Stock Code：3152

ADVANCED CERAMIC X CORPORATION

Financial Statements and Independent Auditors' Report
December 31, 2021 and 2020

Address：No.16, Tzu Chiang Road, Hsinchu Industrial Park, Hsinchu County, Taiwan
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Notes to Readers

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English version and Chinese version, the Chinese-language independent auditors' report and financial statements shall prevail.

Independent Auditors' Report

To the Board of Directors of Advanced Ceramic X Corporation:

Opinion

We have audited the financial statements of Advanced Ceramic X Corporation ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in the Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Revenue recognition

Please refer to note 4(12) "Revenue" for accounting principles, and note 6(11) "Operating revenue from contracts with customers" for significant accounts to the financial statements.

Description of key audit matter:

Revenue is recognized when the risks and rewards specified in each individual contract with customers are transferred. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the significant risks and rewards of ownership have been transferred. Therefore, the accuracy and appropriateness of revenue recognition is a key matter when conducting our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Company's controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards and understandings the Company's main revenue types, shipping terms, its related sales agreements, and sales terms; on a sample basis, inspecting customers' orders and sales terms and assessing whether the accounting treatment of the sales terms is applied appropriately; performing a test of details of sales revenue for any identified significant sales fluctuations and any significant reversals of revenue through sales discounts and sales returns which incurred within a certain period before and after the balance sheet date; assessing the adequacy of the Company's disclosures of its revenue recognition policy and other related disclosures.

2. Evaluation of inventory

Please refer to note 4(7) "Inventories" for accounting principles, note 5 for valuation of inventories, and note 6(3) "Inventories" for significant accounts to the financial statements.

Description of key audit matter:

The inventories are measured at the lower of cost or net realizable value at the reporting date; therefore, the Company needs to use judgments and estimates to determine the net realizable value of the inventory on the financial reporting date. With the rapid development of technology and introduction of new products, these may significantly impact market demand, as well as the products themselves, which can lead to product obsolescence that may result in the cost of inventory to be higher than the net realizable value. Therefore, the impairment of inventory is one of the key areas in our audit.

How the matter was addressed in our audit:

Our audit procedures included: evaluating the reasonableness of the assessment policy including data basis, assumptions, functions, and verifying whether it is properly applied; inspecting the assessment on supporting documentation whether the estimation of provision for inventory obsolescence and devaluation loss is accurate; using sampling skills to verify inventory aging or testing age report; assessing whether the inventory allowance rate is reasonable and accurate, And assessing the reasonableness of the provision based on erosion and disposal of the obsolescence inventory.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance endorsed 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 financial statements.

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

1. Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated 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 identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated 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 determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG
Taipei, Taiwan (Republic of China)
February 22, 2022

Advanced Ceramic X Corporation

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current Assets：				
1100	Cash and Cash Equivalents (Note 6(1))	$ 452,010	10	1,050,489	25
1170	Notes and Accounts Receivable, Net (Note 6(2))	251,712	6	233,184	5
1180	Receivables from Related Parties (Note 6(2) and 7)	304,524	7	145,800	3
1310	Inventories (Note 6(3))	318,947	7	173,522	4
1476	Other Current Financial Assets (Note 6(1))	215,875	5	215,975	5
1479	Other Current Assets	21,741	-	34,039	1
		1,564,809	35	1,853,009	43
	Noncurrent Assets：				
1600	Property, Plant and Equipment (Note 6(4) and 8)	2,931,883	65	2,400,773	56
1780	Intangible Assets (Note 6(5))	2,788	-	2,692	-
1840	Deferred Tax Assets (Note 6(8))	10,727	-	7,275	-
1900	Other Noncurrent Assets	9,478	-	34,473	1
1980	Other Noncurrent Financial Assets	1,246	-	632	-
1975	Net Defined Benefit Asset- Noncurrent (Note 6(7))	850	-	293	-
		2,956,972	65	2,446,138	57
	Total Assets	$ 4,521,781	100	4,299,147	100

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current Liabilities：				
2170	Accounts Payable	$ 32,774	1	111,282	3
2201	Salary and Bonus Payable	174,719	4	145,239	3
2213	Payables to Contractors and Equipment	103,550	2	164,772	4
2230	Income Tax Payable	157,289	3	124,719	3
2399	Other Current Liabilities (Note 6(6) and 7)	209,431	5	191,720	5
		677,763	15	737,732	18
	Noncurrent Liabilities：				
2600	Other Noncurrent Liabilities	18,049	-	16,783	-
		18,049	-	16,783	-
	Total Liabilities	695,812	15	754,515	18
	Equity (Note 6(9))：				
3100	Capital Stock	690,162	15	690,162	16
3200	Capital Surplus	573,532	13	573,532	13
3300	Retained Earnings	2,562,275	57	2,280,938	53
	Total Equity	3,825,969	85	3,544,632	82
	Total Liabilities and Equity	$ 4,521,781	100	4,299,147	100

See accompanying notes to the financial statements.

Advanced Ceramic X Corporation

Statements of Comprehensive Income

Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		2021		2020	
		Amount	%	**Amount**	%
4100	**Net Revenue** (Note 6(11) and 7)	$ 2,846,304	100	2,192,650	100
5000	**Cost of Sales** (Note 6(3), (7), (13) and 7)	1,211,435	43	898,597	41
	Gross Profit	1,634,869	57	1,294,053	59
	Operating Expenses (Note 6(7), (13) and 7)：				
6100	Selling and Distribution Expenses	45,673	1	32,370	1
6200	General and Administrative Expenses	137,268	5	94,677	4
6300	Research and Development Expenses	150,171	5	121,671	6
6450	Losses on Expected Credit Impairment (Note 6(2))	1,790	-	1,178	-
		334,902	11	249,896	11
	Gross Profit from Operations	1,299,967	46	1,044,157	48
	Non-Operating Income and Expenses：				
7101	Interest Income	3,717	-	7,044	-
7190	Other Income (Note 6(12))	5,735	-	8,406	-
7230	Foreign Exchange Losses, Net	(24,448)	(1)	(24,439)	(1)
7610	Gains on Disposal of Property, Plant and Equipment, Net	-	-	1,750	-
		(14,996)	(1)	(7,239)	(1)
7900	**Profit Before Income Tax**	1,284,971	45	1,036,918	47
7950	**Less：Income Tax Expense** (Note 6(8))	258,146	9	207,052	9
8200	**Net Income**	1,026,825	36	829,866	38
8300	**Other Comprehensive Income**：				
8310	**Components of Other Comprehensive Income that Will Not Be Reclassified to Profit or Loss**				
8311	Losses on Remeasurements of Defined Benefit Plans (Note 6(7))	(113)	-	(1,471)	-
8300	**Other Comprehensive Income, Net of Tax**	(113)	-	(1,471)	-
8500	**Total Comprehensive Income**	**$ 1,026,712**	**36**	**828,395**	**38**
	Earnings Per Share (Expressed in Dollars) (Note 6(10))				
9750	Basic Earnings Per Share	**$**	**14.88**		**12.02**
9850	Diluted Earnings Per Share	**$**	**14.84**		**12.01**

See accompanying notes to the financial statements.

