales transactions and the parties paying off the receivables, as well as for abnormalities in the payments received after the reporting period. For the accounting policies on revenue recognition, please refer to Note 4 (I) of the consolidated financial statements.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Tung-Hui Yeh and Cheng-Chih Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2022

Notice to Readers

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

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

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

	2021		2020	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 26)	\$ 641,340	19	\$ 844,265	23
Accounts receivable, net (Notes 8 and 26)	752,673	23	1,253,538	34
Other receivables (Notes 8 and 26)	9,511	-	29,418	1
Inventories (Note 9)	1,373,460	42	1,280,420	35
Prepayments (Note 14)	27,586	1	12,914	1
Other current assets (Note 14)	<u>6,527</u>	<u>-</u>	<u>5,180</u>	<u>-</u>
Total current assets	<u>2,811,097</u>	<u>85</u>	<u>3,425,735</u>	<u>94</u>
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 7, 26 and 28)	110,000	3	3,000	-
Property, plant and equipment (Note 11)	192,678	6	128,771	4
Right-of-use assets (Notes 12)	59,461	2	33,002	1
Other intangible assets (Note 13)	24,934	1	18,551	-
Deferred tax assets (Note 22)	83,269	3	36,453	1
Prepaid equipment	8,902	-	4,828	-
Refundable deposits (Note 26)	12,786	-	10,094	-
Net defined benefit assets - non-current (Note 18)	<u>38</u>	<u>-</u>	<u>774</u>	<u>-</u>
Total non-current assets	<u>492,068</u>	<u>15</u>	<u>235,473</u>	<u>6</u>
TOTAL	<u>\$ 3,303,165</u>	<u>100</u>	<u>\$ 3,661,208</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 15 and 26)	\$ 200,000	6	\$ -	-
Accounts payable (Notes 16 and 26)	239,208	7	969,310	27
Accrued compensation of employees and remuneration of directors (Notes 21 and 26)	52,111	2	100,593	3
Other payables (Notes 17 and 26)	155,918	5	129,581	4
Current tax liabilities (Note 22)	10,803	-	141,236	4
Lease liabilities - current (Notes 12 and 26)	31,932	1	17,030	-
Refund liabilities - current (Notes 20 and 26)	171,618	5	85,093	2
Other current liabilities (Notes 17)	<u>10,700</u>	<u>-</u>	<u>12,216</u>	<u>-</u>
Total current liabilities	<u>872,290</u>	<u>26</u>	<u>1,455,059</u>	<u>40</u>
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 12 and 26)	28,246	1	15,960	-
Guarantee deposits (Note 26)	<u>4,765</u>	<u>-</u>	<u>4,903</u>	<u>-</u>
Total non-current liabilities	<u>33,011</u>	<u>1</u>	<u>20,863</u>	<u>-</u>
Total liabilities	<u>905,301</u>	<u>27</u>	<u>1,475,922</u>	<u>40</u>
EQUITY (Note 19)				
Share capital				
Ordinary shares	<u>884,689</u>	<u>27</u>	<u>631,921</u>	<u>17</u>
Capital surplus	<u>416,354</u>	<u>13</u>	<u>415,180</u>	<u>12</u>
Retained earnings				
Legal reserve	160,670	5	74,098	2
Special reserve	1,101	-	402	-
Unappropriated earnings	<u>936,423</u>	<u>28</u>	<u>1,064,785</u>	<u>29</u>
Total retained earnings	<u>1,098,194</u>	<u>33</u>	<u>1,139,285</u>	<u>31</u>
Other equity	<u>(1,373)</u>	<u>-</u>	<u>(1,100)</u>	<u>-</u>
Total equity	<u>2,397,864</u>	<u>73</u>	<u>2,185,286</u>	<u>60</u>
TOTAL	<u>\$ 3,303,165</u>	<u>100</u>	<u>\$ 3,661,208</u>	<u>100</u>

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share, in New Taiwan Dollars)

	2021		2020	
	Amount	%	Amount	%
NET REVENUE (Note 20)	\$ 5,316,267	100	\$ 5,350,200	100
OPERATING COSTS (Notes 9 and 21)	<u>3,770,235</u>	<u>71</u>	<u>3,451,573</u>	<u>64</u>
GROSS PROFIT	<u>1,546,032</u>	<u>29</u>	<u>1,898,627</u>	<u>36</u>
OPERATING EXPENSES (Notes 18 and 21)				
Selling and marketing expenses	233,442	4	197,407	4
General and administrative expenses	240,954	5	179,951	3
Research and development expenses	539,010	10	513,922	10
Expected credit gain (Note 8)	<u>(982)</u>	<u>-</u>	<u>(605)</u>	<u>-</u>
Total operating expenses	<u>1,012,424</u>	<u>19</u>	<u>890,675</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>533,608</u>	<u>10</u>	<u>1,007,952</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES (Note 21)				
Interest income	1,940	-	774	-
Other income	2,317	-	3,089	-
Other gains and losses	(9,754)	-	6,314	-
Finance costs	<u>(1,205)</u>	<u>-</u>	<u>(1,022)</u>	<u>-</u>
Total non-operating income and expenses	<u>(6,702)</u>	<u>-</u>	<u>9,155</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	526,906	10	1,017,107	19
INCOME TAX EXPENSE (Note 22)	<u>61,389</u>	<u>1</u>	<u>150,891</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>465,517</u>	<u>9</u>	<u>866,216</u>	<u>16</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	(1,340)	-	(608)	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income (Note 19)	-	-	5	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22)	268	-	122	-

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RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share, in New Taiwan Dollars)

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 19)	\$ (273)	-	\$ (712)	-
Other comprehensive loss for the year, net of income tax	(1,345)	-	(1,193)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 464,172	9	\$ 865,023	16
EARNINGS PER SHARE (Note 23)				
Basic	\$ 5.26		\$ 9.87	
Diluted	\$ 5.25		\$ 9.77	

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

(Concluded)

