Richwave Technology Corp. And Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 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, 2022, 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 TECHONOLOGY CORP.

By

____

Ma-Dye-Jyun
Chairman

February 23, 2023

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022. 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.

<u>Revenue Recognition</u>

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 main source of revenue for Richwave Technology Corp. is sales of WIFI products. The net revenue for the year ended December 31, 2022 was $3,429,371 thousand. For the accounting policies on revenue recognition, please refer to Notes 4 (l), 22 and 34 of the consolidated financial statements.

Affected by the decline in market demand for the year ended December 31, 2022, Richwave Technology Corp.'s overall net revenue decreased by 35% compared with the year ended December 31, 2021. Therefore, the sales revenue generated by specific sales clients who had not experienced a significant decline in sales or whose sales growth this year are considered potential fraud. Therefore, revenue recognition has been identified as a key audit matter for the year ended December 31, 2022.

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 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.

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, 2022 and 2021 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, 2022 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 Jian-Ming Zeng and Su-Li Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2023

<u>*Notice to Readers*</u>

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 28)	$ 1,015,303	30	$ 641,340	19
Accounts receivable, net (Notes 9, 22 and 28)	1,046,374	30	752,673	23
Other receivables (Notes 9 and 28)	36,337	1	9,511	-
Inventories (Note 10)	927,493	27	1,373,460	42
Prepayments (Note 15)	56,718	2	27,586	1
Other current assets (Note 15)	10,314	-	6,527	-
Total current assets	3,092,539	90	2,811,097	85
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 8, 28 and 30)	12,900	-	110,000	3
Property, plant and equipment (Note 12)	189,182	6	192,678	6
Right-of-use assets (Notes 13)	28,250	1	59,461	2
Other intangible assets (Note 14)	14,876	-	24,934	1
Deferred tax assets (Note 24)	94,744	3	83,269	3
Prepaid equipment	6,690	-	8,902	-
Refundable deposits (Note 28)	7,248	-	12,786	-
Net defined benefit assets - non-current (Note 20)	1,565	-	38	-
Total non-current assets	355,455	10	492,068	15
TOTAL	$ 3,447,994	100	$ 3,303,165	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 28)	$ -	-	$ 200,000	6
Accounts payable (Notes 18 and 28)	388,724	11	239,208	7
Accrued compensation of employees and remuneration of directors (Note 23)	6,061	-	52,111	2
Other payables (Notes 19 and 28)	149,809	4	155,918	5
Current tax liabilities (Note 24)	11,476	-	10,803	-
Lease liabilities - current (Notes 13 and 28)	22,828	1	31,932	1
Refund liabilities - current (Notes 19 and 22)	185,465	6	171,618	5
Other current liabilities (Notes 19 and 22)	7,468	-	10,700	-
Total current liabilities	771,831	22	872,290	26
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 7 and 28)	480	-	-	-
Bonds payable (Notes 17 and 28)	286,293	9	-	-
Deferred tax liabilities (Note 24)	9,391	-	-	-
Lease liabilities - non-current (Notes 13 and 28)	5,747	-	28,246	1
Guarantee deposits (Note 28)	1,602	-	4,765	-
Total non-current liabilities	303,513	9	33,011	1
Total liabilities	1,075,344	31	905,301	27
EQUITY (Notes 21 and 26)				
Share capital				
Ordinary shares	901,689	26	884,689	27
Capital surplus	626,298	18	416,354	13
Retained earnings				
Legal reserve	207,114	6	160,670	5
Special reserve	1,373	-	1,101	-
Unappropriated earnings	635,863	19	936,423	28
Total retained earnings	844,350	25	1,098,194	33
Other equity	313	-	(1,373)	-
Total equity	2,372,650	69	2,397,864	73
TOTAL	$ 3,447,994	100	$ 3,303,165	100

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share, in New Taiwan Dollars)

	2022		2021	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Note 22)	$ 3,429,371	100	$ 5,316,267	100
OPERATING COSTS (Notes 10 and 23)	2,370,781	69	3,770,235	71
GROSS PROFIT	1,058,590	31	1,546,032	29
OPERATING EXPENSES (Notes 20 and 23)				
Selling and marketing expenses	217,837	6	233,442	4
General and administrative expenses	243,362	7	240,954	5
Research and development expenses	602,470	18	539,010	10
Expected credit loss (gain) (Note 9)	12,126	-	(982)	-
Total operating expenses	1,075,795	31	1,012,424	19
PROFIT (LOSS) FROM OPERATIONS	(17,205)	-	533,608	10
NON-OPERATING INCOME AND EXPENSES (Note 23)				
Interest income	10,627	-	1,940	-
Other income	1,013	-	2,317	-
Other gains and losses	71,741	2	(9,754)	-
Finance costs	(4,887)	-	(1,205)	-
Total non-operating income and expenses	78,494	2	(6,702)	-
PROFIT BEFORE INCOME TAX	61,289	2	526,906	10
INCOME TAX EXPENSE (Note 24)	6,230	-	61,389	1
NET PROFIT FOR THE YEAR	55,059	2	465,517	9
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	924	-	(1,340)	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 24)	(185)	-	268	-