Advanced Ceramic X Corporation
Statements of Changes in Equity
Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings			Capital Surplus
			Legal Reserve	Undistributed Earnings	Subtotal	
Balance at January 1, 2020	$ 690,162	573,532	716,188	1,318,162	2,034,350	3,298,044
Net income in 2020	-	-	-	829,866	829,866	829,866
Other Comprehensive Income, Net of Tax	-	-	-	(1,471)	(1,471)	(1,471)
Total Comprehensive Income for the Year	-	-	-	828,395	828,395	828,395
Appropriation and Distribution of 2019 Earnings：						
Legal Reserve	-	-	64,666	(64,666)	-	-
Cash Dividends	-	-	-	(581,807)	(581,807)	(581,807)
Balance at December 31, 2020	**690,162**	**573,532**	**780,854**	**1,500,084**	**2,280,938**	**3,544,632**
Net income in 2021	-	-	-	1,026,825	1,026,825	1,026,825
Other Comprehensive Income, Net of Tax	-	-	-	(113)	(113)	(113)
Total Comprehensive Income for the Year	-	-	-	1,026,712	1,026,712	1,026,712
Appropriation and Distribution of 2020 Earnings：						
Legal Reserve	-	-	82,840	(82,840)	-	-
Cash Dividends	-	-	-	(745,375)	(745,375)	(745,375)
Balance at December 31, 2021	**$ 690,162**	**573,532**	**863,694**	**1,698,581**	**2,562,275**	**3,825,969**

See accompanying notes to the financial statements.

Advanced Ceramic X Corporation

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash Flows from Operating Activities：		
Income Before Income Tax	$ 1,284,971	1,036,918
Adjustments for：		
Depreciation Expense	277,435	152,403
Amortization Expense	3,006	1,536
Expected Credit Loss	1,790	1,178
Interest Income	(3,717)	(7,044)
Gain on Disposal of Property, Plant and Equipment, Net	-	(1,750)
Provision (Reversal) for Inventory Obsolescence and Devaluation Loss	21,550	(1,468)
Total Adjustments to Reconcile Profit	300,064	144,855
Changes in Operating Assets and Liabilities：		
Notes and Accounts Receivable	(18,715)	(55,605)
Receivables from Related Parties	(160,327)	(62,128)
Inventories	(166,975)	(54,538)
Other Operating Current Assets	12,298	(8,397)
Net Defined Benefit Assets	(670)	(670)
Accounts Payable	(78,508)	60,778
Other Operating Current Liabilities (Including Salary Payable and Other Current Liabilities)	47,191	78,989
Other Noncurrent Liabilities	1,266	2,722
Total Net Changes in Operating Assets and Liabilities	(364,440)	(38,849)
Cash Inflow Generated from Operations	1,220,595	1,142,924
Interest Received	3,817	7,306
Income Taxes Paid	(229,028)	(148,117)
Net Cash Flows from Operating Activities	995,384	1,002,113
Cash Flows from Investing Activities：		
Acquisition of Property, Plant and Equipment	(842,449)	(1,061,708)
Proceeds from Disposal of Property, Plant and Equipment	-	1,750
Increase in Guarantee Deposits	(614)	(185)
Acquisition of Intangible Assets	(900)	(1,500)
Increase in Other Noncurrent Assets	(4,525)	(8,100)
Increase in Prepaid of Equipment	-	(27,318)
Net Cash Flows Used in Investing Activities	(848,488)	(1,097,061)
Cash Flows from Financing Activities：		
Cash Dividends	(745,375)	(581,807)
Net Cash Flows Used in Financing Activities	(745,375)	(581,807)
Net Decrease in Cash and Cash Equivalents	(598,479)	(676,755)
Cash and Cash Equivalents at the Beginning of Period	1,050,489	1,727,244
Cash and Cash Equivalents at the End of Period	$ 452,010	1,050,489

See accompanying notes to the financial statements.

Advanced Ceramic X Corporation
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

Advanced Ceramic X Corporation ("the Company") was incorporated in April 15, 1998 as a company limited by shares and registered under the Company Act of the Republic of China (R.O.C). The address of the Company's registered office is No.16, Tzu Chiang Road, Hsinchu Industrial Park, Hsinchu County, Taiwan. The major business activities of the Company are the design, manufacture and sale of RF Front-End devices and modules for applications in wireless communication.

2. The authorization of financial statements

These financial statements were authorized for issuance by the Board of Directors of the Company on February 22, 2022.

3. Application of new standards, amendments and interpretations

(1) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C ("FSC")

The Company has adopted the following International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") issued by the International Accounting Standards Board ("IASB") (collectively, "IFRSs") and endorsed by the FSC , from January 1, 2020

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16"A one-year extension to the practical expedient for COVID-19 related rent concessions"

(2) The impact of the IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"
- Annual Improvements to IFRSs Standards 2018 – 2020 Cycle
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

4. Summary of significant accounting policies

The financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(1) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, R.O.C..

(2) Basis of preparation

A. Basis of measurement

The financial statements have been prepared on the historical cost basis except defined benefit asset is recognized as plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(3) Foreign currencies

Transactions in foreign currencies are translated to the functional currencies of the Company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate of the date the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income that arises from the retranslation:

- Equity instrument measured at fair value through other comprehensive income;
- Financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash flow hedges to the extent the hedge is effective.

(4) Classification of current and non-current assets and liabilities

An entity shall classify an asset as current when:

A. It expected to realize the asset, or intended to sell or consumed it in its normal operating cycle;

B. It holds the asset primarily for the purpose of trading;

C. It expected to realize the asset within twelve months after the reporting period; or

D. If the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when:

A. It expected to settle the liability in its normal operating cycle;

B. It holds the liability primarily for the purpose of trading;

C. The liability is due to be settled within twelve months after the reporting period; or

D. It does not have an unconditional right to defer settlement of the liability for at least twelvemonths 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 that do not affect its classification.

