Stock code: 4968

RichWave Technology Corporation

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2021 Annual Report

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Company annual report website http://www.richwave.com.tw

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Notice to Readers:
The reader is advised that the annual report has been prepared originally in Chinese. The English version is directly translated from Chinese version.

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

V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: Not applicable

VI. Website: http://www.richwave.com.tw

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Chapter I. Letter to Shareholders

I wish to thank the shareholders for your support in the past year. For years, RichWave has continuously launched new WiFi wireless communication IC products and focused on using its innovation, technologies, and unique market positioning to create products with market differentiation. We believe that RichWave will uphold its unique position in the market with a diverse range of wireless application.We remain confident for the future to come.

I. 2021 Business Report

(I) Consolidated Business Results

Unit: NT$ thousands

Year Item	2021	2020	Amount of increase (decrease)	%
Operating revenue	5,316,267	5,350,200	(33,933)	(0.6%)
Gross operating profit	1,546,032	1,898,627	(352,595)	(18.6%)
Net operating revenue	533,608	1,007,952	(474,344)	(47.1%)
Net profit before tax	526,906	1,017,107	(490,201)	(48.2%)
Net profit after tax	465,517	866,216	(400,699)	(46.3%)
Comprehensive income	464,172	865,023	(400,851)	(46.3%)

(II) Budget Implementation

The Company did not prepare a financial forecast for 2021 and therefore does not have budget achievement status for reporting.

(III) Analysis of Consolidated Financial Structure, Solvency, and Profitability

		2021	2020
Financial structure (%)	Liabilities to assets ratio	27.41	40.31
	Long-term working capital to real estate, plants and equipment ratio	1,261.63	1,713.23
Solvency (%)	Current ratio	322.27	235.44
	Quick ratio	160.90	146.19
Profitability (%)	Return on assets	13.40	28.69
	Return on equity	20.31	48.75
	Ratio of net profit before tax to paid-in capital	59.56	160.95
	Profit margin	8.76	16.19
	Earnings per share	5.26	9.87

(IV) Research and Development

	2021	2020
R&D expenses	539,010	513,922
Operating revenue	5,316,267	5,350,200
Proportion of R&D expenses in business revenue	10.1%	9.6%

II. Summary of 2022 Business Plan

(I) 2022Business Strategy

RichWave will uphold sustainability in its business strategy and focus on core business operations. We shall abide by regulatory requirements and change our business targets with flexibility in accordance with changes in the environment. With an experienced management team, we shall continue to maintain profitability and growth of the Company in a business environment with rapid changes.

(II) Expected Sales Volume and Its Basis

In 2022, RichWave shall continue to expand channels and expand the market scale and market share. Based on the current information we have obtained regarding the conditions and production capacity of customers, we plan to sell 1,400 to 2,000 million units. Due to the rapid changes in the market and trade environment, we shall closely monitor the market conditions to determine subsequent sales strategies.

(III) Major Production & Sales Policies

The Company's production and sales strategy in 2022 will continue to focus on aggressive market development and expansion of customer base and application areas. With our core product design capabilities, we will continue to compete head-on with foreign companies with long-held market shares to create profits for both the Company and shareholders.

(IV) Future Development Strategy

The mobile communication and wireless communication industry are expected to continue their rapid development in 2022. RichWave has launched a diverse range of products and created a comprehensive product line for WiFi 6E products. We expect RichWave to achieve continuous growth in the global WiFi RF IC market.

(V) Impact of the External Competitive Environment, Regulatory Environment, and Overall Business Environment

(1) Impact from Exchange Rate Changes:

RichWave's sales revenue and procurement expenditures are mostly denominated in USD and we use foreign-currency assets to offset foreign-currency liabilities to achieve natural hedging. RichWave also closely monitors information on exchange rate changes and exchange rate developments in order to adjust foreign-currency assets and liabilities in accordance with developments in the global macroeconomic environment, exchange rates, and future capital demand. These measures are taken to evade exchange rate risks and reduce the impact of exchange rate changes on the Company's profit and loss.

(2) Risks Associated with Over-Concentration in Purchase or Sale and Response Measures:

RichWave's procurement is concentrated due to concerns in product quality and preferred purchasing price, though RichWave maintains at least two suppliers for its main materials avoid risks resulting from over-concentration in purchasing. In addition, the concentration of RichWave's sales is mainly due to the distributors' sales to customers in Taiwan and China. To mitigate the risks of over-concentration of sales, RichWave also actively develops customers with long-term cooperation and carefully selects customers of excellent financial background to lower the risks of over-concentration of sales.

(3) The Impacts of Changes of Important Domestic and Foreign Policies and Laws on the Company's Finances and Business, and the Countermeasures:

RichWave complies with all related domestic and foreign laws and regulations in day-to-day operations and continuously pays close attention to domestic and foreign policy development trends and changes in legislation to fully understand changes in the market environment. Therefore, the Company's finance and business have not been affected by major changes in government policies and laws at home and abroad in the most recent year.

(4) Overall Business Environment

RichWave continuously monitors technological changes and developments in the industry and quickly gains information on industry developments. RichWave continuously enhances its R&D capabilities, applies for patent protection for various innovative concepts and design developments, and actively expands future market applications to counter the impact of technological changes and industry changes on the Company.

Finally, RichWave's management team would like to thank the shareholders once again for the long-term support and we hope that they can continue to provide encouragement and information in the new year. RichWave will also continue to uphold our mission for maximizing profits for shareholders.

I would like to wish all our shareholders good fortune and health.