(Continued)

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share, in New Taiwan Dollars)

	2022		2021	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 21)	$ 1,686	-	$ (273)	-
Other comprehensive income (loss) for the year, net of income tax	2,425	-	(1,345)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 57,484	2	$ 464,172	9
EARNINGS PER SHARE (Note 25)				
Basic	$ 0.62		$ 5.26	
Diluted	$ 0.62		$ 5.25	

(Concluded)

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Share Capital			Retained Earnings			Other Equity			
	Number of Shares (In Thousands)	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated 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
BALANCE AT JANUARY 1, 2021	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
Appropriation of 2021 earnings										
Legal reserve	-	-	-	46,444	-	(46,444)	-	-	-	-
Special reserve	-	-	-	-	272	(272)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(309,642)	-	-	-	(309,642)
Due to recognition of equity component of convertible bonds issued	-	-	28,500	-	-	-	-	-	-	28,500
Net profit for the year ended December 31, 2022	-	-	-	-	-	55,059	-	-	-	55,059
Other comprehensive gain for the year ended December 31, 2022 , net of income tax	-	-	-	-	-	739	-	1,686	1,686	2,425
Share-based payment expenses recognized	-	-	22,569	-	-	-	-	-	-	22,569
Issue of shares	1,700	17,000	158,875	-	-	-	-	-	-	175,875
BALANCE AT DECEMBER 31, 2022	90,169	$ 901,689	$ 626,298	$ 207,114	$ 1,373	$ 635,863	$ (14)	$ 327	$ 313	$ 2,372,650

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax for the year	$ 61,289	$ 526,906
Adjustments for:		
Depreciation expense	104,331	88,414
Amortization expense	30,458	27,059
Expected credit loss (reversed)	12,126	(982)
Net loss on fair value changes of financial liabilities at fair value through profit or loss	780	-
Finance costs	4,887	1,205
Interest income	(10,627)	(1,940)
Share-based payment expenses recognized	22,569	1,174
Loss on disposal of property, plant and equipment	218	-
Profit from lease modification	(627)	(4)
Write-down of inventories	50,144	136,140
Net loss (gain) on foreign currency exchange	(50,719)	4,488
Changes in operating assets and liabilities:		
Accounts receivable	(308,157)	507,680
Other receivables	(25,393)	19,785
Inventories	395,823	(229,180)
Net defined benefit assets	(603)	(604)
Prepayments	(29,132)	(14,672)
Other current assets	(3,787)	(1,347)
Refund liabilities	13,847	86,229
Accounts payable	152,819	(735,763)
Other payables	2,764	34,101
Accrued compensation of employees and remuneration of directors	(46,050)	(48,482)
Contract liabilities	(4,011)	(4,025)
Other current liabilities	779	2,509
Cash generated from operations	373,728	398,691
Interest received	9,194	2,062
Interest paid	(2,912)	(1,028)
Income tax paid	(7,826)	(238,370)
Net cash generated from operating activities	372,184	161,355

(Continued)

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	$ (9,900)	$ (107,000)
Proceeds from disposal of financial assets at amortized cost	107,000	-
Purchase of property, plant and equipment	(65,956)	(126,097)
Proceeds from disposal of property, plant and equipment	14	-
Increase in refundable deposits	-	(2,692)
Decrease in refundable deposits	5,538	-
Purchase of other intangible assets	(30,963)	(38,669)
Net cash from (used) in investing activities	5,733	(274,458)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,060,000	400,000
Decrease in short-term borrowings	(1,260,000)	(200,000)
Proceeds from issuing convertible bonds	312,341	-
Decrease in guarantee deposits	(3,647)	-
Repayment of the principal portion of lease liabilities	(30,657)	(32,003)
Cash dividends paid	(309,642)	(252,768)
Proceeds from issuing shares	175,875	-
Net cash used in financing activities	(55,730)	(84,771)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	51,776	(5,051)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	373,963	(202,925)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	641,340	844,265
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,015,303	$ 641,340

(Concluded)

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, 2022 AND 2021
(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) in January 2004. 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 23, 2023.