An entity shall classify all other liabilities as non-current.

(5) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investment that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in the value. Time deposits which meet the above definition and are held for the purpose of meeting short-term commitments rather than for investment or other purposes should be recognized as cash equivalents.

(6) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and receivables, and other financial assets, etc.)

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Loss allowance for accounts receivable and contract assets are always measure at an amount equal to lifetime expected credit loss.

When determining whether the credit risk on a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant. This includes both qualitative and quantitative information and analysis, based on the Company's historical experience and credit assessment and including forward-looking information.

As the Company's time deposits are dialed with financial institutions with good credit rating and graded above investment level, hence, there is no significant credit risk arising.

The Company assumes that the credit risk on a financial asset has increased significantly if it more than 120 days past due. In the circumstance that a financial asset is more than 180 days past due or the borrower is unlikely to pay its credit obligations to the Company in full, the Company considers financial asset to be in default.

At each reporting date, the Company assesses whether financial assets measured at amortized cost are credit-impaired. Loss allowances for financial assets are deducted from the gross carrying amount of the assets.

(c) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(7) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Land has an unlimited useful life and therefore is not depreciated.

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings and structures (additional equipment): 5~35 years

(b) Machinery and equipment: 2~10 years

(c) Office and other equipment: 2~10 years

The depreciation methods, useful lives and residual values are reviewed at each reporting date, and adjusted if appropriate.

(9) Leases

A. Identifying a lease

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

(a) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

(b) The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(c) The Company has the right to direct the use of the asset:

- The Company has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

- In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of an asset if either:
  - The Company has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - The Company designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

B. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) Fixed payments, including substantively fixed payments;
(b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) Amounts expected to be payable under a residual value guarantee; and
(d) Payments for purchase or termination options that is reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) There is a change in future lease payments arising from the change in an index or rate; or
(b) There is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
(c) There is a change of its assessment on whether it will have the option to exercise a purchase; or
(d) There is a change of its assessment on lease term as to whether it will be extended or terminated; or
(e) There is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of transportation equipment and staff dormitory, those have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(10) Intangible assets

A. Research and development

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Patent right with a finite useful life is measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

C. Amortization

The depreciable amount of an intangible asset is the cost less its residual value, and with a finite useful life is amortized using the straight-line method from the date that the asset is made available for use. The amortization charge is recognized in profit or loss.

The Company's intangible assets are mainly technology royalty, which are amortized from the date that they are available for use by using straight-line method. The estimated useful lives of technology royalty are as 5 years.

Amortization method, useful lives and residual value at each reporting date and adjusted if appropriate.

(11) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset has been allocated to.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(12) Revenue

Revenue from contracts with customers

Revenue is measured based on the consideration that the Company expects to be entitled in the transfer of goods. The Company recognizes revenue when it satisfies a performance obligation by transferring control of good to a customer. The transfer of control refers to the product has been delivered to and accepted by the customer without remaining performance obligations from the Company. Delivery occurs when a product is shipped to the specified location and the risk of loss over the product has been transferred to the customer, as well as when the product is accepted by the customer according to the terms of sales contract, or when the Company has objective evidence that all the acceptance conditions are satisfied.

(13) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss immediately.

Remeasurements of the net defined benefit liability (asset) which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest), are recognized immediately in other comprehensive income , and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(14) Government grants

Government grants are reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

(15) Income taxes

Temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases are measured based on the tax rates that have been enacted or substantively enacted at the time the asset or liability is recovered or settled, and recognized directly in equity or other comprehensive income as tax expense.

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if the following criteria are met:

A. The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) The same taxable entity; or

(b) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(16) Earnings per share

The Company discloses the Company basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjusted for the effects of all dilutive potential ordinary shares. The effect of dilutive potential ordinary shares for the company is employee remuneration.

(17) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company). Operating results of the operating segment are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment with the next financial year is as follows:

Valuation of inventories: As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(3) for further description of the valuation of inventories.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	$ 25	50
Cash in bank	220,607	302,570
Time deposits	211,378	747,869
Repo bonds	20,000	-
	$ 452,010	**1,050,489**

As of December 31, 2021 and 2020, the classified from cash and cash equivalents to other current financial assets for time deposits, amounted to $215,850 thousand.

Please refer to note 6(14) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

(2) Notes and accounts receivable, net (including related parties)

	December 31, 2021	December 31, 2020
Notes receivable	$ 334	167
Accounts receivable	253,920	235,372
Accounts receivable from related parties	307,600	147,273
Less: Allowance for impairment	(2,542)	(2,355)
Allowance for impairment from related parties	(3,076)	(1,473)
	$ 556,236	378,984
Notes and accounts receivable, net	$ 251,712	233,184
Accounts receivable from related parties, net	$ 304,524	145,800

The Company applies the simplified approach to provide for its loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and days past due, as well as incorporate forward looking information. The loss allowance provision as of December 31, 2021 and 2020 were determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	$ 559,193	1%~2%	5,592
Past due less than 30 days	2,658	1%~2%	26
Past due 31~120 days	3	1%~2%	-
	$ 561,854		5,618

	December 31, 2020		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	$ 381,470	1%~2%	3,815
Past due less than 30 days	1,342	1%~2%	13
	$ 382,812		3,828

The movements of allowance for doubtful accounts were as follows：

	2021	2020
Beginning balance	$ 3,828	2,650
Provision of impairment loss	1,790	1,178
Ending balance	$ 5,618	3,828

The payment terms granted to customers are generally 30 to 150 days from the end of the month during which the invoice is issued.

As of December 31, 2021 and 2020, the notes and accounts receivable were not pledged as collateral. For information on the Company's credit risk was disclosed in note 6(14).

(3) Inventories

	December 31, 2021	December 31, 2020
Raw materials and supplies	$ 85,915	50,272
Work in process	164,846	92,584
Finished goods and merchandises	68,186	30,666
	$ 318,947	173,522

For the years ended December 31, 2021 and 2020, the amounts of inventories that were charged to cost of goods sold were $1,189,885 thousand and $900,065 thousand, respectively.

For the years ended December 31, 2021, the net of provisions that charged to cost of sales for inventories written down to net realizable value amounted were $21,550 thousand. For the years ended December 31, 2020, the reversals of inventories written down were $1,468 thousand.

As of December 31, 2021 and 2020, the inventories were not pledged as collateral.