Chairman of the Board: Dye-Jyun Ma
President: Shih-Chi Wang
Chief Accounting Officer: Wei-Che Hsu

Chapter II. Company Profile

I. Date of incorporation

Jan. 7, 2004

II. Company History

Date	Company History
Jan. 2004	The Company was incorporated with an initial capital of NT$1,000,000.
Feb. 2004	Applied for renaming the Company to Lihui Technology Co., Ltd.
Mar. 2004	Cash capital increase of NT$199,000,000 to increase the paid-up capital to NT$200,000,000.
Jun. 2004	Relocated the Company to 3F, No. 1, Alley 20, Lane 407, Sec. 2, Tiding Blvd., Neihu District, Taipei City.
Jul. 2004	Launched the first CMOS Synthesizer + VCO single chip400-2500MHz in Taiwan.
Mar. 2005	Launched the first highly integrated CMOS 2.4GHz AV Transceiver in Taiwan.
May 2005	Launched the first SiGe WiFi 802.11 b/g power amplifier with successful mass production in Taiwan.
May 2005	Cash capital increase of NT$66,660,000 to increase the paid-up capital to NT$266,660,000.
Apr. 2006	Cash capital increase of NT$50,000,000 to increase the paid-up capital to NT$316,660,000.
Jul. 2006	Launched SiGe WiFi 802.11per-n power amplifier with successful mass production.
Nov. 2006	Launched WiFi 802.11b/g power amplifier module with successful mass production.
Jan. 2007	Launched the first RF LNA with successful mass production.
Jun. 2007	Launched WiFi power amplifier module with successful mass production.802.11a
Jul. 2007	Launched WiFi 802.11a/b/g dual-band power amplifier with successful mass production.
Aug. 2007	Launched the first highly integrated CMOS 2.4GHz/5.8GHz Dual band AV Transceiver.
Nov. 2007	Cash capital increase of NT$30,000,000 to increase the paid-up capital to NT$346,660,000.
Mar. 2008	Launched WiFi 802.11n power amplifier with successful mass production.
Dec. 2008	Converted employee subscription warrants to shares totaling NT$6,750,000 to increase the paid-up capital to NT$353,410,000.
Apr. 2009	Launched the first RF Switch with successful mass production.
Apr. 2009	Launched Front-End Module (FEM)with successful mass production.
Jun. 2009	Launched the first Zero BOM FM single chip with successful mass production.
Jun. 2009	Converted employee subscription warrants to shares totaling NT$800,000 to increase the paid-up capital to NT$354,210,000.
Feb. 2010	Converted employee subscription warrants to shares totaling NT$10,920,000 to increase the paid-up capital to NT$365,130,000.

Date	Company History
Mar. 2010	Launched WIMAX PA with successful mass production.
Jun. 2010	Launched the first Digital AV Transceiver and Processor with successful mass production.
Jun. 2010	Cash capital increase of NT$15,000,000 to increase the paid-up capital to NT$380,130,000.
Jun. 2010	Converted employee bonus and earnings to capital increase of NT$8,914,360 to increase the paid-up capital to NT$390,005,860.
Jul. 2010	Launched WiFi Front-End Module (FEM) for mobile.
Jul. 2010	Converted employee subscription warrants to shares totaling NT$2,700,000 to increase the paid-up capital to NT$392,705,860.
Aug. 2010	Received approval from the Financial Supervisory Commission for public issuance of the Company's stocks.
Oct. 2010	Officially registered as an emerging stock on the Gre Tai Securities Market.
Dec. 2010	Launched Femtocell PA with successful mass production.
Apr. 2011	Converted employee subscription warrants to shares totaling NT$10,050,000 to increase the paid-up capital to NT$402,755,860.
Jul. 2011	Launched Multi-Switch for Satellite with successful mass production.
Nov. 2011	Converted employee subscription warrants to shares totaling NT$780,000 to increase the paid-up capital to NT$403,535,860.
May. 2012	Converted employee subscription warrants to shares totaling NT$590,000 to increase the paid-up capital to NT$404,125,860.
Jun. 2012	Launched LTE and 3G Femto PA with successful mass production.
Sep. 2012	Converted employee subscription warrants to shares totaling NT$720,000 to increase the paid-up capital to NT$404,845,860.
Nov. 2012	Launched 2.4GHz Wireless Car rearview System with successful mass production.
Feb. 2013	Launched 2x2 and 4x2 LNB SW with successful mass production.
Apr. 2013	Converted employee subscription warrants to shares totaling NT$4,800,000 to increase the paid-up capital to NT$409,645,860.
Jun. 2013	Launched 4-in-1 wireless surveillance and remote monitoring system through the Internet by handset, with successful mass production.
Jul. 2013	Launched WiFi 802.11ac 5GHz RF component, obtained certification for main chipset with successful mass production.
Aug. 2013	Converted employee subscription warrants to shares totaling NT$930,000 to increase the paid-up capital to NT$410,575,860.
Feb. 2014	Launched 2.4GHz SOI antenna switch products with better ESD protection with successful mass production.
Apr. 2014	Converted employee subscription warrants to shares totaling NT$8,720,000 to increase the paid-up capital to NT$419,295,860.
Aug. 2014	Converted employee subscription warrants to shares totaling NT$5,010,000 to increase the paid-up capital to NT$424,305,860.
Feb. 2015	Received the approval document for technology business from the Industrial Development Bureau, Ministry of Economic Affairs.