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 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were 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 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, Amended and Revised 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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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 11, 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

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

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.

4) Convertible bonds

The component parts of convertible bonds issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument’s maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

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. The grant date of issued ordinary shares for cash which are reserved for employees is the pricing date.

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 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 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	
	2022	2021
Cash on hand	$ 611	$ 588
Demand deposits	661,142	640,752
Cash equivalents		
Time deposits with original maturities of 3 months or less	353,550	-
	$1,015,303	$ 641,340

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	
	2022	2021
Bank balance	0.01%-1.05%	0.01%-0.30%
Time deposits with original maturities of 3 months or less	0.95%-5.02%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
Financial liabilities at FVTPL - non-current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Convertible options (Note 17)	$ 480	$ -

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
Non-current		
Time deposits with original maturities of more than 1 year	$ 3,000	$ 100,000
Pledged Certificate of deposit (b)	9,900	10,000
	$ 12,900	$ 110,000

a. The ranges of interest rates for time deposits were approximately 0.76%-1.025% and 0.09%-0.76% per annum as of December 31, 2022 and 2021, respectively.

b. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

9. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2022	2021
Accounts receivable (Note 22)		
At amortized cost		
Gross carrying amount	$ 1,058,574	$ 752,752
Less: Allowance for impairment loss	(12,200)	(79)
	$ 1,046,374	$ 752,673
Other receivables		
Income tax refund receivable	$ 4,976	$ 4,993
Others	31,361	4,518
	$ 36,337	$ 9,511

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, 2022

	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	Individual Identification	Total
Expected credit loss rate	0.04%	1.93%	6.53%	6.89%	9.42%	-	100%	
Gross carrying amount	$ 873,168	$ 111,099	$ 25,348	$ 27,769	$ 16,577	$ -	$ 4,613	$ 1,058,574
Loss allowance (Lifetime ECLs)	(318)	(2,140)	(1,654)	(1,914)	(1,561)	-	(4,613)	(12,200)
Amortized cost	$ 872,850	$ 108,959	$ 23,694	$ 25,855	$ 15,016	$ -	$ -	$ 1,046,374

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	Individual Identification	Total
Expected credit loss rate	-	0.02%	3.07%	4.52%	-	100%	-	
Gross carrying amount	$ 737,880	$ 13,285	$ 143	$ 1,439	$ -	$ 5	$ -	$ 752,752
Loss allowance (Lifetime ECLs)	(1)	(3)	(4)	(66)	-	(5)	-	(79)
Amortized cost	$ 737,879	$ 13,282	$ 139	$ 1,373	$ -	$ -	$ -	$ 752,673

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 79	$ 1,061
Add: Net remeasurement of loss allowance	12,126	-
Less: Amounts written off	(5)	-
Less: Net remeasurement of loss allowance	-	(982)
Balance at December 31	$ 12,200	$ 79

10. INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 259,605	$ 359,010
Work in progress	267,130	323,328
Raw materials	400,758	691,122
	$ 927,493	$1,373,460

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

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	$ 2,320,637	$ 3,610,893
Loss on disposal of inventories	-	23,202
Inventory write-downs	50,144	136,140
	$ 2,370,781	$ 3,770,235

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2022	2021	Remark
Richwave Technology Corp.	Minerva Technology Co.	Investment	100	100	1, 3
Richwave Technology Corp.	Yinghon Technology Co.	Development, manufacturing and sales of ICs	100	100	2, 3
Minerva Technology Co.	AEGIS LINK CORP.	Selling and marking	100	100	1, 3

Remark:

1) In December 2018, the Company established Minerva Technology Co. in Belize with an investment of USD550 thousand. Minerva Technology Co. reinvested in and established AEGIS LINK CORP. in USA with USD500 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 USD 1,000 thousand. Shenzhen Richwave Technology Co. Ltd. was renamed to Yinghon Technology Co. in September 2021. On February 24, 2022, the board of directors approved a capital increase of USD 1,000 thousand to Yinghon Technology Co. Investment Commission, MOEA approved the capital increase on April 14, 2022, and the Company completed the capital increase in June 2022. 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
Cost				
Balance at January 1, 2022	$ 163,742	$ 19,929	$ 113,721	$ 297,392
Additions	13,181	6,039	44,538	63,758
Disposals	-	(29)	(1,129)	(1,158)
Transfers from prepayments	6,317	-	336	6,653
Effects of foreign currency exchange differences	-	1	28	29
Balance at December 31, 2022	$ 183,240	$ 25,940	$ 157,494	$ 366,674