(4) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the year ended December 31, 2021 and 2020, were as follows:

	Land	Building and construction	Machinery and equipment	Office & Other equipment	Construction in progress & equipment under installation	Total
Cost：						
Balance at January 1, 2021	$ 248,651	360,125	2,127,517	218,419	1,504,465	4,459,177
Additions	-	58,279	83,828	15,541	623,579	781,227
Reclassifications	-	900,231	944,426	53,095	(1,870,434)	27,318
Disposals	-	-	(45,526)	(1,245)	-	(46,771)
Balance at December 31, 2021	$ 248,651	1,318,635	3,110,245	285,810	257,610	5,220,951
Balance at January 1, 2020	$ 248,651	359,639	2,038,877	190,527	583,434	3,421,128
Additions	-	486	18,127	9,404	1,107,417	1,135,434
Reclassifications	-	-	167,103	19,283	(186,386)	-
Disposals	-	-	(96,590)	(795)	-	(97,385)
Balance at December 31, 2020	$ 248,651	360,125	2,127,517	218,419	1,504,465	4,459,177

	Land	Building and construction	Machinery and equipment	Office & Other equipment	Construction in progress & equipment under installation	Total
Depreciation：						
Balance at January 1, 2021	$ -	263,267	1,639,887	155,250	-	2,058,404
Depreciation	-	35,722	217,157	24,556	-	277,435
Disposals	-	-	(45,526)	(1,245)	-	(46,771)
Balance at December 31, 2021	**$ -**	**298,989**	**1,811,518**	**178,561**	**-**	**2,289,068**
Balance at January 1, 2020	$ -	250,847	1,611,814	140,725	-	2,003,386
Depreciation	-	12,420	124,663	15,320	-	152,403
Disposals	-	-	(96,590)	(795)	-	(97,385)
Balance at December 31, 2020	**$ -**	**263,267**	**1,639,887**	**155,250**	**-**	**2,058,404**
Carrying value：						
Balance at December 31, 2021	**$ 248,651**	**1,019,646**	**1,298,727**	**107,249**	**257,610**	**2,931,883**
Balance at January 1, 2020	**$ 248,651**	**108,792**	**427,063**	**49,802**	**583,434**	**1,417,742**
Balance at December 31, 2020	**$ 248,651**	**96,858**	**487,630**	**63,169**	**1,504,465**	**2,400,773**

Pledged assets
As of December 31, 2021 and 2020, the property, plant and equipment of the Company had been pledged as collateral for short-term borrowings; please refer to note 8.

(5) Intangible assets
The components of the costs of intangible assets, amortization, and impairment loss thereon for the years ended December 31, 2021 and 2020, were as follows:

	2021	2020
Cost：		
Balance at January 1	$ 4,000	4,000
Additions	900	1,500
Disposals	(1,000)	(1,500)
Balance at December 31	**$ 3,900**	**4,000**
Amortization and impairment loss:		
Balance at January 1	$ 1,308	2,217
Additions	804	591
Disposals	(1,000)	(1,500)
Balance at December 31	**$ 1,112**	**1,308**
Carrying amount at the beginning of period	**$ 2,692**	**1,783**
Carrying amount at the end of period	**$ 2,788**	**2,692**

For the years ended December 31, 2021 and 2020, the amortization expense of intangible assets recognized in statements of comprehensive income; please refer to note 12(1).
As of December 31, 2021 and 2020, the intangible assets were not pledged as collateral.

(6) Other current liabilities

	December 31, 2021	December 31, 2020
Accrued expenses	$ 174,710	126,879
Contract liabilities	10,452	45,052
Directors' remuneration payable	20,614	16,635
Other	3,655	3,154
	$ 209,431	**191,720**

The above accrued expenses included material consumption, insurance, service expense, and water and electricity expense.

(7) Employee benefits

A. Defined benefit plans

Reconciliation for defined benefit obligation and fair value of plan asset at the reporting date as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$ 17,610	17,168
Fair value of plan assets	(18,460)	(17,461)
Net defined benefit assets	**$ (850)**	**(293)**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to 18,460 as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Company were as follows:

		2021	2020
Defined benefit obligation at January 1	$	17,168	15,030
Current service cost and interest		153	193
Remeasurement of the net defined benefit liability (assets)			
－Financial assumptions		446	922
－Experience adjustment		(157)	1,023
Defined benefit obligation at December 31	**$**	**17,610**	**17,168**

(c) Movement of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

		2021	2020
Fair value of plan assets at January 1	$	17,461	16,124
Interest revenue		133	184
Contributions from plan participants		690	679
Remeasurements of the net defined benefit liability (assets)			
－Return on plan assets (excluding interest revenue)		176	474
Fair value of plan assets at December 31	**$**	**18,460**	**17,461**

(d) For the years ended December 31, 2021 and 2020, there were no changes in the effect of plan asset ceiling.

(e) Expenses recognized in profit or loss

The expenses recognized in profit or losses for the Company were as follows:

		2021	2020
Current service cost	$	25	25
Net interest of net assets for defined benefit obligations		(5)	(16)
	$	**20**	**9**
Cost of Sales	$	11	5
Selling and distribution expenses		2	1
General and administrative expenses		3	1
Research and development expense		4	2
	$	**20**	**9**
Actual return on plan assets	**$**	**309**	**658**

(f) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income were as follows:

		2021	2020
Accumulated amount at January 1	$	(121)	1,350
Recognized during the period		(113)	(1,471)
Accumulated amount at December 31	**$**	**(234)**	**(121)**

(g) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.75%	0.75%
Future salary increases rate	2.00%	2.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $660 thousand.

The weighted average lifetime of the defined benefit plans is 15.23 years.

(h) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2021 and 2020, the changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

		Influence of defined defined benefit obligation	
		Increase by 0.25%	Decrease by 0.25%
December 31, 2021			
Discount rate	$	(610)	638
Future salary increasing rate		620	(596)
December 31, 2020			
Discount rate		(621)	650
Future salary increasing rate		632	(607)

There is no change in other assumptions when performing the above-mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

The method and assumptions used on current sensitivity analysis is the same as those of the prior year.

B. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company set aside $11,822 thousand and $8,890 thousand of the pension under the pension costs to the Bureau of Labor Insurance for the years ended December 31, 2021 and 2020, respectively.

(8) Income tax

A. Income tax expense

The components of income tax in the years 2021 and 2020 were as follows:

		2021	2020
Current tax expense			
Current period incurred	$	260,446	205,161
Adjustment for prior periods		1,152	(331)
		261,598	204,830
Deferred tax expense			
Origination and reversal of temporary differences		(3,452)	2,222
Income tax expense	$	258,146	207,052

As of December 31, 2021 and 2020, there was no any income tax expense recognized in other comprehensive income.