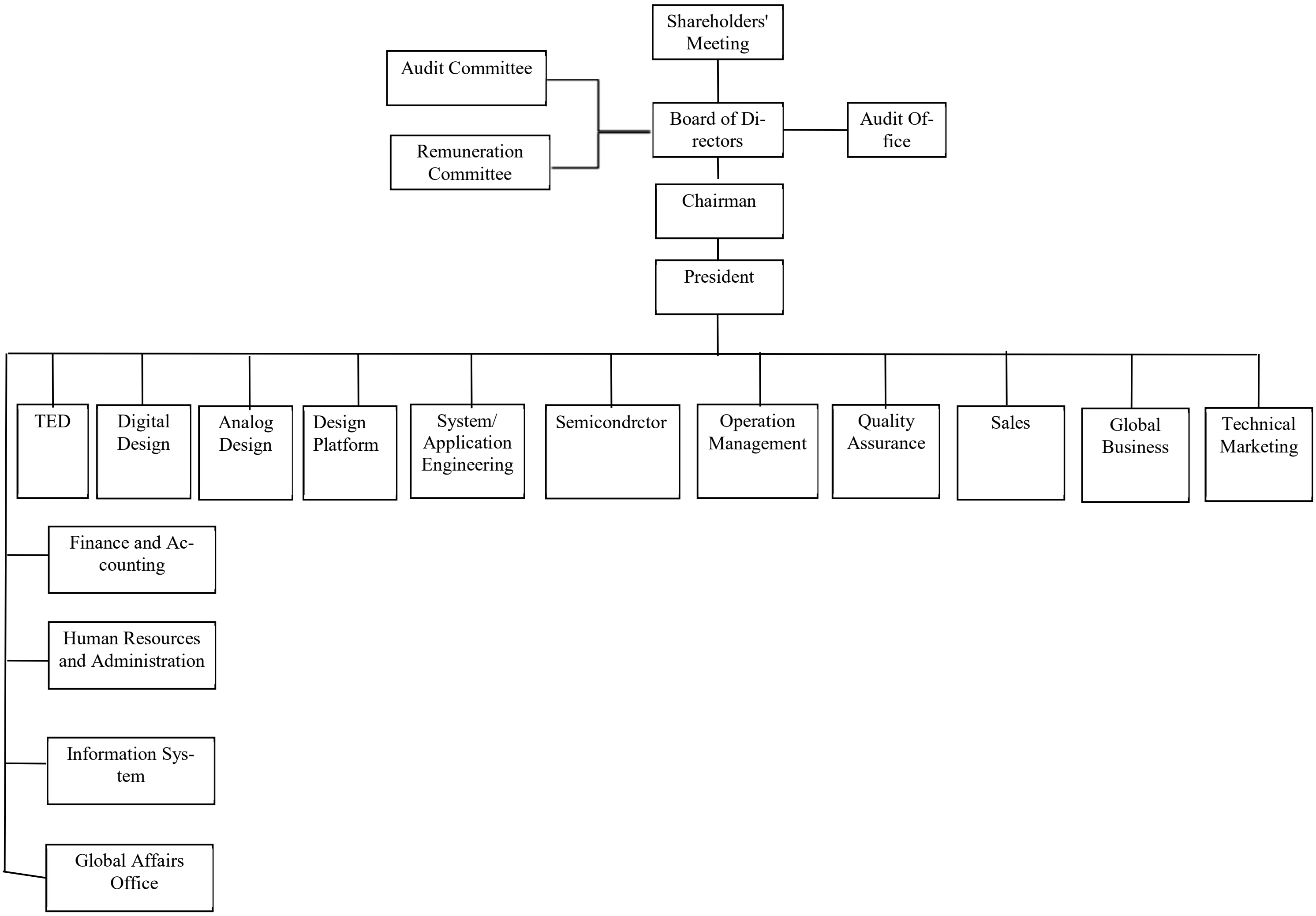
Date	Company History
Mar. 2015	Converted employee subscription warrants to shares totaling NT$14,850,000 to increase the paid-up capital to NT$439,155,860.
Sep. 2015	Converted employee subscription warrants to shares totaling NT$820,000 to increase the paid-up capital to NT$439,975,860.
Nov. 2015	Cash capital increase of NT$59,000,000 to increase the paid-up capital to NT$498,975,860.
Nov. 2015	Taiwan Stock Exchange Corporation approved the Company's public listing on the Exchange.
May. 2016	Launched WiFi SW for AOA applications and obtained certification for main chipset with successful mass production.
Jul. 2016	Launched high-power 5GHz FEM for 802.11ac with successful mass production.
Aug. 2016	Converted earnings to capital increase of NT$49,897,580 to increase the paid-up capital to NT$548,873,440.
Oct. 2018	Converted earnings to capital increase of NT$54,887,340 to increase the paid-up capital to NT$603,760,780.
Dec. 2018	Established the offshore investment company Minerva Technology Co. in Belize
Jan. 2019	Established the subsidiary Aegis Link Corp. in the United States.
Jun. 2019	Launched high-power 5GHz FEM for 802.11ax with successful mass production.
Aug. 2019	Converted employee subscription warrants to shares totaling NT$10,270,000 to increase the paid-up capital to NT$614,030,780.
Nov. 2019	Converted employee subscription warrants to shares totaling NT$4,750,000 to increase the paid-up capital to NT$618,780,780.
Mar. 2020	Converted employee subscription warrants to shares totaling NT$2,650,000 to increase the paid-up capital to NT$621,430,780.
Aug. 2020	Converted employee subscription warrants to shares totaling NT$10,490,000 to increase the paid-up capital to NT$631,920,780.
Apr. 2021	Established Subsidiary in Shen Zhen.
Oct. 2021	Converted earnings to capital increase of NT$252,768,280 to increase the paid-up capital to NT$884,689,060.
Jan. 2022	SAP/PLM system officially launched.

Chapter III. Corporate Governance Report

I. Organization

(I) Organization chart

Apr. 20, 2022



(II) Department Functions

Unit	Main business
Audit Office	Review and assess the Company's internal controls and provide recommendations for improvement to promote business efficiency and effective implementation of internal controls.
TED	Development of advanced technologies and development and design of new products.
Analog/Digital Design/Design Process	Development of advanced technologies and development and design of new products. Review, execution, and assessment of research plans.