(Continued)

	Testing Equipment	Computer Equipment	Other Equipment	Total
Accumulated depreciation				
Balance at January 1, 2022	$ 51,759	$ 6,947	$ 46,008	$ 104,714
Depreciation expense	28,522	5,837	39,347	73,706
Disposals	-	(29)	(897)	(926)
Effects of foreign currency exchange differences	-	(1)	(1)	(2)
Balance at December 31, 2022	$ 80,281	$ 12,754	$ 84,457	$ 177,492
Carrying amount at December 31, 2022	$ 102,959	$ 13,186	$ 73,037	$ 189,182
Cost				
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	-	1	2	3
Balance at December 31, 2021	$ 163,742	$ 19,929	$ 113,721	$ 297,392
Accumulated depreciation				
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	-	(1)	1	-
Balance at December 31, 2021	$ 51,759	$ 6,947	$ 46,008	$ 104,714
Carrying amount at December 31, 2021	$ 111,983	$ 12,982	$ 67,713	$ 192,678

(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	3-4 years
Other equipment	3-5 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Buildings	$ 28,250	$ 59,461

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 5,690	$ 63,535
Depreciation charge for right-of-use assets		
Buildings	$ 30,625	$ 32,645
Income from the subleasing of right-of-use assets (presented in other income)	$ (842)	$ (798)

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 22,828	$ 31,932
Non-current	$ 5,747	$ 28,246

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
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	
	2022	2021
Expenses relating to short-term leases	$ 7,016	$ 5,425
Total cash outflow for leases	$ (38,182)	$ (38,199)

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.

14. OTHER INTANGIBLE ASSETS

	Computer Software	Specialized Techniques	Trademarks	Total
Cost				
Balance at January 1, 2022	$ 37,593	$ 3,000	$ -	$ 40,593
Additions	19,900	500	-	20,400
Disposals	(14,655)	-	-	(14,655)
Balance at December 31, 2022	$ 42,838	$ 3,500	$ -	$ 46,338
Accumulated amortization				
Balance at January 1, 2022	$ 14,808	$ 851	$ -	$ 15,659
Additions	30,111	347	-	30,458
Disposals	(14,655)	-	-	(14,655)
Balance at December 31, 2022	$ 30,264	$ 1,198	$ -	$ 31,462
Carrying amount at December 31, 2022	$ 12,574	$ 2,302	$ -	$ 14,876
Cost				
Balance at January 1, 2021	$ 40,733	$ 2,488	$ 295	$ 43,516
Additions	31,942	1,500	-	33,442
Disposals	(35,082)	(988)	(295)	(36,365)
Balance at December 31, 2021	$ 37,593	$ 3,000	$ -	$ 40,593
Accumulated amortization				
Balance at January 1, 2021	$ 23,006	$ 1,664	$ 295	$ 24,965
Additions	26,884	175	-	27,059
Disposals	(35,082)	(988)	(295)	(36,365)
Balance at December 31, 2021	$ 14,808	$ 851	$ -	$ 15,659
Carrying amount at December 31, 2021	$ 22,785	$ 2,149	$ -	$ 24,934

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

Computer software	1-6 years
Specialized techniques	10 years
Trademarks	10 years

15. OTHER ASSETS

	December 31	
	2022	2021
Current		
Prepayments		
Prepaid expenses	$ 24,301	$ 26,151
Prepayment for purchases	32,417	1,435
	$ 56,718	$ 27,586
Other current assets		
Temporary payments	$ 10,314	$ 6,527

16. SHORT-TERM BORROWINGS

	December 31	
	2022	2021
Unsecured borrowings		
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.

17. BONDS PAYABLE

	December 31	
	2022	2021
Unsecured domestic convertible bonds	$ 300,000	$ -
Less: Discount on bonds payable	(13,707)	-
	$ 286,293	$ -

At July 29, 2022, the Company issued 3 thousand, 0% NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of $300,000 thousand. The issue price was based on 104.98% of the face value.

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of $137.2. Conversion may occur at any time between October 30, 2022 and July 29, 2025.

If the closing price of shares for each of 30 consecutive trading days is at least 130% of the conversion price between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem all the outstanding bonds at their principal amount. If the amount outstanding of bonds is less than 10% of the principal amount, the Company may also redeem the outstanding bonds at their principal amount.

Bondholders have the option to notify the Company of their request for bond redemption within 30 days prior to the second anniversary of the issuance date, and the Company should redeem the bonds at face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.81% per annum on initial recognition.