Reconciliation of income tax expense and profit before income tax was as follows:

		2021	2020
Profit before income tax	$	1,284,971	1,036,918
Income tax at Company's domestic tax rate		256,994	207,383
Change in provision in prior periods		1,152	(331)
	$	258,146	207,052

B. Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

		January 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2021
Deferred tax assets：								
Unrealized foreign exchange loss, net	$	2,287	(722)	-	1,565	695	-	2,260
Provision for inventory obsolescence and devaluation loss		7,210	(1,500)	-	5,710	2,757	-	8,467
Deferred tax assets：	$	9,497	(2,222)	-	7,275	3,452	-	10,727

C. As of December 31, 2021, the tax authorities have completed the examination of income tax returns of the Company through 2019.

(9) Capital and other equity

A. Ordinary share

As of December 31, 2021 and 2020, the authorized share of common stock of the Company amounted to $1,500,000 thousand with a par value of $10 per share, of which $90,000 thousand was reserved for employee stock options. The issued and outstanding shares of common stock amounted to $690,162 thousand as of December 31, 2021 and 2020.

B. Capital surplus

Balances of capital surplus at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Additional paid-in capital	$ 573,532	573,532

According to the R.O.C. Company Act, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the actual amount of capital reserves to be reclassified under share capital shall not exceed 10 % of the actual share capital amount.

C. Retained earnings

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

(a) Payment of taxes.
(b) Making up loss for preceding years.
(c) Setting aside 10% for legal reserve, except for when accumulated legal reserve has reached the total paid-in capital.
(d) Appropriating or reversing special reserve by government officials or other regulations.
(e) The remaining, plus the previous year's unappropriated earnings, shall be distributed according to the distribution plan proposed by the Board of Directors according to the dividend policy and submitted to the stockholders' meeting for approval.

The Company conducts business to operate in its growth phase, the dividend policy shall be determined pursuant to factors such as the investment environment, capital requirements, domestic and overseas competitive environment and capital budget, as well as stockholders' interest, dividend balance and long-term financial plan. The Board of Directors shall propose the distribution plan and submit it to the stockholders' meeting every year. The cash portion of the dividend, which may be in the form of cash and stock, shall not be less than 10% of the total dividend distributed during the year.

D. Legal reserve

When a company incurs no loss, it may, in pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash. Only 10% of legal reserve which exceeds 25% of the paid-in capital may be distributed.

E. Special reserve

According to the regulations of the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the net debit balance of other components of the shareholders' equity adoption. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve to account for cumulative changes to the debit balance of other shareholders' equity pertaining to prior periods. For the subsequent decrease in the deduction amount to shareholders' equity, any special reserve appropriated may be reserved to the extent that the net debit balance reverses.

F. Earnings distribution

On August 23, 2021, the Company's shareholders' meetings resolved to distribute the 2020 earnings. On June 16, 2020, the shareholders' meetings resolved to distribute the 2019 earnings. These earnings were distributed as dividends as follows:

	2020	2019
Dividends distributed to ordinary shareholders		
Amount per share (NTD)		
Cash dividends	$ 10.80	8.43

The aforementioned appropriations of earnings for 2020 and 2019 were consistent with the resolutions of the meeting of the Board of Directors. The related information mentioned above can be found on websites such as the Market Observation Post System.

The cash dividend per share for 2021 was NT$8.00 per share according with the resolutions of the meeting of the Board of Directors on February 22, 2022. The appropriation of earnings has not yet been approved by the shareholders' meeting as of the reporting date. The related information mentioned above can be found on websites such as the Market Observation Post System.

(10) Earnings per share (EPS)

For the years ended December 31, 2021 and 2020, the Company's earnings per share were calculated as follows:

	2021	2020
Basic EPS：		
Profit attributable to ordinary shareholders	$ 1,026,825	829,866
Weighted average number of outstanding share of common stock (in thousands)	69,016	69,016
Basic EPS (in dollars)	$ 14.88	12.02
Diluted EPS：		
Profit belonging to common shareholders	$ 1,026,825	829,866
Weighted average number of outstanding shares of common stock (in thousands) (basic)	69,016	69,016
Employee compensation	196	109
Weighted average number of common stock (in thousands) (diluted)	69,212	69,125
Diluted EPS (in dollars)	$ 14.84	12.01

(11) Operating revenue from contracts with customers

		2021	2020
Primary geographic markets:			
China	$	1,166,758	926,017
United States		971,125	503,423
Taiwan		414,560	459,628
Hong Kong		128,423	181,380
Other		165,438	122,202
	$	**2,846,304**	**2,192,650**
Main product			
RF front-end devices and modules	**$**	**2,846,304**	**2,192,650**

Contract balances：

		December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable	$	334	167	1,016
Accounts receivable		253,920	235,372	178,918
Accounts receivable from related parties		307,600	147,273	85,145
Less: Allowance for impairment		(2,542)	(2,355)	(1,799)
Allowance for impairment from related parties		(3,076)	(1,473)	(851)
	$	**556,236**	**378,984**	**262,429**
Notes and accounts receivable, net	**$**	**251,712**	**233,184**	**178,135**
Accounts receivable from related parties, net	**$**	**304,524**	**145,800**	**84,294**

For details on trade receivables and allowance for impairment, please refer to note 6(2).

As of December 31, 2021 and 2020, and January 1, 2020 the Company contract liabilities amount was $10,452 thousand, $45,052 thousand and $28,895 thousand, respectively. Contract liabilities are included in other current liabilities.

The major change in the balance of contract liabilities is unearned sales revenue to be contracts; the Company recognizes revenue when it satisfies a performance obligation by transferring control of goods to a customer. The amount of revenue recognized for the year ended December 31, 2021 and 2020 that was included in the contract liabilities balance at the beginning for the period was $42,482 thousand and $28,895 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the RF Front-End devices and modules sales contracts, for which revenue is recognized when products are delivered to customers.

(12) Non-operating income and expenses

		2021	2020
Government grants income	$	5,348	7,919
Other income		387	487
	$	5,735	8,406

(13) Remuneration of employees and directors

According to the Company Articles of Incorporation, the Company should distribute remuneration to employees and directors not less than 5% and not more than 1.5% of annual profits, respectively, after offsetting accumulated deficits, if any. The aforementioned profit is the net profit before income tax excluding the remuneration to employees and directors for each period. Only employees, including employees of affiliate companies that meet certain conditions are subject to the abovementioned remuneration which to be distributed in stock or cash.