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

								Other Equity			
	Share Capital			Capital Surplus	Retained Earnings			Unrealized Valuation Gain / (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total	Total Equity
	Number of Shares (In Thousands)	Ordinary Shares	Capital Collected in Advance		Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2020	61,878	\$ 618,781	\$ 730	\$ 355,743	\$ 55,024	\$ 74	\$ 338,651	\$ (28)	\$ (374)	\$ (402)	\$ 1,368,601
Appropriation of 2019 earnings											
Legal reserve	-	-	-	-	19,074	-	(19,074)	-	-	-	-
Special reserve	-	-	-	-	-	328	(328)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(120,185)	-	-	-	(120,185)
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	866,216	-	-	-	866,216
Other comprehensive loss for the year ended December 31, 2020 , net of income tax	-	-	-	-	-	-	(486)	5	(712)	(707)	(1,193)
Issuance of ordinary shares under employee share options	1,314	13,140	(730)	57,831	-	-	-	-	-	-	70,241
Share-based payment expenses recognized	-	-	-	1,606	-	-	-	-	-	-	1,606
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(9)	9	-	9	-
BALANCE AT DECEMBER 31, 2020	63,192	631,921	-	415,180	74,098	402	1,064,785	(14)	(1,086)	(1,100)	2,185,286
Appropriation of 2020 earnings											
Legal reserve	-	-	-	-	86,572	-	(86,572)	-	-	-	-
Special reserve	-	-	-	-	-	699	(699)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(252,768)	-	-	-	(252,768)
Share dividends distributed by the Company	25,277	252,768	-	-	-	-	(252,768)	-	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	465,517	-	-	-	465,517
Other comprehensive loss for the year ended December 31, 2021 , net of income tax	-	-	-	-	-	-	(1,072)	-	(273)	(273)	(1,345)
Share-based payment expenses recognized	-	-	-	1,174	-	-	-	-	-	-	1,174
BALANCE AT DECEMBER 31, 2021	88,469	\$ 884,689	\$ -	\$ 416,354	\$ 160,670	\$ 1,101	\$ 936,423	\$ (14)	\$ (1,359)	\$ (1,373)	\$ 2,397,864

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax for the year	\$ 526,906	\$ 1,017,107
Adjustments for:		
Depreciation expense	88,414	69,402
Amortization expense	27,059	27,750
Expected credit loss reversed	(982)	(605)
Finance costs	1,205	1,022
Interest income	(1,940)	(774)
Share-based payment expenses recognized	1,174	1,606
Profit from lease modification	(4)	-
Write-down of inventories	136,140	4,888
Net loss on foreign currency exchange	4,488	1,705
Changes in operating assets and liabilities:		
Accounts receivable	507,680	(490,445)
Other receivables	19,785	(11,410)
Inventories	(229,180)	(685,801)
Net defined benefit assets	(604)	(608)
Prepayments	(14,672)	(9,261)
Other current assets	(1,347)	242
Accounts payable	(735,763)	324,314
Other payables	34,101	12,737
Accrued compensation of employees and remuneration of directors	(48,482)	76,486
Refund liabilities	86,229	(24,513)
Contract liabilities	(4,025)	6,411
Other current liabilities	<u>2,509</u>	<u>995</u>
Cash generated from operations	398,691	321,248
Interest received	2,062	626
Interest paid	(1,028)	(1,358)
Income tax paid	<u>(238,370)</u>	<u>(35,188)</u>
Net cash generated from operating activities	<u>161,355</u>	<u>285,328</u>

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RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	\$ (107,000)	\$ 1,138
Proceeds from sale of financial assets at fair value through other comprehensive income	-	16
Purchase of property, plant and equipment	(126,097)	(68,560)
Purchase of other intangible assets	(38,669)	(15,062)
Increase in refundable deposits	<u>(2,692)</u>	<u>(2,091)</u>
Net cash used in investing activities	<u>(274,458)</u>	<u>(84,559)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	400,000	119,870
Decrease in short-term borrowings	(200,000)	(181,190)
Decrease in guarantee deposits	-	(657)
Repayment of the principal portion of lease liabilities	(32,003)	(24,283)
Cash dividends paid	(252,768)	(120,185)
Proceeds from the issuance of ordinary shares under employee share options	<u>-</u>	<u>70,241</u>
Net cash used in financing activities	<u>(84,771)</u>	<u>(136,204)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(5,051)</u>	<u>651</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(202,925)	65,216
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>844,265</u>	<u>779,049</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 641,340</u>	<u>\$ 844,265</u>

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Richwave Technology Corp. (the “Company”) was incorporated in the Republic of China (ROC) on May 25, 1979. The Company is mainly engaged in the design and sale of integrated circuits (ICs) for wireless communication products. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 2015.

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

Richwave Technology Corp. and its subsidiaries are collectively referred to as the “Group” hereinafter.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 24, 2022.

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

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. Amendments to the IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2022

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

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

- retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17—Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

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

Note 3: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for and asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period,
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to rescheduled payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized to issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their

accounting policies into line with those of the Group.

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

See Note 10, Table 2 and Table 3 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: investments in equity instruments at FVTOCI and financial assets at amortized cost.

Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime Expected Credit Losses (ECLs) for accounts receivable.

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

The impairment loss of all financial assets is recognized in profit or loss by reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of the financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Provisions

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

l. Revenue recognition

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

The sale of goods is recognized as revenue when the goods are delivered to the customers' specific location or when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

m. Leases

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

1) The Group as lessor

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

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

2) The Group as lessee

Except for short-term leases and low-value asset leases which are recognized as expenses on a straight-line basis over the lease terms, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease.

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If implicit rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero,

any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

p. Share-based payment arrangements (employee share options)

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are

expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

q. Taxation

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

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If a temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures and personal training expenditure to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow

from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical Accounting Judgments

a. Lease terms

In determining a lease term, the Group considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within the control of the Group occurs.