Proceeds from issuance (less transaction costs of $2,610 thousand)	$ 312,341
Redeemable and puttable option component	300
Equity component (less transaction costs allocated to the equity component of $221 thousand)	(28,500)
Liability component at the date of issue (less transaction costs allocated to the liability component of $2,389 thousand)	284,141
Interest charged at an effective interest rate of 1.81%	2,152
Liability component at December 31, 2022	$ 286,293

18. ACCOUNTS PAYABLE

	December 31	
	2022	2021
Accounts payable		
Generated from operating activities	$ 388,724	$ 239,208

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.

19. OTHER LIABILITIES

	December 31	
	2022	2021
Current		
Other payables		
Payables for salaries and bonuses	$ 78,517	$ 66,041
Payables for insurance premium	11,833	11,028
Payables for annual leave	9,127	7,361
Payables for research and design fee	8,343	12,358
Payables for testing fee	8,069	16,709
Payables for purchases of equipment	7,312	5,223
Payables for freight cost	5,107	5,317
Payables for software usage fee	35	10,598
Others	21,466	21,283
	$ 149,809	$ 155,918
Refund liabilities (Note 22)	$ 185,465	$ 171,618
Other liabilities		
Contract liabilities (Note 22)	$ 1,039	$ 5,050
Receipts under custody	6,415	5,550
Temporary receipts	14	100
	$ 7,468	$ 10,700

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

Apart from Yinghon Technology Co., the Group 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	
	2022	**2021**
Present value of defined benefit obligation	$ 15,616	$ 15,269
Fair value of plan assets	(17,181)	(15,307)
Net defined benefit assets	$ (1,565)	$ (38)

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, 2021	$ 13,679	$ (14,453)	$ (774)
Net interest expense (income)	68	(74)	(6)
Recognized in profit or loss	68	(74)	(6)
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	1,269	-	1,269
Recognized in other comprehensive income	1,522	(182)	1,340
Contributions from the employer	-	(598)	(598)
Balance at December 31, 2021	15,269	(15,307)	(38)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (Assets) Liabilities
Net interest expense (income)	$ 95	$ (98)	$ (3)
Recognized in profit or loss	95	(98)	(3)
Remeasurement			
Return on plan assets	-	(1,176)	(1,176)
Actuarial loss - changes in demographic assumptions	15	-	15
Actuarial gain - changes in financial assumptions	(367)	-	(367)
Actuarial loss - experience adjustments	604	-	604
Recognized in other comprehensive income	252	(1,176)	(924)
Contributions from the employer	-	(600)	(600)
Balance at December 31, 2022	$ 15,616	$ (17,181)	$ (1,565)

(Concluded)

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	
	2022	2021
General and administrative expenses	$ (1)	$ (1)
Research and development expenses	(2)	(5)
	$ (3)	$ (6)

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	
	2022	2021
Discount rate(s)	1.375%	0.625%
Expected rate(s) of salary increase	3.50%	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	
	2022	2021
Discount rate(s)		
0.25% increase	$ (331)	$ (354)
0.25% decrease	$ 342	$ 366
Expected rate(s) of salary increase		
0.25% increase	$ 329	$ 352
0.25% decrease	$ (320)	$ (342)

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	
	2022	2021
Expected contributions to the plan for the next year	$ 600	$ 600
Average duration of the defined benefit obligation	8.6 years	9.4 years

21. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands of shares)	200,000	200,000
Shares authorized	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands of shares)	90,169	88,469
Shares issued and fully paid	$ 901,689	$ 884,689

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, and appropriate stock dividends from the unappropriated earnings of $252,768 thousand.

On April 28, 2022, the Company's board of directors resolved to issue 1,700 thousand ordinary shares with a par value of $10, for a consideration of $105 per share which were fully paid. On July 6, 2022, the above transaction was approved by the FSC, and the subscription base date was September 12, 2022. The Company has completed the alteration registration.

b. Capital surplus

	December 31	
	2022	**2021**
Maybe used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 497,045	$ 330,128
May be used to offset a deficit		
Issuance of ordinary shares (exercised or expired employee share options)	85,484	85,052
May not be used for any purpose		
Employee share options	15,269	1,174
Share options	28,500	-
	$ 626,298	$ 416,354

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 23(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.