Unit	Main business
System/Application Engineering	Hardware assembly integration and test software development in the new product development stage. Client-end system integration and application planning, design, and assessment of new products. Integration of the Company's internal products to propose designs that meet customer demand.
Semiconductor Technology/Product Center	Operations of the manufacturing management system. Manufacturing and production technology improvements and construction management.
Operation Management	Production Plan Formulation. Supply Chain Management and Cost Control. Material and Logistics Management. Customer Service.
Quality Assurance	Planning, execution, and follow-up of internal quality auditing. Planning and setting up of quality system and quality assurance operation procedures. Management, printing, and updating of company regulations, storage and publication of standard operating procedures and quality records, and maintaining and assistance for the ISO/QS quality (environmental protection) system.
Sales	Develop product marketing strategy and market deployment.
Global Business	Development of overseas customers.
Technical Marketing	Product competitive analysis. Product planning. Product pre-promotion plan formulation.
Finance and Accounting	Responsible for fund management and allocation, transactions with financial institutions, cashier, and general shareholder services. Responsible for the establishment of an accounting system and execution of general accounting operations.
Human Resources and Administration	Oversee the administration of the Company's human resources, general affairs, and plant security. Establishment and execution of related management systems, planning and execution of training, and establishment and execution of performance evaluations.
Information system	Responsible for the Company's information system structure and information security.
Global Affairs Office	Responsible for the Company's legal and administrative affairs and review of the legality and compliance of company rules and regulations; formulation of frequently used contract templates; participation in the negotiation, drafting, review, signing, performance, arbitration, and litigation of administrative and commercial contracts, etc. Responsible for the establishment, continuous operations and supervision of the business and administrative plans of the Company's branches or representative offices across the world in accordance with local laws and regulations.

II. Information on the Company's Directors, Supervisors, President, Vice Presidents, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units

(I) Directors:

Apr. 20, 2022; shareholding information as of March 28, 2022; unit: shares, %

Title	Nationality/place of registration	Name	Gender / Age	Date elected (appointed)	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at the Company or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Chairman of the Board	Republic of China	Dye-Jyun Ma	Male/ 61-70 Years old	2019.05.24	3 years	2010.06.04	2,011,243	3.33%	2,720,540	3.08%	3,606,757	4.08%	—	—	PhD in Electrical Engineering, University of Maryland (United States) Professor and Dean, Department of Electrical Engineering, National Chung Hsing University Vice President, Richtek Technology Corp.	Chairman of the Company Director, Minerva Technology Co. (United States) Director, Aegis Link Corp. Legal representative, Shenzhen YingHon Technology Corp.	President	Shih-Chi Wang	Spouse	Note 1
Director	Republic of China	Shih-Chi Wang	Female/ 51-60 Years old	2019.05.24	3 years	2004.03.18	2,526,255	4.18%	3,606,757	4.08%	2,720,540	3.08%	—	—	PhD in Electrical Engineering, University of Maryland (United States) Associate Professor, Department of Electrical Engineering, Feng Chia University Director, Electronic Technology Research and Development Department, Winbond Electronics Corporation Senior Project Manager, Taiwan Semiconductor Manufacturing Company Assistant Vice President, Ali Corporation	President of the Company	Chairman of the Board	Dye-Jyun Ma	Spouse	Note 1
Director	Republic of China	Ching-Hua Wang	Male/ 71-75 Years old	2019.05.24	3 years	2016.05.27	—	—	—	—	—	—	—	—	PhD in Electrical Engineering, University of Southern California (United States) Manager, GaAs Operation, Hughes Aircraft Co. (United States) Senior Manager, Intel Corporation (United States) President, Advanced Wireless Semiconductor Company	—	—	—	—	—
Director	Republic of China	Wei-Kang Teng	Male/ 51-60 Years old	2019.05.24	3 years	2010.06.04	549,578	0.91%	587,409	0.66%	126	0.00%	—	—	PhD in Electrical Engineering, National Taiwan University Technical Assistant Manager, National Chung-Shan Institute of Science & Technology Technical Assistant Manager, Taiwan Semiconductor Manufacturing Company Manager, R&D Department, Ali Corporation	Senior Vice President of R&D of the Company Chairman, Aegis Link Corp. (United States)	—	—	—	—
Independent Director	Republic of China	Chih-Hung Wen	Male/ 61-70 Years old	2019.05.24	3 years	2010.12.10	—	—	—	—	—	—	—	—	PhD in Electrical Engineering, National Taiwan University Professor, Department of Electrical Engineering and Department of Communications Engineering, National Chung Hsing University Executive Committee Member, Academia-Industry Consortium for South Taiwan Science Park	Full-time Professor, Department of Electrical Engineering, Tunghai University Part-time Supervisor of the 7th Term, Taiwanese Association for Consumer Electronics	—	—	—	—