For the year ended December 31, 2021 and 2020, the Company estimated the remuneration to employees amounting to $68,715 thousand and $55,450 thousand, respectively, and remuneration to directors amounting to $20,614 thousand and $16,635 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles of Incorporation. These remunerations were included in the operating costs or operating expenses of the year ended December 31, 2021 and 2020. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimated and recognized in profit or loss in the next year. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares on the day preceding the Board of Directors.

There was no difference between the actual distribute amounts as determined by the Board of Directors and those recognized in the Company's financial statements of the years ended December 31, 2021 and 2020. The information about the Company’s remuneration to employees and directors is available at the Market Observation Post System website.

(14) Financial instruments

A. Credit risk

(a) Exposure of credit risk

The carrying amount of financial and contract assets represents the maximum credit exposure.

(b) Concentration of credit risk

The major customers of the Company are centralized in the electronics industry. As of December 31, 2021 and 2020, the Company's notes and accounts receivable (including related parties) were both concentrated on 5 customers, whose accounts represented 76% and 64% of the account receivables, respectively. For the information about credit risk exposure of notes and accounts receivable, please refer to note 6(2).

As of December 31, 2021 and 2020, the Company's cash in bank and time deposits were both concentrated on one financial institution, whose accounts represented 64% and 55% of the cash and cash equivalents and other financial assets, respectively. Thus, credit risk is significantly centralized. To reduce cash risk, the Company evaluates financial institutions' financial positions and credit rating periodically. After the assessment, management does not expect significant losses.

(c) Credit risk of financial assets measured at amortized cost

The Company financial assets at amortized cost include cash and cash equivalents, notes and receivables, and time deposits on other financial assets. About their information of credit risk exposure, please refer note 6(1) and (2).

The above-mentioned of financial assets are considered to be of low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. For the Company's assessment on whether credit risk is to be of low risk, please refer note 4(6).

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments impact.

		Carrying amount (Contractual cash flows)	Within 6 months
December 31, 2021			
Non-derivative financial liabilities			
Accounts payable	$	32,774	32,774
Payables to contractors and equipment		103,550	103,550
	$	136,324	136,324
December 31, 2020			
Non-derivative financial liabilities			
Accounts payable	$	111,282	111,282
Payables to contractors and equipment		164,772	164,772
	$	276,054	276,054

The Company did not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts

C. Currency risk

(a) The Company’s significant exposure to foreign currency risk was as follows:

	December 31, 2021			December 31, 2020		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
USD	$ 21,134	27.630	583,932	17,859	28.430	507,731
JPY	833,735	0.2385	198,846	1,023,698	0.2743	280,800
Financial liabilities						
Monetary items						
USD	146	27.730	4,049	2,517	28.530	71,810
JPY	73,963	0.2425	17,936	153,996	0.2783	42,857

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, accounts payable, and payable to contractors and equipment that are denominated in foreign currency. Depreciation or appreciation of the NTD by 1% against USD and JPY at December 31, 2021 and 2020,while all other variables were remained constant, would have increased (decreased) the net profit after tax by $6,086 thousand and $5,391 thousand, respectively. The analysis is performed on the same basis for both periods.

(c) Gains or losses on monetary item

Since the Company has many kinds of functional currency, the information on foreign exchange loss on monetary items is disclosed by total amount. For the year ended December 31, 2021 and 2020, foreign exchange gain (loss), including realized and unrealized portions, amounted to ($24,448) thousand and ($24,439) thousand, respectively.

D. Interest rate risk

Please refer to the attached note for the liquidity risk and the Company's interest rate exposure to its financial liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivatives and non-derivatives financial instruments on the reporting date. For variable rate instrument, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Company's internal management reported the increases (decreases) in the interest rates and the exposure to changes in interest rates of 1% is considered by management to be a reasonable change of interest rate.

The Company's exposure to Interest rate risk arises from the bank deposit interest rates change. If the interest rate had increased (decreased) by 1%, the Company's net profit after tax would have increased (decreased) by $5,343 thousand and $10,130 thousand for the year ended December 31, 2021 and 2020, all other variable factors that remain constant.

E. Fair value

The carrying amounts of the Company's non-derivative financial instruments-current, including financial assets at amortized cost , such as cash and cash equivalents, notes and receivables (including related parties), and other financial assets, and financial liabilities at amortized cost, such as accounts payable and payables to contractors and equipment, were considered to approximate their fair value due to their short-term nature.

(15) Financial risk management

A. Overview

The company is exposed to the extent of the risks arising from financial instruments as below:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

Detailed information about exposure risk arising from the aforementioned risks was listed below. The Company's objective, policies and processes for managing risks and methods used to measure the risk arising from financial instruments.

B. Risk management framework

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The board is responsible for developing and monitoring company's risk management policies. Internal auditors assist the Board of Directors to monitor and review the risk management control and internal procedures regularly and report them to the Board of Directors. If it is subject to approval by the Board of Directors in accordance with the relevant laws and regulations, it shall be decided by the Board of Directors.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instrument fails to meet its contractual obligations that arise principally from the Company's accounts receivables and cash and cash equivalents.

(a) Accounts receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and these limits are reviewed annually. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

If the Company retains the rights to the products that have already been sold, the Company shall also have the right to require collateral if payment has not been received. The Company does not require any collateral for accounts receivable.

(b) Investments

The credit risk exposures in the bank deposits and other financial assets are measured and monitored by the Company's finance department. Since the Company's transactions resulted from good credit standing financial institutions, there are no incompliance issues and therefore no significant credit risk.

(c) Guarantees

According to the Company's policy, the Company did not provide guarantee to anyone. As of December 31, 2021 and 2020, the Company did not provide any guarantee except for customs duty guarantee.

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. As the Company's working capital will be sufficient to fulfill all of its contractual obligations, management believes that there is no liquidity risk resulting from incapable of financing to fulfill the contractual obligations.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company's entities, the New Taiwan dollars. The currencies used in these transactions are denominated in NTD, USD and JPY.

The policy of response to currency risk:

(i) The Company reserves the foreign currency position arising from sales appropriately to remit the foreign currency expenditures to safeguard from foreign exchange risk.

(ii) The company uses foreign currency forward exchange contracts to hedge the remaining nature of currency risk arising from netting.

(b) Interest risk

Any change in interest rates will cause the effective interest rates of bank deposits to change and thus cause the future cash flows to fluctuate over time.

(16) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors and market, and to sustain future development of the business. The capital includes the Company's common stock, capital surplus, and retained earnings. The Board of Directors will manage the return on capital and the dividend payment to the shareholders.