The appropriations of earnings for 2021 and 2020, which were approved in the shareholders' meetings on May 26, 2022 and July 27, 2021, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	**2020**
Legal reserve	$ 46,444	$ 86,572
Special reserve	$ 272	$ 699
Cash dividends	$ 309,642	$ 252,768
Share dividends	$ -	$ 252,768
Cash dividends per share (NT$)	$ 3.50	$ 4.00
Share dividends per share (NT$)	$ -	$ 4.00

The appropriation of earnings for 2022, which were proposed by the Company's board of directors on February 23, 2023, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	$ 5,580
Reversal of special reserve	$ (1,373)

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held on May 25, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 1,101	$ 402
Appropriations in respect of debits to other equity items	272	699
Balance at December 31	$ 1,373	$ 1,101

e. Other equity items

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

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ (1,359)	$ (1,086)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	1,686	(273)
Balance at December 31	$ 327	$ (1,359)

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1 and December 31	$ (14)	$ (14)

22. REVENUE

a. Contract revenue from customers

	For the Year Ended December 31	
	2022	2021
Revenue from the sale of goods	$ 3,429,371	$ 5,316,162
Royalty revenue	-	105
	$ 3,429,371	$ 5,316,267

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, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 9)	$ 1,046,374	$ 752,673	$ 1,253,538
Contract liabilities (Note 19)			
Sale of goods	$ 1,039	$ 5,050	$ 9,075

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	
	2022	2021
From contract liabilities at the beginning of the year		
Sale of goods	$ 4,786	$ 9,013

d. Disaggregation of revenue

	For the Year Ended December 31	
	2022	2021
Type of goods or services		
WIFI products	$3,276,955	$5,038,763
Others	152,416	277,504
	$3,429,371	$5,316,267

23. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$10,585	$ 1,898
Deposit interest	42	42
	$10,627	$ 1,940

b. Other income

	For the Year Ended December 31	
	2022	2021
Rental income	$ 842	$ 798
Government Grant	126	80
Others	45	1,439
	$ 1,013	$ 2,317

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gains (losses)	$ 72,428	$ (9,757)
Profit from lease modification	627	4
Loss on disposal of property, plant and equipment	(218)	-
Fair value changes of financial liabilities designated as at FVTPL	(780)	-
Others	(316)	(1)
	$ 71,741	$ (9,754)

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	$ 2,226	$ 434
Interest on convertible bonds	2,152	-
Interest on lease liabilities	509	771
	$ 4,887	$ 1,205

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	$ 499	$ 4,119
Selling and marketing expenses	10,546	7,942
General and administrative expenses	21,152	15,546
Research and development expenses	72,134	60,807
	$ 104,331	$ 88,414
An analysis of amortization by function		
Selling and marketing expenses	$ 258	$ -
General and administrative expenses	3,230	2,368
Research and development expenses	26,970	24,691
	$ 30,458	$ 27,059

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits (Note 20)		
Defined contribution plans	$ 18,728	$ 17,773
Defined benefit plans	(3)	(6)
	18,725	17,767
Share-based payments		
Equity-settled	22,569	1,174
Other employee benefits	521,553	500,845
Total employee benefits expense	$ 562,847	$ 519,786

	For the Year Ended December 31	
	2022	2021
An analysis of employee benefits expense by function		
Selling and marketing expenses	$ 96,129	$ 76,227
General and administrative expenses	149,477	130,577
Research and development expenses	317,241	312,982
	$ 562,847	$ 519,786

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, 2022 and 2021 are as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	8%	8%
Remuneration of directors	1%	1%

Amount

	For the Year Ended December 31			
	2022		2021	
	Cash	Shares	Cash	Shares
Compensation of employees	$ 5,388	$ -	$ 46,321	$ -
Remuneration of directors	673	-	5,790	-

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, 2021 and 2020.

The Company held board of directors' meetings on February 23, 2023, and the amount of the compensation of employees approved in the board of directors' meeting was differ from the amounts recognized in the consolidated financial statements for the year ended December 31, 2022. The differences were adjusted to profit and loss for the year ended December 31, 2023.

	For the Year Ended December 31, 2022
Amounts approved in the board of directors' meeting	$ 8,082
Amounts recognized in the annual consolidated financial statements	$ 5,388

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 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	
	2022	2021
Foreign exchange gains	$ 153,211	$ 40,030
Foreign exchange losses	(80,783)	(49,787)
Net gain (loss) on foreign currency exchange	$ (72,428)	$ (9,757)

24. 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	
	2022	2021
Current tax		
In respect of the current year	$ 9,361	$ 111,243
Income tax on unappropriated earnings	2,904	-
Adjustments for prior year	(3,766)	(3,306)
Deferred tax		
In respect of the current year	(2,269)	(46,548)
Income tax expense recognized in profit or loss	$ 6,230	$ 61,389