Key Sources of Estimation Uncertainty

a. Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 588	\$ 907
Checking accounts and demand deposits	640,752	443,358
Cash equivalents		
Time deposits with original maturities of 3 months or less	<u>-</u>	<u>400,000</u>
	<u>\$ 641,340</u>	<u>\$ 844,265</u>

The market rate intervals of cash and time deposits with original maturities of 3 months or less in the bank at the end of the year were as follows:

	December 31	
	2021	2020
Bank balance	0.01%-0.30%	0.01%-0.30%
Time deposits with original maturities of 3 months or less	-	0.37%-0.405%

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Non-current</u>		
Time deposits with original maturities of more than 3 month	\$ 100,000	\$ -
Pledged Certificate of deposit (b)	<u>10,000</u>	<u>3,000</u>
	<u>\$ 110,000</u>	<u>\$ 3,000</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.09%-0.76% and 0.76% per annum as of December 31, 2021 and 2020, respectively.
- b. Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

8. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2021	2020
<u>Accounts receivable (Note 20)</u>		
At amortized cost		
Gross carrying amount	\$ 752,752	\$ 1,254,599
Less: Allowance for impairment loss	<u>(79)</u>	<u>(1,061)</u>
	<u>\$ 752,673</u>	<u>\$ 1,253,538</u>

(Continued)

	December 31	
	2021	2020
<u>Other receivables</u>		
Income tax refund receivable	\$ 4,993	\$ 29,239
Others	<u>4,518</u>	<u>179</u>
	<u>\$ 9,511</u>	<u>\$ 29,418</u>

(Concluded)

Accounts receivable at amortized cost

The average credit period on sales of goods was 30 to 90 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

December 31, 2021

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	-	0.02%	3.07%	4.52%	-	100%	
Gross carrying amount	\$ 737,940	\$ 13,248	\$ 122	\$ 1,437	\$ -	\$ 5	\$ 752,752
Loss allowance (Lifetime ECLs)	<u>(1)</u>	<u>(3)</u>	<u>(4)</u>	<u>(66)</u>	<u>-</u>	<u>(5)</u>	<u>(79)</u>
Amortized cost	<u>\$ 737,939</u>	<u>\$ 13,245</u>	<u>\$ 118</u>	<u>\$ 1,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 752,673</u>

December 31, 2020

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	0.08%	1.16%	3.02%	-	-	-	
Gross carrying amount	\$ 1,245,235	\$ 6,403	\$ 29	\$ 11	\$ 2,921	\$ -	\$ 1,254,599
Loss allowance (Lifetime ECLs)	(985)	(75)	(1)	-	-	-	(1,061)
Amortized cost	<u>\$ 1,244,250</u>	<u>\$ 6,328</u>	<u>\$ 28</u>	<u>\$ 11</u>	<u>\$ 2,921</u>	<u>\$ -</u>	<u>\$ 1,253,538</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 1,061	\$ 1,666
Less: Amounts recovered	<u>(982)</u>	<u>(605)</u>
Balance at December 31	<u>\$ 79</u>	<u>\$ 1,061</u>

9. INVENTORIES

	December 31	
	2021	2020
Finished goods	\$ 359,010	\$ 113,619
Work in progress	323,328	505,515
Raw materials	<u>691,122</u>	<u>661,286</u>
	<u>\$ 1,373,460</u>	<u>\$ 1,280,420</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	\$ 3,610,893	\$ 3,436,739
Loss on disposal of inventories	23,202	9,946
Inventory write-downs	<u>136,140</u>	<u>4,888</u>
	<u>\$ 3,770,235</u>	<u>\$ 3,451,573</u>

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2021	2020	
Richwave Technology Corp.	Minerva Technology Co.	Investment	100	100	1, 3
Richwave Technology Corp.	Yinghon Technology Co.	Development, manufacturing and sales of ICs	100	-	2, 3
Minerva Technology Co.	AEGIS LINK CORP.	Selling and marketing	100	100	1, 3

Remark:

- 1) In December 2018, the Company established Minerva Technology Co. in Belize with an investment of USD550 thousand, and reinvested in and established AEGIS LINK CORP. in USA with USD550 thousand in January 2019. For details of the investment refer to Table 2.
- 2) In May 2021, the Company established Shenzhen Richwave Technology Co. Ltd. in Shen Zhen with an investment of USD1,000 thousand. Shenzhen Richwave Technology Co. Ltd. was renamed to Yinghon Technology Co. in September 2021. Information on investments in mainland China please refer to Table 3.
- 3) Minerva Technology Co., Yinghon Technology Co. and AEGIS LINK CORP. were recognized based on audited financial statements.

12. PROPERTY, PLANT AND EQUIPMENT

	Testing Equipment	Computer Equipment	Other Equipment	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 110,096	\$ 13,070	\$ 82,863	\$ 206,029
Additions	57,495	7,867	51,353	116,715
Transfers from prepayments	1,592	774	592	2,958
Disposals	(5,441)	(1,783)	(21,089)	(28,313)
Effects of foreign currency exchange differences	<u>-</u>	<u>1</u>	<u>2</u>	<u>3</u>
Balance at December 31, 2021	<u>\$ 163,742</u>	<u>\$ 19,929</u>	<u>\$ 113,721</u>	<u>\$ 297,392</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2021	\$ 36,031	\$ 4,502	\$ 36,725	\$ 77,258
Depreciation expense	21,169	4,229	30,371	55,769
Disposals	(5,441)	(1,783)	(21,089)	(28,313)
Effects of foreign currency exchange differences	<u>-</u>	<u>(1)</u>	<u>1</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 51,759</u>	<u>\$ 6,947</u>	<u>\$ 46,008</u>	<u>\$ 104,714</u>
Carrying amount at December 31, 2021	<u>\$ 111,983</u>	<u>\$ 12,982</u>	<u>\$ 67,713</u>	<u>\$ 192,678</u>
<u>Cost</u>				
Balance at January 1, 2020	\$ 86,705	\$ 9,945	\$ 75,423	\$ 172,073
Additions	26,813	6,091	29,875	62,779
Transfers from prepayments	2,006	-	-	2,006
Disposals	<u>(5,428)</u>	<u>(2,966)</u>	<u>(22,435)</u>	<u>(30,829)</u>
Balance at December 31, 2020	<u>\$ 110,096</u>	<u>\$ 13,070</u>	<u>\$ 82,863</u>	<u>\$ 206,029</u>