As of December 31, 2021, the Company's capital management strategy is consistent with the prior year.

The Company's debt to equity ratios at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 695,812	754,515
Total equity	$ 3,825,969	3,544,632
Debt to equity ratio	18.19%	21.29%

7. Related-party transactions:

(1) Names and relationship with related parties

The followings are entities that have had transactions with the Company during the periods covered in the financial statements.

Names of the related parties	Relationships
Johanson Technology Inc. (JOHANSON)	The Company's director
Scientific Components Corporation (doing business as Mini-Circuits(MINI-CKT))	The Company's director

(2) Significant transactions with related parties

A. Operating revenue

The amounts of significant sales transactions between the Company and related parties were as follows:

	2021	2020
Key management personnel－JOHANSON	$ 699,074	357,675
Key management personnel－MINI-CKT	256,991	139,924
	$ 956,065	497,599

B. Receivables from related parties

Categories	Account		December 31, 2021	December 31, 2020
Key management personnel－JOHANSON	Receivables from related parties	$	280,461	132,135
	Bad debt provision		(2,805)	(1,321)
Key management personnel－MINI-CKT	Receivables from related parties		27,139	15,138
	Bad debt provision		(271)	(152)
		$	304,524	145,800

The selling price and collection terms of sales to related parties were determined in the economic environment and market competition, payment terms are 30 to 150 days.
The payment terms granted to routine sales customers are advance receipt or 30 to 120 days base on trading experience and credit assessment.

C. Other

The transaction amount paid by the Company to its related parties for purchase spare parts and design service expenses and the related unpaid balances were as follows:

	Amount		Other current liabilities	
	2021	2020	December 31, 2021	December 31, 2020
Key management personnel－JOHANSON	$ 832	1,050	0	43

(3) Transactions with key management personnel

The key management personnel compensation was comprised as follows:

		2021	2020
Short-term employee benefits	$	154,213	104,683
Post-employment benefits		108	108
	$	154,321	104,791

8. Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledge assets	Pledged to secure		December 31, 2021	December 31, 2020
Land (Property, plant and equipment)	Short-term borrowings	$	168,944	168,944

9. Commitments and contingencies:

(1) As of December 31, 2021 and 2020, the outstanding letters of credit for the Company’s purchases of machinery and equipment and raw materials amounted to $77,634 thousand and $71,345 thousand, respectively.

(2) As of December 31, 2021 and 2020, the Company purchased machinery and equipment and the unpaid amount was $156,429 thousand and $294,067 thousand, respectively

(3) As of December 31, 2021 and 2020, the bank guarantees of the Company's purchases of raw materials, machinery and equipment amounted to $3,000 thousand and $3,000 thousand, respectively.

(4) On December 31, 2021, the Company requested the bank to open performance bonds for the technology projects, guarantee period from April 7, 2019 to April 30, 2022, which amounted to $20,340 thousand.

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other:

(1) The employee benefits, depreciation and amortization expenses, categorized by function, were as follows:

	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	203,305	154,689	357,994	151,358	131,000	282,358
Labor and health insurance	19,794	8,210	28,004	12,906	6,960	19,866
Pension	8,006	3,836	11,842	5,340	3,559	8,899
Directors remuneration	18,759	2,018	20,777	15,138	1,677	16,815
Others	7,822	3,331	11,153	5,952	2,899	8,851
Depreciation	241,751	35,684	277,435	134,215	18,188	152,403
Amortization	2,202	804	3,006	945	591	1,536

The employee benefits expense information of the Company for the year ended December 31, 2021 and 2020, were as follows:

	2021	2020
Employee numbers	395	442
Non-employee directors	10	10
Average employee benefit expenses	$ 1,062	741
Average employee salary expenses	$ 930	654
Average adjustment rate of employee salary expenses	42%	
Supervisor’s remuneration	$ -	-

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:
Remuneration for directors is made according to the Company's Articles of Incorporation. According to the Article, if there is any net profit after closing of a fiscal year, no more than 1.5% of the same shall be allocated as directors' compensation. The rational of directors' remuneration policy takes into account the Procedures for Board Performance Evaluation, overall business performance of the Company, operation requirement and development of the industry in the future, individual director contribution to the Company's operations and remuneration standard of the industry. The reasonable directors' compensation is proposed by the Compensation Committee and approved by the Board of Directors. Compensation to management is according to the Company's Articles of Incorporation, employer salary and performance assessment rules. The compensation is measured based on the employee's performance assessment (such as goal achievement rate, ethics and compliance), contribution made to the business operation, and remuneration standard of the industry. Thus, the Company does not expect any significant risk of uncertainty arising from the compensation policy in the future.

(2) Seasonality of operations:
The operations are not affected by seasonal factors or cyclical factors.

13. Other disclosures:

(1) Information on significant transactions:

A. Loans to other parties: None

B. Guarantees and endorsements for other parties: None

C. Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): None

D. Individual securities acquired or disposed off with accumulated amount exceeding the lower of NTD$300 million or 20% of the capital stock: None

E. Acquisition of individual real estate with amount exceeding the lower of NTD$300 million or 20% of the capital stock:

(In thousands of New Taiwan Dollars)

Company name	Types of property	Transaction date	Transaction Amount	Status of payment	Counter-party	Nature of relationships	Prior transaction of related counter-party				Price reference	Purpose of acquisition	Other terms
							Owner	Relationships	Transfer date	Amount			
The company	New construction plant	2017.11.7	663,695	615,068	Xu Yuan Construction Corp.	-	N/A	N/A	N/A	-	Bidding	Manufacturing purpose	None

F. Disposal of individual real estate with amount exceeding the lower of NTD$300 million or 20% of the capital stock: None

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NTD$100 million or 20% of the capital stock:

Company name	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes / accounts receivable (payable)	
The Company	JOHANSON	Corporate director	(Sales)	699,074	(25%)	150 days	Note	Note	280,461	50%	
The Company	MINI-CKT	Corporate director	(Sales)	256,991	(9%)	30 days	Note	Note	27,139	5%	

Note: Please refer note 7(2)

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock:

(In thousands of New Taiwan Dollars)

Company name	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amount received in subsequent period	Loss allowance
					Amount	Action taken		
The Company	JOHANSON	Corporate director	280,461	3.39	-		54,206 Note	2,805

Note: Until the January 15, 2022.