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

	For the Year Ended December 31	
	2022	2021
Profit before tax	$ 61,289	$ 526,906
Income tax expense calculated at the statutory rate	$ 12,260	$ 105,381
Nondeductible expense in determining taxable income	(98)	(121)
Income tax on unappropriated earnings	2,904	-
Unrecognized deductible temporary differences	185	(139)
Investment tax credits	(5,255)	(40,426)
Adjustments for prior year' tax	(3,766)	(3,306)
Income tax expense recognized in profit or loss	$ 6,230	$ 61,389

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	$ (185)	$ 268

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	$ 11,476	$ 10,803

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, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Refund liabilities	$ 34,322	$ 2,771	$ -	$ 37,093
Defined benefit plans	1,942	-	(185)	1,757
Payable for annual leave	1,472	353	-	1,825
Loss on investments accounted for using the equity method	1,383	(593)	-	790
Allowance for impairment loss	47	277	-	324
Unrealized foreign exchange loss	1,055	(1,055)	-	-
Unrealized write-downs of inventories	42,770	10,029	-	52,799
Others	278	(122)	-	156
	$ 83,269	$ 11,660	$ (185)	$ 94,744

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Unrealized foreign exchange gain	$ -	$ 9,391	$ -	$ 9,391

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
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
	$ 36,453	$ 46,548	$ 268	$ 83,269

e. Income tax assessments

The Company's tax returns through 2020 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	**2021**
Basic earnings per share	$ 0.62	$ 5.26
Diluted earnings per share	$ 0.62	$ 5.25

Net Profit for the Year

	For the Year Ended December 31	
	2022	**2021**
Earnings used in the computation of basic and diluted earnings per share	$ 55,059	$ 465,517

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

	For the Year Ended December 31	
	2022	**2021**
Weighted average number of ordinary shares used in the computation of basic earnings per share	88,981	88,469
Effect of potentially dilutive ordinary shares		
Compensation of employees	79	193
Weighted average number of ordinary shares used in the computation of diluted earnings per share	89,060	88,662

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.

Since the exercise price of the options issued by the Company exceeded the average market price of the shares during the year ended December 31, 2022, they are anti-dilutive and excluded from the computation of diluted earnings per share.

If the outstanding convertible bonds issued by the Company are converted to ordinary shares, the exercise price of the options issued by the Company exceeded the average market price of the shares between July 29, 2022 and December 31, 2022, they are anti-dilutive and excluded from the computation of diluted earnings per share.

28. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan

The Company issued 300 units of employee share options on November 29, 2021. On the grant date, each option entities the holder with the right to subscribe for one thousand ordinary share of the Company at the exercise price of 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 November 29, 2025.

Information on outstanding employee share options is as follows:

	For the Year Ended December 31			
	2022		2021	
	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	300	$ 279	-	$ -
Options granted	-	-	300	279
Balance at December 31	300	272.9	300	-
Options exercisable, end of the year	-	-	-	-
Weighted - average fair value of options granted (NT$)	$ 122.02		$ 122.02	

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

	For the Year Ended December 31	
	2022	2021
Range of exercise price (NT$)	$ 272.9	$ 279
Weighted average remaining contractual life (in years)	3.25	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
Grant-date share price	NT$279
Expected volatility	59.55%、57.55% and 56.53%
Risk-free interest rate	0.40%、0.41% and 0.42%
Expected dividend yield rate	-
Expected life	3.5 years、4 years and 4.5 years

Compensation costs recognized were $14,095 thousand and $1,174 thousand for the years ended December 31, 2022 and 2021, respectively.

b. Issued ordinary shares for cash which are reserved for employees

On April 28, 2022, the Company's board of directors resolved to issue 1,700 thousand ordinary shares for cash, and reserved 15% shares for employees under Company Act. The 255 thousand shares were granted on July 19, 2022.

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

	July 19, 2022
Grant-date share price	NT$136.5
Exercise price	NT$105
Fair value of options	NT$33.23
Expected volatility	61.79%
Risk-free interest rate	0.7%
Expected life	0.13 years

Compensation costs recognized were $8,474 thousand for the year ended December 31, 2022.

27. 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.

28. FINANCIAL INSTRUMENTS

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

December 31, 2022

	Carrying Amount	**Fair Value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	$ 286,293	$ -	$ 287,400	$ -	$ 287,400

The fair values of the financial assets and financial liabilities included in the Level 2 category above have been determined in accordance with the binary tree pricing model for convertible bonds.