(Continued)

	Testing Equipment	Computer Equipment	Other Equipment	Total
<u>Accumulated depreciation</u>				
Balance at January 1, 2020	\$ 25,685	\$ 4,797	\$ 32,479	\$ 62,961
Depreciation expense	15,774	2,671	26,681	45,126
Disposals	<u>(5,428)</u>	<u>(2,966)</u>	<u>(22,435)</u>	<u>(30,829)</u>
Balance at December 31, 2020	<u>\$ 36,031</u>	<u>\$ 4,502</u>	<u>\$ 36,725</u>	<u>\$ 77,258</u>
Carrying amount at December 31, 2020	<u>\$ 74,065</u>	<u>\$ 8,568</u>	<u>\$ 46,138</u>	<u>\$ 128,771</u>

(Concluded)

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

Testing equipment	6 years
Computer equipment	4 years
Other equipment	3-5 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amount</u>		
Buildings	<u>\$ 59,461</u>	<u>\$ 33,002</u>
	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Additions to right-of-use assets	<u>\$ 63,535</u>	<u>\$ 24,621</u>
Depreciation charge for right-of-use assets		
Buildings	<u>\$ 32,645</u>	<u>\$ 24,276</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ (798)</u>	<u>\$ (641)</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amount</u>		
Current	<u>\$ 31,932</u>	<u>\$ 17,030</u>
Non-current	<u>\$ 28,246</u>	<u>\$ 15,960</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	1.50%	1.50%

c. Material leasing activities and terms

The Group leases buildings for the use of plants, offices and parking spaces with lease terms of 1 to 3 years. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 5,425	\$ 3,111
Total cash outflow for leases	\$ (38,199)	\$ (27,780)

The Group's leases of certain parking spaces, offices and staff dormitories qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. OTHER INTANGIBLE ASSETS

	Computer Software	Specialized Techniques	Trademarks	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 40,733	\$ 2,488	\$ 295	\$ 43,516
Additions	31,942	1,500	-	33,442
Disposals	<u>(35,082)</u>	<u>(988)</u>	<u>(295)</u>	<u>(36,365)</u>
Balance at December 31, 2021	<u>\$ 37,593</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 40,593</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2021	\$ 23,006	\$ 1,664	\$ 295	\$ 24,965
Additions	26,884	175	-	27,059
Disposals	<u>(35,082)</u>	<u>(988)</u>	<u>(295)</u>	<u>(36,365)</u>
Balance at December 31, 2021	<u>\$ 14,808</u>	<u>\$ 851</u>	<u>\$ -</u>	<u>\$ 15,659</u>
Carrying amount at December 31, 2021	<u>\$ 22,785</u>	<u>\$ 2,149</u>	<u>\$ -</u>	<u>\$ 24,934</u>

(Continued)

	Computer Software	Specialized Techniques	Trademarks	Total
<u>Cost</u>				
Balance at January 1, 2020	\$ 50,969	\$ 2,488	\$ 295	\$ 53,752
Additions	26,060	-	-	26,060
Disposals	<u>(36,296)</u>	<u>-</u>	<u>-</u>	<u>(36,296)</u>
Balance at December 31, 2020	<u>\$ 40,733</u>	<u>\$ 2,488</u>	<u>\$ 295</u>	<u>\$ 43,516</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2020	\$ 31,702	\$ 1,514	\$ 295	\$ 33,511
Additions	27,600	150	-	27,750
Disposals	<u>(36,296)</u>	<u>-</u>	<u>-</u>	<u>(36,296)</u>
Balance at December 31, 2020	<u>\$ 23,006</u>	<u>\$ 1,664</u>	<u>\$ 295</u>	<u>\$ 24,965</u>
Carrying amount at December 31, 2020	<u>\$ 17,727</u>	<u>\$ 824</u>	<u>\$ -</u>	<u>\$ 18,551</u>

(Concluded)

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

Computer software	1-3 years
Specialized techniques	10 years
Trademarks	10 years

14. OTHER ASSETS

	December 31	
	2021	2020
<u>Current</u>		
Prepayments		
Prepaid expenses	\$ 26,151	\$ 11,740
Prepayment for purchases	<u>1,435</u>	<u>1,174</u>
	<u>\$ 27,586</u>	<u>\$ 12,914</u>
<u>Other current assets</u>		
Temporary payments	<u>\$ 6,527</u>	<u>\$ 5,180</u>

15. SHORT-TERM BORROWINGS

	December 31	
	2021	2020
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 200,000	\$ -

The effective interest rate of the line of credit borrowings was 1.04% per annum at December 31 2021.

16. ACCOUNTS PAYABLE

	December 31	
	2021	2020
<u>Accounts payable</u>		
Generated from operating activities	\$ 239,208	\$ 969,310

The average credit period was 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. OTHER LIABILITIES

	December 31	
	2021	2020
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 66,041	\$ 50,830
Payables for testing fee	16,709	5,506
Payables for research and design fee	12,358	7,838
Payables for insurance premium	11,028	9,190
Payables for software usage fee	10,598	15,825
Payables for annual leave	7,361	7,027
Payables for freight cost	5,317	7,114
Payables for purchases of equipment	5,223	7,913
Others	21,283	18,338
	<u>\$ 155,918</u>	<u>\$ 129,581</u>
Other liabilities		
Contract liabilities (Note 20)	\$ 5,050	\$ 9,075
Receipts under custody	5,550	3,033
Temporary receipts	100	108
	<u>\$ 10,700</u>	<u>\$ 12,216</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 15,269	\$ 13,679
Fair value of plan assets	<u>(15,307)</u>	<u>(14,453)</u>
Net defined benefit assets	<u>\$ (38)</u>	<u>\$ (774)</u>