I. Trading in derivative instruments: None

(2) Information on investments: None

(3) Information on investment in Mainland China: None

(4) Information of major shareholders as of December 31, 2021:

Shareholder name	Number of shares	Percentage of ownership (%)
Kuo Chia Fu Investment Corporation	5,485,189	7.94%

The major shareholders list of 5% or more is provided by the Taiwan Depository & Clearing Corporation.

14. Segment information:

(1) General information:
The Company has only one reportable segment. The major business activities of the Company are the design, manufacture and sale of RF Front-End devices and modules for applications in wireless communication.

(2) Operating segment:
The segment profit or loss, assets and liabilities of the operation segment were consistent with the related accounts shown in the balance sheet and statement of comprehensive income of the Company.

(3) Product information

	2021	2020
RF Front-End devices and modules	$ 2,846,304	2,192,650

(4) Geographic information
In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.
A. Net revenue from external customers

		2021	2020
China	$	1,166,758	926,017
United States		971,125	503,423
Taiwan		414,560	459,628
Hong Kong		128,423	181,380
Other		165,438	122,202
	$	**2,846,304**	**2,192,650**

B. Noncurrent Assets

Area		**Decmber31, 2021**	**Decmber31, 2020**
Taiwan	**$**	**2,956,972**	**2,446,138**

(5) Major customers

The Company sales to customer more that 10% of operation revenue were as follows:

		2021	2020
Corporation l	$	699,074	357,675
Corporation o		380,374	333,880
	$	**1,079,448**	**691,555**

Advanced Ceramic X Corporation

Statement of cash and cash equivalents

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars, Except Amount Shown in the Notes)

Item	Description	Amount
Cash	Petty cash	$ 25
Bank deposit	Demand deposit	16,511
	Foreign currency demand deposit Note 1: JPY：833,734,599	198,846
	EUR：162,890.12	5,069
	USD：6,563.82	181
		220,607
	Time deposits	183,000
	Foreign currency time deposit Note 1: USD：1,027,069.97	28,378
		211,378
Repurchase agreement	Repo bonds	20,000
	Total	**$ 452,010**

Note 1：The exchange rate on December 31, 2021 is as follows:

JPY1=$0.2385

USD1=$27.63

EUR1=$31.12

Advanced Ceramic X Corporation

Statement of notes and accounts receivable

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Notes receivable：	
Corporation c	$ 330
Corporation b	4
	334
Less: Allowance for impairment－Notes receivable	(3)
	331
Accounts receivable：	
Corporation g	49,922
Corporation s	36,208
Corporation a	35,714
Corporation n	26,866
Corporation d	21,741
Corporation f	17,086
Corporation q	11,437
Others (individual amount not exceeding 5%)	54,946
	253,920
Less: Allowance for impairment－Accounts receivable	(2,539)
	251,381
Total	**$ 251,712**

Note：Notes and accounts receivable are generated by operating activities.

Advanced Ceramic X Corporation

Statement of inventories

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net realizable value	Note
Raw materials and supplies	$ 95,956		Please refer to note 4(7) for further description of the net realizable value of inventories.
Less: Provision for raw materials and supplies	(10,041)		
Subtotal	85,915	86,129	
Work in progress	186,501		
Less: Provision for work in progress	(21,655)		
Subtotal	164,846	413,396	
Finished goods and merchandises	78,826		
Less: Provision for finished goods and merchandises	(10,640)		
Subtotal	68,186	167,993	
	$ 318,947	**667,518**	

Statement of other current financial assets

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Time deposits (more than three months)	$ 215,850
Interest receivable	25
	$ 215,875

Advanced Ceramic X Corporation

Statement of other current assets

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount
Supplies inventory		$ 15,691
Tax refund receivable	Business tax	5,213
Others (individual amount not exceeding 5%)		837
		$ 21,741

Statement of changes in property, plant and equipment

For the year ended December 31, 2021

Please refer to note 6(4) for Property, plant and equipment.

Statement of changes in intangible assets

For the year ended December 31, 2021

Please refer to note 6(5) for Intangible assets.

Advanced Ceramic X Corporation

Statement of deferred income tax assets

December 31, 2021

Please refer to note 6(8) for Deferred income tax assets.

Statement of other noncurrent assets

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount
Other deferred expenses		$ 9,478
		$ 9,478

Statement of accounts payable

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Corporation B	$ 4,094
Corporation S	3,033
Corporation D	2,322
Corporation P	2,304
Corporation C	2,094
Corporation Q	2,047
Corporation Y	1,998
Corporation G	1,698
Others (individual amount not exceeding 5%)	13,184
	$ 32,774

Note：Accounts payable are generated by operating activities.

Advanced Ceramic X Corporation

Statement of other current liability

December 31, 2021

Please refer to note 6(6) for Other current liability.

Statement of net revenue

For the year ended December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Quantity (in thousands)	Amount
RF Front-End devices and modules	3,488,146	**$ 2,846,304**

Advanced Ceramic X Corporation

Statement of cost of sales

For the year ended December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Raw materials used	
Raw materials on January 1, 2021	$ 55,212
Add: Purchases	531,058
Less: Raw material on December 31, 2021	(95,956)
Transferred to expense	(121,939)
	368,375
Direct labor	170,472
Manufacturing overhead	774,686
Manufacturing cost	1,313,533
Add: Work in process on January 1, 2021	106,399
Less: Work in process on December 31, 2021	(186,501)
Others	(2,969)
Cost of finished goods	1,230,462
Add: Finished goods on January 1, 2021	39,738
Less: Finished goods on December 31, 2021	(78,825)
Others	(9,943)
Cost of self-made sales	1,181,432
Add: Merchandises on January 1, 2021	722
Purchases	7,743
Less: Merchandises on December 31, 2021	(1)
Others	(11)
Cost of sales	1,189,885
Add: Provision for inventory obsolescence and devaluation loss	21,550
Operating cost	**$ 1,211,435**

Advanced Ceramic X Corporation

Statement of selling and distribution expenses

For the year ended December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Salaries	$ 17,169
Import and export expense	7,254
Commission expense	6,000
Service expense	4,512
Donation expense	3,553
Others (individual amount not exceeding 5%)	7,185
Total	**$ 45,673**

Statement of general and administrative expenses

For the year ended December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Salaries	$ 42,884
Depreciation	25,166
Repairs expense	14,847
Service expense	13,744
Others (individual amount not exceeding 5%)	40,627
Total	**$ 137,268**

Advanced Ceramic X Corporation

Statement of research and development expenses

For the year ended December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Salaries	$ 94,636
Material consumption	17,227
Depreciation	10,373
Service expense	8,432
Others (individual amount not exceeding 5%)	19,503
Total	**$ 150,171**