Title	Nationality/place of registration	Name	Gender / Age	Date elected (appointed)	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at the Company or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
																Part-time Examination Member, Communications Engineering Program, Ministry of Science and Technology				
Independent Director	Republic of China	Chiang-Lin Chang	Male/ 61-70	2019.05.24	3 years	2016.05.27	－	－	－	－	－	－	－	－	BS in Electrical Engineering, National Chiao Tung University Vice President of Marketing of Northeast Asia and Chief Technology Officer of Taiwan, Alcatel Executive Vice President, Unizyx Holding Corporation President, Mitrastar Technology Corporation	－	－	－	－	－
Independent Director	Republic of China	Chia-Ying Ma	Male/ 61-70	2019.05.24	3 years	2019.05.24	－	－	－	－	－	－	－	－	Professor, Department of Accounting, Soochow University Chief Research Development Officer, Soochow University Chief Secretary, Soochow University Chairperson, Department of Accounting, Soochow University Adjunct Professor, Department of Public Finance, National Chengchi University Adjunct Professor, Department of Computer Science and Information Engineering and Department of Accounting, National Chung Cheng University Adjunct Professor, College of Biological Science and Technology, National Chiao Tung University PhD in Business & Economics, Lehigh University (United States)	Full-time Professor, Department of Accounting, Soochow University Director (Legal Representative of Corporation), Union Insurance Company Independent Director, Medeon Biodesign Inc. Independent Director, Tsc Auto ID Technology Co., Ltd. Independent Director, Lida Holdings Limited	－	－	－	－

Note 1: The Chairman and President are spouses, and the Company shall appoint additional Independent Directors in the 2022 shareholders' meeting in accordance with laws.

1. Disclosure of information as professional qualifications and independent status of directors and independent directors

Qualification Name	Professional	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Dye-Jyun Ma	Possesses five or more years of business and work experience required for the Company's business. Vice President, Richtek Technology Corp. Not in contravention of Article 30 of the Company Act.	Chairman of the Company	0
Shih-Chi Wang	Possesses five or more years of business and work experience required for the Company's business. Director, Electronic Technology Research and Development Department, Winbond Electronics Corporation Senior Project Manager, Taiwan Semiconductor Manufacturing Company Assistant Vice President, Ali Corporation Not in contravention of Article 30 of the Company Act.	President of the Company	0
Ching-Hua Wang	Possesses five or more years of business and work experience required for the Company's business. Manager, GaAs Operation, Hughes Aircraft Co. (United States) Senior Manager, Intel Corporation (United States) President, Advanced Wireless Semiconductor Company Not in contravention of Article 30 of the Company Act.	No positions at other companies; holds no shares in the company	0
Wei-Kang Teng	Possesses five or more years of business and work experience required for the Company's business. Technical Assistant Manager, National Chung-Shan Institute of Science & Technology Technical Assistant Manager, Taiwan Semiconductor Manufacturing Company Manager, R&D Department, Ali Corporation Not in contravention of Article 30 of the Company Act.	Senior Vice President of R&D of the Company	0

Chih-Hung Wen	Possesses five or more years of business and work experience required for the Company's business. Full-time Professor, Department of Electrical Engineering, Tunghai University Professor, Department of Electrical Engineering and Department of Communications Engineering, National Chung Hsing University Executive Committee Member, Academia-Industry Consortium for South Taiwan Science Park Not in contravention of Article 30 of the Company Act.	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an Independent Director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs. (5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the Company, or a top 5 shareholder, or a director or supervisor representative appointed by the Company in accordance with paragraph 1 or 2, Article 27 of the Company Act (excluding independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations). (6) Not a director, supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country). (7) Not a director (governor), supervisor or employee of other companies or institutions who is the same person or spouse as the chairperson, president or person holding an equivalent position of the Company. (However, this restriction shall not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent). (8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to specific companies or institutions if they hold more than 20% but less than 50% of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).	0
Chiang-Lin Chang	Possesses five or more years of business and work experience required for the Company's business. Vice President of Marketing of Northeast Asia and Chief Technology Officer of Taiwan, Alcatel Executive Vice President, Unizyx Holding Corporation President, Mitrastar Technology Corporation Not in contravention of Article 30 of the Company Act.		0
Chia-Ying Ma	Possesses five or more years of business 、accounting and work experience required for the Company's business. Full-time Professor, Department of Accounting, Soochow University Chief Secretary, Soochow University Chairperson, Department of Accounting, Soochow University Adjunct Professor, Department of Public Finance, National Chengchi University Adjunct Professor, Department of Computer Science and Information Engineering and Department of Accounting, National Chung Cheng University Adjunct Professor, College of Biological Science and Technology, National Chiao Tung University PhD in Business & Economics, Lehigh University (United States) Not in contravention of Article 30 of the Company Act.		3

		(9) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past two years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. However, remuneration committee, M&A audit committee members, established in accordance with local securities regulations or mergers & acquisition regulations, are not included. (10) Does not have a marital relationship with, or a relative within the second degree of kinship with, any other Director of the Company. (11) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply. (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	

Note 1: Professional qualifications and experience: State the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, state their accounting or financial background and work experience. In addition, state if there is anything related to Article 30 of the Company Act.

Note 2: Independent directors must state their independence status, including, but not limited to, whether they, their spouse, or relatives within the second degree of kinship have served as directors, supervisors, or employees of the Company or its affiliates; the number and ratio of Company shares held by them, their spouse, or relatives within the second degree of kinship (or under the name of others); whether they have served as directors, supervisors, or employees of a company that has a specific relationship with this Company (refer to Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the remuneration received for providing business, legal, financial, accounting, and other services to this Company or its affiliates in the last 2 years.

2. Diversity and Independence of the Board of Directors:

(1) Diversity of the Board of Directors:

Board of Directors Member Diversity Policy and Objectives:

Pursuant to Article 20, Chapter 3 of the "Corporate Governance Best Practice Principles" formulated by the Company, diversity shall be considered for the composition of the board of directors; and appropriate diversified policies must be established for its operations, operating patterns, and development needs. Said policies shall include, but are not limited to, the following two major standards:

1. Basic conditions and values: gender, age, nationality, culture, etc.
2. Professional knowledge and skills: professional background (i.e., law, accounting, industry, finance, marketing, or technology), professional skills, industrial experience, etc.