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (Assets) Liabilities
Balance at January 1, 2020	\$ 12,546	\$ (13,320)	\$ (774)
Net interest expense (income)	<u>94</u>	<u>(102)</u>	<u>(8)</u>
Recognized in profit or loss	<u>94</u>	<u>(102)</u>	<u>(8)</u>
Remeasurement			
Return on plan assets	-	(431)	(431)
Actuarial loss - changes in demographic assumptions	44	-	44
Actuarial loss - changes in financial assumptions	353	-	353
Actuarial loss - experience adjustments	<u>642</u>	<u>-</u>	<u>642</u>
Recognized in other comprehensive income	<u>1,039</u>	<u>(431)</u>	<u>608</u>
Contributions from the employer	<u>-</u>	<u>(600)</u>	<u>(600)</u>
Balance at December 31, 2020	<u>13,679</u>	<u>(14,453)</u>	<u>(774)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (Assets) Liabilities
Net interest expense (income)	\$ 68	\$ (74)	\$ (6)
Recognized in profit or loss	<u>68</u>	<u>(74)</u>	<u>(6)</u>
Remeasurement			
Return on plan assets	-	(182)	(182)
Actuarial loss - changes in demographic assumptions	430	-	430
Actuarial gain - changes in financial assumptions	(177)	-	(177)
Actuarial loss - experience adjustments	<u>1,269</u>	<u>-</u>	<u>1,269</u>
Recognized in other comprehensive income	<u>1,522</u>	<u>(182)</u>	<u>1,340</u>
Contributions from the employer	<u>-</u>	<u>(598)</u>	<u>(598)</u>
Balance at December 31, 2021	<u>\$ 15,269</u>	<u>\$ (15,307)</u>	<u>\$ (38)</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
General and administrative expenses	\$ (1)	\$ (1)
Research and development expenses	<u>(5)</u>	<u>(7)</u>
	<u>\$ (6)</u>	<u>\$ (8)</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate(s)	0.625%	0.50%
Expected rate(s) of salary increase	3.00%	3.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would (decrease) increase as follows:

	December 31	
	2021	2020
Discount rate(s)		
0.25% increase	\$ (354)	\$ (353)
0.25% decrease	\$ 366	\$ 366
Expected rate(s) of salary increase		
0.25% increase	\$ 352	\$ 351
0.25% decrease	\$ (342)	\$ (341)

The above sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
Expected contributions to the plan for the next year	\$ 600	\$ 600
Average duration of the defined benefit obligation	9.4 years	10.4 years

19. EQUITY

a. Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands of shares)	200,000	100,000
Shares authorized	\$ 2,000,000	\$ 1,000,000
Number of shares issued and fully paid (in thousands of shares)	88,469	63,192
Shares issued and fully paid	\$ 884,689	\$ 631,921

A holder of ordinary shares issued with par value of \$10 is entitled to vote and to receive dividends.

The authorized shares include 10,000 thousand shares reserved for the exercise of employee share options.

On July 27, 2021, the shareholders' meetings resolved to increase authorized shares to \$2,000,000 thousand.

b. Capital surplus

	December 31	
	2021	2020
<u>Maybe used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 330,128	\$ 330,128
<u>May be used to offset a deficit</u>		
Issuance of ordinary shares (exercised or expired employee share options)	33,034	33,034
<u>May not be used for any purpose</u>		
Employee share options	<u>53,192</u>	<u>52,018</u>
	<u>\$ 416,354</u>	<u>\$ 415,180</u>

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation ("Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Refer to Note 21(g) for the policies on the distribution of compensation of employees and remuneration of directors.

The Company's Articles also stipulate a balanced and stable dividends policy whereby share and cash dividends are distributed based on the Company's profitability, financial structure and future development plans. Dividends may be distributed in form of cash or shares taking into consideration future profitability and funding needs, out of which the total cash dividends paid in any given year shall be at least 10% of the total dividends distributed.

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

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

The appropriations of earnings for 2020 and 2019, which were approved in the shareholders' meetings on July 27, 2021 and May 29, 2020, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 86,572	\$ 19,074
Special reserve	\$ 699	\$ 328
Cash dividends	\$ 252,768	\$ 120,185
Share dividends	\$ 252,768	\$ -
Cash dividends per share (NT\$)	\$ 4.00	\$ 1.94
Share dividends per share (NT\$)	\$ 4.00	-

The appropriation of earnings for 2021, which were proposed by the Company's board of directors on February 24, 2022, were as follows:

	For the Year Ended December 31, 2021
Legal reserve	\$ 46,444
Special reserve	\$ 272
Cash dividends	\$ 309,642
Cash dividends per share (NT\$)	\$ 3.5

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting to be held on May 26, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 402	\$ 74
Appropriations in respect of debits to other equity items	<u>699</u>	<u>328</u>
Balance at December 31	<u>\$ 1,101</u>	<u>\$ 402</u>

e. Other equity items

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (1,086)	\$ (374)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	<u>(273)</u>	<u>(712)</u>
Balance at December 31	<u>\$ (1,359)</u>	<u>\$ (1,086)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (14)	\$ (28)
Recognized for the year		
Unrealized gain - equity instruments	-	5
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>9</u>
Balance at December 31	<u>\$ (14)</u>	<u>\$ (14)</u>

20. REVENUE

a. Contract revenue from customers

	For the Year Ended December 31	
	2021	2020
Revenue from the sale of goods	\$ 5,316,162	\$ 5,349,788
Royalty revenue	<u>105</u>	<u>412</u>
	<u>\$ 5,316,267</u>	<u>\$ 5,350,200</u>

b. Contract information

As wireless communication products are innovative and the prices are highly volatile, the discount is estimated at the most likely amount based on the range of discounts given in the past. Based on conventional business practices, the Group accepts the return of goods with full refunds, and estimates the discount rate based on most likely amount from past experience, and recognizes the refund liabilities accordingly.

c. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable (Note 8)	<u>\$ 752,673</u>	<u>\$ 1,253,538</u>	<u>\$ 762,558</u>
Contract liabilities (Note 17)			
Sale of goods	<u>\$ 5,050</u>	<u>\$ 9,075</u>	<u>\$ 2,664</u>

Revenue in the current year that was recognized from the contract liabilities at the beginning of the year is as follows:

	For the Year Ended December 31	
	2021	2020
From contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 9,013</u>	<u>\$ 2,515</u>

d. Disaggregation of revenue

	For the Year Ended December 31	
	2021	2020
<u>Type of goods or services</u>		
WIFI products	\$5,038,763	\$ 4,963,566
Mobile communication products	144,483	185,650
FM tuners	55,633	119,252
Wireless audio and video products	52,743	55,869
Others	24,645	25,863
	<u>\$5,316,267</u>	<u>\$ 5,350,200</u>

21. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	\$ 1,898	\$ 727
Deposit interest	42	47
	<u>\$ 1,940</u>	<u>\$ 774</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Rental income	\$ 798	\$ 641
Government Grant	80	-
Others	1,439	2,448
	<u>\$ 2,317</u>	<u>\$ 3,089</u>

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange gains (losses)	\$ (9,757)	\$ 6,314
Profit from lease modification	4	-
Others	(1)	-
	<u>\$ (9,754)</u>	<u>\$ 6,314</u>

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 434	\$ 636
Interest on lease liabilities	771	386
	<u>\$ 1,205</u>	<u>\$ 1,022</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 4,119	\$ 2,333
Selling and marketing expenses	7,942	5,908
General and administrative expenses	15,546	8,233
Research and development expenses	<u>60,807</u>	<u>52,928</u>
	<u>\$ 88,414</u>	<u>\$ 69,402</u>
An analysis of amortization by function		
Selling and marketing expenses	\$ -	\$ 242
General and administrative expenses	2,368	941
Research and development expenses	<u>24,691</u>	<u>26,567</u>
	<u>\$ 27,059</u>	<u>\$ 27,750</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits (Note 18)		
Defined contribution plans	\$ 17,773	\$ 15,021
Defined benefit plans	<u>(6)</u>	<u>(8)</u>
	17,767	15,013
Share-based payments		
Equity-settled	1,174	1,606
Other employee benefits	<u>500,845</u>	<u>467,717</u>
Total employee benefits expense	<u>\$ 519,786</u>	<u>\$ 484,336</u>

	For the Year Ended December 31	
	2021	2020
An analysis of employee benefits expense by function		
Selling and marketing expenses	\$ 76,227	\$ 71,002
General and administrative expenses	130,577	110,447
Research and development expenses	<u>312,982</u>	<u>302,887</u>
	<u>\$ 519,786</u>	<u>\$ 484,336</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates no less than 8% and no higher than 1%, respectively, of net profit before income tax, compensation of employees and remuneration of directors.

The compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on February 24, 2022 and February 25, 2021, respectively, are as follows:

Accrual rate

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

Amount

	For the Year Ended December 31			
	2021		2020	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 46,321	\$ -	\$ 89,416	\$ -
Remuneration of directors	5,790	-	11,177	-

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

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

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	\$ 40,030	\$ 47,274
Foreign exchange losses	<u>(49,787)</u>	<u>(40,960)</u>
Net gain (loss) on foreign currency exchange	<u>\$ (9,757)</u>	<u>\$ 6,314</u>

22. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 111,243	\$ 165,965
Adjustments for prior year	(3,306)	(18,110)
Deferred tax		
In respect of the current year	(46,548)	3,490
Adjustments for prior year	<u>-</u>	<u>(454)</u>
Income tax expense recognized in profit or loss	<u>\$ 61,389</u>	<u>\$ 150,891</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax	\$ 526,906	\$ 1,017,107
Income tax expense calculated at the statutory rate (20%)	\$ 105,381	\$ 203,421
Nondeductible expense in determining taxable income	(121)	765
Unrecognized deductible temporary differences	(139)	(454)
Investment tax credits	(40,426)	(34,731)
Adjustments for prior year' tax	(3,306)	(18,110)
Income tax expense recognized in profit or loss	<u>\$ 61,389</u>	<u>\$ 150,891</u>

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	<u>\$ 268</u>	<u>\$ 122</u>

- c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	<u>\$ 10,803</u>	<u>\$ 141,236</u>

- d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Refund liabilities	\$ 17,018	\$ 17,304	\$ -	\$ 34,322
Defined benefit plans	1,674	-	268	1,942
Payable for annual leave	1,405	67	-	1,472
Loss on investments accounted for using the equity method	472	911	-	1,383
Allowance for impairment loss	47	-	-	47
Unrealized foreign exchange loss	17	1,038	-	1,055
Unrealized write-downs of inventories	15,542	27,228	-	42,770
Others	278	-	-	278
	<u>\$ 36,453</u>	<u>\$ 46,548</u>	<u>\$ 268</u>	<u>\$ 83,269</u>

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Refund liabilities	\$ 21,980	\$ (4,962)	\$ -	\$ 17,018
Defined benefit plans	1,552	-	122	1,674
Payable for annual leave	1,167	238	-	1,405
Loss on investments accounted for using the equity method	-	472	-	472
Allowance for impairment loss	47	-	-	47
Unrealized foreign exchange loss	-	17	-	17
Unrealized write-downs of inventories	14,564	978	-	15,542
Others	417	(139)	-	278
	<u>\$ 36,453</u>	<u>\$ (3,396)</u>	<u>\$ 122</u>	<u>\$ 36,453</u>

Deferred tax liabilities

Temporary differences				
Unrealized foreign exchange gain	<u>\$ 360</u>	<u>\$ (360)</u>	<u>\$ -</u>	<u>\$ -</u>

e. Income tax assessments

The Company's tax returns through 2019, except 2017, have been assessed by the tax authorities.

23. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2021	2020
Basic earnings per share	<u>\$ 5.26</u>	<u>\$ 9.87</u>
Diluted earnings per share	<u>\$ 5.25</u>	<u>\$ 9.77</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on September 29, 2021. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2020 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 13.82</u>	<u>\$ 9.87</u>
Diluted earnings per share	<u>\$ 13.67</u>	<u>\$ 9.77</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2021	2020
Earnings used in the computation of basic and diluted earnings per share	\$ <u>465,517</u>	\$ <u>866,216</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	88,469	87,719
Effect of potentially dilutive ordinary shares		
Employee share options	-	634
Compensation of employees	<u>193</u>	<u>346</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>88,662</u>	<u>88,699</u>

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

24. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan

The Company issued 3,156 units and 300 units of employee share options on July 5, 2016 and November 29, 2021, respectively. On the grant date, each option entitles the holder with the right to subscribe for one thousand ordinary share of the Company at the exercise price of NT\$69.9 (Subsequently, the exercise price will be adjusted to NT\$56.6 per share based on the formula as stipulated in the plan.) and NT\$279 per share. The options are granted to the employees of the Company and its subsidiaries that meet certain criteria. The expected lifetime of the options is 4 years. The options are exercisable by the qualified employees at 50% after the second year from the grant date, and another two tranches of 25% exercisable after third and fourth years from the grant date. The vesting period will end on July 5, 2020 and November 29, 2025, respectively.

Information on outstanding employee share options is as follows:

	For the Year Ended December 31			
	2021		2020	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (NT\$)
Balance at January 1	-	\$ -	1,512	\$ 56.6
Options granted	300	279	-	-
Options forfeited	-	-	(7)	56.6
Options expired	-	-	(264)	56.6
Options exercised	-	-	(1,241)	56.6
Balance at December 31	<u>300</u>	-	<u>-</u>	-
Options exercisable, end of the year	<u>-</u>	-	<u>-</u>	-
Weighted - average fair value of options granted (NT\$)	<u>\$ 122.02</u>		<u>\$ 18.98</u>	

As of the balance sheet date, information about employee share options outstanding was as follows:

	For the Year Ended December 31	
	2021	2020
Range of exercise price (NT\$)	\$ 279	\$ 56.6
Weighted average remaining contractual life (in years)	4	-

The options granted by the Company are priced using the Black-Scholes pricing model and the related inputs to the model are as follows:

	November 29, 2021	July 5, 2016
Grant-date share price	NT\$279	NT\$69.9
Expected volatility	59.55%、57.55% and 56.53%	37.90%, 37.20% and 36.32%
Risk-free interest rate	0.40%、0.41% and 0.42%	0.47%, 0.49% and 0.50%
Expected dividend yield rate	-	-
Expected life	3.5 years、4 years and 4.5 years	3 years, 3.5 years and 4 years

Compensation costs recognized were \$1,174 thousand and \$1,606 thousand for the years ended December 31, 2021 and 2020, respectively.

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

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

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

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

26. FINANCIAL INSTRUMENTS

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

Key management personnel of the Group consider the carrying amounts of financial assets and financial liabilities in the consolidated financial statements to approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

There were no financial instruments that are measured at fair value on a recurring basis. There were no transfers between Levels 1 and 2 in the current and prior years.

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$1,526,310	\$ 2,140,315
<u>Financial liabilities</u>		
Amortized cost (2)	652,002	1,204,387

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

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, accounts payable, accrued compensation of employees and remuneration of directors, other payables, and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included accounts receivable, accounts payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

The Group did not use derivative financial instruments to minimize the effect of these risks, but it uses natural hedging from operations and borrowings denominated in foreign currencies to mitigate the impact of foreign currency risk.

The corporate treasury function reports monthly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

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

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Approximately 69% of the Group's sales is denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst almost 78% of costs is denominated in currencies other than the functional currency of the entity in the Group.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 2% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 2%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and adjusts their translation at the end of the year for a 2% change in foreign currency rates. A positive (negative) number below indicates an increase in pre-tax profit associated with New Taiwan dollar strengthening (weakening) 2% against the relevant currency.

	USD Impact	
	For the Year Ended	
	December 31	
	2021	2020
Profit or (loss)	\$ <u>9,345</u>	\$ <u>4,843</u>

This was mainly attributable to the exposure on outstanding accounts receivable, cash and cash equivalents and accounts payable denominated in USD that were not hedged at the end of the year.

The Group's sensitivity to foreign currency increased during the current year mainly due to decrease in the accounts payable denominated in USD.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 110,000	\$ 153,000
Financial liabilities	260,178	32,990
Cash flow interest rate risk		
Financial assets	640,752	693,358

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 0.25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25 basis point higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$1,602 thousand and \$1,733 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of dealing only with reputable parties and, where necessary, obtains appropriate guarantees to mitigate the risk of financial losses resulting from the default of payment. The Group assesses the creditability of the key customers based on financial information available and mutual transaction records. The Group continuously monitors the credit risk and credit rating of the counterparties, distributes the total transaction amount to customers with sound credit ratings, and controls the credit risk by ensuring that each counterparty's credit limit is reviewed and approved by the risk management committee.

The Group assesses the financial position of customers with outstanding accounts receivable balances regularly and requests for collateral if necessary.