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

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative	$ -	$ 480	$ -	$ 480

There were no transfers between Levels 1 and 2 in the current years.

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

Financial Instrument	Valuation Technique and Inputs
Derivatives - redeemable and puttable option of convertible bonds	Binary tree pricing model for convertible bonds. Track the evolution of key underlying variables of options in discrete time through a binary tree over multiple time steps between evaluation date and maturity date. Each node of the tree represents a possible price at a particular point in time.

c. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (1)	$2,118,162	$1,526,310
Financial liabilities		
FVTPL		
Held for trading	480	-
Amortized cost (2)	738,784	526,489

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, other payables, bonds payable and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included accounts receivable, accounts payable, short-term 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 76% 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 74% 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 rale 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	
	2022	**2021**
Profit or (loss)	$ 21,762	$ 9,345

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 increase in the accounts receivable 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	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 366,450	$ 110,000
Financial liabilities	314,868	260,178
Cash flow interest rate risk		
Financial assets	661,142	640,752

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, 2022 and 2021 would have increased/decreased by $1,653 thousand and $1,602 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 89% and 87% of total accounts receivable as of December 31, 2022 and 2021, 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, 2022 and 2021:

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, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 253,951	$ 175,855	$ 21,083	$ 301,602
Lease liabilities	-	7,631	15,459	5,744
	$ 253,951	$ 183,486	$ 36,542	$ 307,346

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	$ 23,090	$ 5,744

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 164,543	$ 125,325	$ 31,679	$ 4,765
Lease liabilities	-	8,288	24,184	28,500
Fixed interest rate liabilities	177	200,000	-	-
	$ 164,720	$ 333,613	$ 55,863	$ 33,265

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	$ 32,472	$ 28,500

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank loan facilities		
Amount used	$ -	$ 200,000
Amount unused	680,000	259,920
	$ 680,000	$ 459,920

29. 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	
	2022	2021
Short-term employee benefits	$ 55,948	$ 60,811
Post-employment benefits	1,188	1,081
	$ 57,136	$ 61,892

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2022	2021
Pledged deposits (classified as financial assets at amortized cost)	$ 9,900	$ 10,000

31. 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, 2022 and 2021 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 $1,349 thousand and $2,483 thousand for the years ended December 31, 2022 and 2021, respectively.

32. 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, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 49,557	30.71	$ 1,521,895
Financial liabilities			
Monetary items			
USD	14,126	30.71	433,809

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 27,945	27.68	$ 773,518
Financial liabilities			
Monetary items			
USD	11,064	27.68	306,252

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

	For the Year Ended December 31, 2022		For the Year Ended December 31,2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains	Exchange Rate	Net Foreign Exchange Losses
USD	30.71	$ 46,827	27.68	$ 5,274

33. 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

34. 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 22.

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 For the Year Ended December 31		Non-Current Assets December 31	
	2022	**2021**	**2022**	**2021**
Taiwan	$ 1,692,598	$ 2,314,013	$ 228,626	$ 275,186
China	1,336,767	2,564,560	10,372	10,789
Korea	233,541	292,288	-	-
Others	166,465	145,406	-	-
	$ 3,429,371	$ 5,316,267	$ 238,998	$ 285,975

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			
	2022		**2021**	
	Amount	**%**	**Amount**	**%**
Customer A (Note 1)	$ 1,943,246	57	$ 2,270,845	43
Customer B (Note 1)	456,367	13	1,004,302	19
Customer C (Note 1)	NA（Note 2）	-	739,079	14

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, 2022
(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	$ 12,563	—	-
			1	Operating expenses	66,886	—	2%
			1	Net revenue	2,291	—	-

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 INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(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, 2022			Net Loss of the Investee	Share of Loss	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Richwave Technology Corp.	Minerva Technology Co.	Belize	Investment	$ 16,940 (USD 550 thousand)	$ 16,940 (USD 550 thousand)	-	100	$ 13,753	$ (402)	$ (402)	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	12,199	(407)	(407)	The Group's subsidiary

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(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, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outflow	Inflow							
Yinghon Technology Co. (Note)	Development, manufacturing and sales of ICs	$ 57,410 (US$ 2,000 thousand)	Direct Investment	$ 27,840 (US$ 1,000 thousand)	$ 29,570 (US$ 1,000 thousand)	$ -	$ 57,410 (US$ 2,000 thousand)	$ 3,367	100%	$ 3,367	$ 56,976	$ -	The Group's subsidiary

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 57,410 (US$ 2,000 thousand)	$ 57,410 (US$ 2,000 thousand)	$1,423,590

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