The members of the board of directors shall generally possess the knowledge, skills, and qualities necessary to perform their duties. The board of directors as a whole must possess the following capabilities to achieve the ideal goals of corporate governance:

1. Operational judgment capability.
2. Accounting and financial analysis capabilities.
3. Operation and management capabilities.
4. Crisis management capability.
5. Industry knowledge.
6. International market outlook.
7. Leadership ability.
8. Decision-making ability.

<u>Board member diversity policy achievement status</u>:

The current board of directors has 7 members whereby 3 of them are independent directors (accounting for 43%), and 3 of them are part-time employees (accounting for 43%). One member of the board of directors is female (accounting for 14%).

The board diversity policy implementation status is as follows:

Name	Nationality/place of registration	Gender	Employees	Age			Term			skills, and qualities							
				51~ 60 Years old	61~ 70 Years old	Over 71 Years old	Less than 3 years	3-9 years	More than9 years	Operational judgment capability	Accounting and financial analysis capabilities.	Operation and management capabilities.	Crisis management capability	ndustry knowledge.	International market outlook	Leadership ability	Decision-making ability
Dye-Jyun Ma	Republic of China	Male	✓		✓					✓	✓	✓	✓	✓	✓	✓	✓
Shih-Chi Wang	Republic of China	Female	✓	✓						✓	✓	✓	✓	✓	✓	✓	✓
Ching-Hua Wang	Republic of China	Male				✓				✓	✓	✓	✓	✓	✓	✓	✓
Wei-Kang Teng	Republic of China	Male	✓	✓						✓	✓	✓	✓	✓	✓	✓	✓
Chih-Hung Wen	Republic of China	Male			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓
Chiang-Lin Chang	Republic of China	Male			✓			✓		✓	✓	✓	✓	✓	✓	✓	✓
Chia-Ying Ma	Republic of China	Male			✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓

(2) Independence of the board of directors:

The Company’s board of directors currently has 7 members, including 3 independent directors to ensure the board of directors’ independence (accounting for 43%). Two of the directors are spouses. All independent directors comply with the regulations promulgated by the Securities and Futures Bureau, FSC. There is no relationship within the second degree of kinship between the directors, and there is no condition stipulated by Paragraphs 3 & 4, Article 26-3 of the Securities and Exchange Act.

(II) President, Vice Presidents, Associate Managers, and Supervisors of All the Company's Divisions and Branch Units:

Apr. 20, 2021; shareholding information as of March 29, 2021; unit: shares, %

Title	Nationality	Name	Gender	Date of taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees arrangement		Experience (education)	Other position concurrently held at the Company or other companies	Managers who are spouses or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Chairman of the Board	Taiwan	Dye-Jyun Ma	Male	2010.06.04	2,720,540	3.08%	3,606,757	4.08%	—	—	PhD in Electrical Engineering, University of Maryland (United States) Professor and Dean, Department of Electrical Engineering, National Chung Hsing University Vice President, Richtek Technology Corp.	Director, Minerva Technology Co. (Belize) Director, Aegis Link Corp. (United States) Legal representative, Shenzhen YingHon Technology Corp.	President	Shih-Chi Wang	Spouse	Note 3
President	Taiwan	Shih-Chi Wang	Female	2004.03.01	3,606,757	4.08%	2,720,540	3.08%	—	—	PhD in Electrical Engineering, University of Maryland (United States) Associate Professor, Department of Electrical Engineering, Feng Chia University Director, Electronic Technology Research and Development Department, Winbond Electronics Corporation Senior Project Manager, Taiwan Semiconductor Manufacturing Company Assistant Vice President, Ali Corporation	None	Chairman of the Board	Dye-Jyun Ma	Spouse	Note 3
Senior Executive Vice President of R&D	Taiwan	Wei-Kang Teng	Male	2004.03.01	587,409	0.66%	126	0.00%	—	—	PhD in Electrical Engineering, National Taiwan University Technical Assistant Manager, National Chung-Shan Institute of Science & Technology Technical Assistant Manager, Taiwan Semiconductor Manufacturing Company Manager, R&D Department, Ali Corporation	Chai Legal representative, Shenzhen YingHong Technology Corp. rman, Aegis Link Corp. (United States)	None	None	None	—
Senior Executive Vice President of R&D	United States	Hui-Ching Chien	Male	2012.08.13	N/A	N/A	N/A	N/A	N/A	N/A	PhD in Electrical Engineering, University of Maryland (United States) Manager, Honeywell Director, Cypress Semiconductor Corporation Director, VIA Labs, Inc. Chief Technology Officer, Maxrise Technology Co., Ltd. President, Prominent Comm.	None	None	None	None	Note 4
Vice President	Taiwan	Tzu-Hsiang Liu	Male	2004.03.01	562,109	0.64%	721	0.00%	—	—	PhD in Electronics Engineering, National Chiao Tung University Section Chief, Electronic and Optoelectronic System Research Laboratories, Industrial Technology Research Institute Technical Assistant Manager, Taiwan Semiconductor Manufacturing Company Manager, R&D Department, Ali Corporation	None	None	None	None	—
Vice President	Taiwan	Chuan-Chen Chao	Female	2004.03.08	761,608	0.86%	—	—	—	—	PhD in Electronics Engineering, National Chiao Tung University Manager, Winbond Electronics Corp. Chief Engineer, Taiwan Semiconductor Manufacturing Company	None	None	None	None	—
Vice President of R&D	Taiwan	Hsiang-Feng Chi	Male	2015.11.09	152,040	0.17%	—	—	—	—	PhD in Electrical Engineering, University of California (United States) Senior Manager of Firmware Design, Synaptics Hong Kong Limited Director of DSP Design Department, Airoha Technology Corp. Director of Wireless Communication Design, ASMedia Technology Inc. Senior Manager/VLSI Design Structure Specialist, Afatech Assistant Professor, National Chiao Tung University IC Structure Specialist, GlobalspanVirata	None	None	None	None	—
Vice President of R&D	Taiwan	Chi-Fu Liang	Male	2020.06.01	—	—	—	—	—	—	PhD in Electrical Engineering, University of Maryland Consultant, ASE Technology Holding	None	None	None	None	—