The Group's concentration of credit risk is mainly related to the top five largest customers, which represents 87% and 86% of total accounts receivable as of December 31, 2021 and 2020, respectively.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. Refer to (b) below for the amount of unsecured short-term bank loan facilities of the Group as of December 31, 2021 and 2020:

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

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, financial liabilities with a repayment on demand clause are included in the earliest time band regardless of the probability of the creditors choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 195,657	\$ 134,460	\$ 121,708	\$ -
Lease liabilities	-	8,288	24,184	28,500
Refund liabilities	-	-	171,618	-
Fixed interest rate liabilities	177	200,000	-	-
	<u>\$ 195,834</u>	<u>\$ 342,748</u>	<u>\$ 317,510</u>	<u>\$ 28,500</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	\$ 32,472	\$ 28,500
Fixed interest rate liabilities	200,177	-
	<u>\$ 232,649</u>	<u>\$ 28,500</u>

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 441,332	\$ 583,265	\$ 179,790	\$ -
Lease liabilities	-	5,938	11,670	16,189
Refund liabilities	-	-	85,093	-
	<u>\$ 441,332</u>	<u>\$ 589,203</u>	<u>\$ 276,553</u>	<u>\$ 16,189</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	<u>\$ 17,608</u>	<u>\$ 16,189</u>

b) Financing facilities

	December 31	
	2021	2020
Unsecured bank loan facilities		
Amount used	\$ 200,000	\$ -
Amount unused	<u>259,920</u>	<u>142,400</u>
	<u>\$ 459,920</u>	<u>\$ 142,400</u>

27. TRANSACTIONS WITH RELATED PARTIES

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

a. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 60,811	\$ 30,809
Post-employment benefits	1,081	864
Share-based payments	<u>-</u>	<u>115</u>
	<u>\$ 61,892</u>	<u>\$ 31,788</u>

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for customs import goods tax and performance guarantee:

	December 31	
	2021	2020
Pledged deposits (classified as financial assets at amortized cost)	<u>\$ 10,000</u>	<u>\$ 3,000</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant commitments

Under a sales agreement, the Group shall pay royalties at a certain percentage of net sales of certain products. Royalty expenses amounted to \$2,483 thousand and \$1,599 thousand for the years ended December 31, 2021 and 2020, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items USD	\$ 27,945	27.68	\$ 773,518

Financial liabilities

Monetary items USD	11,064	27.68	306,252
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December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items USD	\$ 38,854	28.48	\$ 1,106,563

Financial liabilities

Monetary items USD	30,352	28.48	864,425
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The significant unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	Exchange Rate	For the Year Ended December 31, 2021	Exchange Rate	For the Year Ended December 31, 2020
		Net Foreign Exchange Losses		Net Foreign Exchange Losses
USD	27.68	\$ <u>5,274</u>	28.48	\$ <u>84</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries, associates, and joint ventures):
None

- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 9) Trading in derivative instruments: None
 - 10) Intercompany relationships and significant intercompany transactions: Table 1
- b. Information on investees: Table 2
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 3
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

32. SEGMENT INFORMATION

The Group is considered a single operating segment. Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group is currently engaged in the design and sale of the wireless communication products, and its operating segment's profit or loss, assets and liabilities were measured on the same basis as the consolidated financial statements, please refer to accompanying consolidated financial statements. However, the Group's other overall information is disclosed as follows:

a. Main products analysis of the Group, please refer to Note 20.

b. Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets are detailed below:

	External Revenue		Non-Current Assets	
	For the Year Ended		December 31	
	December 31		December 31	
	2021	2020	2021	2020
Taiwan	\$ 2,314,013	\$ 1,948,871	\$ 275,186	\$ 185,152
China	2,564,560	2,927,892	10,789	-
Korea	292,288	304,017	-	-
Others	145,406	169,420	-	-
	<u>\$ 5,316,267</u>	<u>\$ 5,350,200</u>	<u>\$ 285,975</u>	<u>\$ 185,152</u>

Non-current assets exclude deferred tax assets, net defined benefit assets, refundable deposits and financial assets at amortized cost.

c. Information about major customers (represents more than 10% of revenue)

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
Customer A (Note 1)	\$ 2,270,845	43	\$ 1,885,769	35
Customer B (Note 1)	739,079	14	NA (Note 2)	-
Customer C (Note 1)	1,004,302	19	755,119	14
Customer D (Note 1)	NA (Note 2)	-	677,758	13

Note 1: Revenue from Wifi products.

Note 2: Revenue accounting for less than 10% of the Group's revenue.

TABLE 1

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

**Intercompany relationships and significant intercompany transactions
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Richwave Technology Corp.	Yinghon Technology Co.	1	Other accounts payable	\$ 8,300	—	0.25%
			1	Operating expenses	11,819	—	0.22%

Note 1: Companies are numbers as follows:

- 1. “0” for the Company.
- 2. Subsidiaries are numbered from Arabic ”1” onward.

Note 2 : Related party transactions are divided into three categories as below:

- 1. The Company to the subsidiary.
- 2. The subsidiary to the Company.
- 3. Between subsidiaries.

Note 3 : The amount was eliminated upon the consolidation.

TABLE 2

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Loss of the Investee	Share of Loss	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Richwave Technology Corp.	Minerva Technology Co.	Belize	Investment	\$ 16,940 (USD 550 thousand)	\$ 16,940 (USD 550 thousand)	-	100	\$ 12,769	\$ (350)	\$ (350)	The Group's subsidiary
Minerva Technology Co.	AEGIS LINK CORP.	USA	Selling and marketing	15,428 (USD 500 thousand)	15,428 (USD 500 thousand)	-	100	11,374	(350)	(350)	The Group's subsidiary

TABLE 3

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outflow	Inflow							
Yinghon Technology Co. (Note)	Development, manufacturing and sales of ICs	\$ 27,840 (US\$ 1,000 thousand)	Direct Investment	\$ -	\$ 27,840 (US\$ 1,000 thousand)	\$ -	\$ 27,840 (US\$ 1,000 thousand)	\$ (4,203)	100%	\$ (4,203)	\$ 23,739	\$ -	The Group's subsidiary

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 27,840 (US\$ 1,000 thousand)	\$ 27,840 (US\$ 1,000 thousand)	\$1,438,718

Note: Shenzhen Richwave Technology Co. Ltd. was renamed to Yinghon Technology Co. in September 2021.