Title	Nationality	Name	Gender	Date of taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees arrangement		Experience (education)	Other position concurrently held at the Company or other companies	Managers who are spouses or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
											Chief Communication Technology Officer, Jiangsu Pivotone Communication Technologies Incorporated FBAR Designer, Avago, San Jose, USA Technology Director, BenQ Corporation					
Vice President and Chief Financial Officer	Taiwan	Wei-Che Hsu	Male	2020.05.18	—	—	—	—	—	—	Accounting Department, Feng Chia University Chief Financial Officer, Kayee-KY Financial Consultant, Sunplus Technology Co., Ltd. Deputy Director, Investment Administration Division, Giantplus Technology Co., Ltd. Deputy Manager, Underwriting Department, Grand Cathay Securities Corporation Auditor, Synmax Biochemical Co., Ltd.	None	None	None	None	—
Vice President of Sales Marketing	Taiwan	Chih-Chieh Huang	Male	2021.04.12	140	0.00%	—	—	—	—	Taipei University of Marine Technology / Department of Marine Engineering (Specialist) Director, Richwave Technology Corp. Technology and Marketing Manager, Richtek Technology Corp. Product Manager, Lanner Electronics Inc. Product Manager, DFI Inc.	None	None	None	None	—
Vice President of Operations	Taiwan	Hung-Shuo Chang	Male	2021.11.29	—	—	—	—	—	—	Master’s Degree from the Institute of Communication Engineering, Chiao Tung University President, Logos Electronics Inc. Vice President of Sales Marketing, Anax Technology Corp. Vice President of Operations and President of Taiwan Region, SmartIC Technology Co., Ltd. Vice President of Asia Pacific Marketing and President of Taiwan Region, Power Analog Microelectronics	None	None	None	None	—
Senior Assistant Vice President	Taiwan	Mei-Hui Lin	Female	2008.10.16	12,831	0.01%	—	—	—	—	Department of English, Wenzao Ursuline University of Languages Manager, Siliconix Electronic Co., Ltd. Vice President, Hanlin (Taiwan) Electronics Co., Ltd. Vice President, Magnesensor Technology	None	None	None	None	—
Chief Auditor	Taiwan	Pei-Chen Ho	Female	2013.07.15	—	—	—	—	—	—	Department of Industrial Design, Chaoyang University of Technology ISO lead auditor Quality Assurance Engineer, Syntronix Corporation Chief Auditor, Yang Hwa Technology Corporation	None	None	None	None	—

Note 1: The shareholding information described above does not include retained decision-making trust shares.

Note 2: Management is defined the same as the interpretation provided in the Ministry of Finance letter Tai-Cai-Zheng-San-Zi No. 0920001301 and includes the president, vice president, assistant vice president, chief financial officer and chief accounting officer (or equivalent officers).

Note 3: The Chairman and President are spouses, and the Company shall appoint additional Independent Directors in the 2022 shareholders' meeting in accordance with laws.

Note 4: Mr. Hui-Ching Chien restired on Feb. 5, 2021.

III Remuneration Paid During the Most Recent Fiscal Year to Directors, Independent Directors, Supervisors, President, and Vice Presidents

1. Remuneration to Directors and Independent Directors:

Remuneration information as of 2021; Unit: NT$ thousands, thousand shares

Title	Name	Directors' remuneration								Ratio of total remuneration (A+B+C+D) to net income (%)		Relevant remuneration received by Directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income		Compensation paid to Directors from an investee company other than the Company's subsidiaries or parent company
		Base Compensation (A)		Severance pay and pension (B)		Directors' compensation (C)		Business execution expenses (D)				Salary, bonuses, and allowances (E) (Note 1)		Severance pay and pension (F)		Employee compensation (G)						
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Director	Dye-Jyun Ma	—	—	—	—	827	827	28	28	0.18%	0.18%	3,722	3,722	108	108	—	—	—	—	1.01%	1.01%	None
	Shih-Chi Wang	—	—	—	—	827	827	28	28	0.18%	0.18%	4,089	4,089	108	108	4,000	—	4,000	—	1.94%	1.94%	
	Wei-Kang Teng	—	—	—	—	827	827	28	28	0.18%	0.18%	2,563	2,563	108	108	500	—	500	—	0.86%	0.86%	
	Ching-Hua Wang	—	—	—	—	827	827	28	28	0.18%	0.18%	—	—	—	—	—	—	—	—	0.18%	0.18%	
Independent Director	Chih-Hung Wen	—	—	—	—	827	827	25	25	0.18%	0.18%	—	—	—	—	—	—	—	—	0.18%	0.18%	None
	Chiang-Lin Chang	—	—	—	—	827	827	28	28	0.18%	0.18%	—	—	—	—	—	—	—	—	0.18%	0.18%	
	Chia-Ying Ma	—	—	—	—	827	827	28	28	0.18%	0.18%	—	—	—	—	—	—	—	—	0.18%	0.18%	

1. Please describe the policy, system, standards and structure of the compensation of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment: The remuneration paid by the Company to Directors (including Independent Directors) is determined in accordance with the regulations in the Articles of Incorporation and is capped at 1% of the annual profits. However, when the Company still has accumulated loss, a certain amount of the earnings shall be retained for making up the loss and the remainder may be set aside as compensation for Directors. Article 21 of the Articles of Incorporation also states that the amount of compensation received by directors shall be determined by the Board of Directors according to the contribution of the individual and extent of involvement in the Company's operations, taking into account the prevailing rates in the domestic and international industry. In addition to the Company's operating performance, future risks, development strategies, and industry trends, the Remuneration Committee also regularly reviews remuneration policies, systems, standards, and structures. The Company will review the remuneration distribution policy from time to time based on the overall environment and the Company's business strategies to ensure both sustainability and the interests of stakeholders.
2. Except as otherwise disclosed herein, the directors of the Company have not received other remunerations for providing services (in a non-employee capacity, such as an advisor) to any of the companies in the consolidated financial statements within the fiscal year: None.

Note 1: It means the salary, duty allowance, severance pay, bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car received by the Directors who acted as employees concurrently (including President, Vice Presidents, managers, and employees) in the most recent fiscal year.

Range of remuneration

Range of remuneration paid to directors	Names of directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements H	The Company	All companies in the consolidated financial statements I
Less than NT$1,000,000	Dye-Jyun Ma, Shih-Chi Wang, Wei-Kang Teng, Ching-Hua Wang, Chih-Hung Wen, Chiang-Lin Chang, Chia-Ying Ma	Dye-Jyun Ma, Shih-Chi Wang, Wei-Kang Teng, Ching-Hua Wang, Chih-Hung Wen, Chiang-Lin Chang, Chia-Ying Ma	Ching-Hua Wang, Chih-Hung Wen, Chiang-Lin Chang, Chia-Ying Ma	Ching-Hua Wang, Chih-Hung Wen, Chiang-Lin Chang, Chia-Ying Ma
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	-	-	-	-
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	-	-	-	-
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	-	-	Wei-Kang Teng, Dye-Jyun Ma	Wei-Kang Teng, Dye-Jyun Ma
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	-	-	Shih-Chi Wang	Shih-Chi Wang
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	-	-	-	-
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	-	-	-	-
Higher than NT$100,000,000	-	-	-	-
Total	7 individuals	7 individuals	7 individuals	7 individuals

2. Remuneration to supervisors

The Company established the Audit Committee to replace supervisors on May 24, 2019 in accordance with laws.

3. Remuneration to the President and Vice Presidents

Remuneration information as of December 31, 2021; Unit: NT$ thousands

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and special allowances (C)		Employees' compensation from profit sharing (D)				Ratio of total remuneration (A+B+C+D) to net income (%)		Compensation paid to Directors from an investee company other than the Company's subsidiaries or parent company
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chairman of the Board	Dye-Jyun Ma	29,037	29,037	992	992	5,905	5,905	9,400	—	9,400	—	9.74%	9.74%	—
President	Shih-Chi Wang													
Senior Executive Vice President of R&D	Wei-Kang Teng													
Senior Executive Vice President of R&D	Hui-Ching Chien (Note 1)													
Vice President	Tzu-Hsiang Liu													
Vice President	Chuan-Chen Chao													
Vice President of R&D	Hsiang-Feng Chi													
Vice President of R&D	Chi-Fu Liang													
Vice President and Chief Financial Officer	Wei-Che Hsu													
Vice President of Sales Marketing	Chih-Chieh Huang													
Vice President of Operations	Hung-Shuo Chang													

Note 1: The 2021 employee remuneration was passed in a resolution of the Board of Directors.

Note 2: Mr. Hui-Ching Chien retired on Feb. 5, 2021.

Range of remuneration

Range of remuneration paid to the President and Vice Presidents	Name of President and Vice Presidents	
	Total of (A+B+C+D)	
	The Company	All companies in the consolidated financial statements E
Less than NT$1,000,000	Hung-Shuo Chang, Hui-Ching Chien	Hung-Shuo Chang, Hui-Ching Chien
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	Wei-Kang Teng,	Wei-Kang Teng
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Dye-Jyun Ma, Hsiang-Feng Chi, Chuan-Chen Chao Wei-Che Hsu	Dye-Jyun Ma, Hsiang-Feng Chi, Chuan-Chen Chao Wei-Che Hsu
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Shih-Chi Wang, Tzu-Hsiang Liu, Chi-Fu Liang, Chih-Chieh Huang	Shih-Chi Wang, Tzu-Hsiang Liu, Chi-Fu Liang, Chih-Chieh Huang
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	-	-
Higher than NT$100,000,000	-	-
Total	11 individuals	11 individuals

4. Name of managers to which employees' compensation is distributed and the status of distribution:

Unit: NT$ thousands

	Title	Name	Stock	Cash	Total	Ratio of total amount to net income (%)
Manager	Chairman of the Board	Dye-Jyun Ma	None	9,600	9,600	2.06%
	President	Shih-Chi Wang				
	Senior Executive Vice President of R&D	Wei-Kang Teng				
	Vice President	Tzu-Hsiang Liu				
	Vice President	Chuan-Chen Chao				
	Vice President of R&D	Hsiang-Feng Chi				
	Vice President of R&D	Chi-Fu Liang				
	Vice President and Chief Financial Officer	Wei-Che Hsu				
	Vice President of Sales Marketing	Chih-Chieh Huang				
	Vice President of Operations	Hung-Shuo Chang				
	Senior Assistant Vice President	Mei-Hui Lin				

Note 1: The 2021 employee remuneration was passed in a resolution of the Board of Directors.

Note 2: Mr. Hui-Ching Chien retired on Feb. 5, 2021.

(IV) Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage Thereof to Operating Performance and Future Risk Exposure:

1. The total remuneration as a percentage of net income paid by the Company and by all consolidated entities for the most recent 2 fiscal years to each of the Company's Directors, Supervisors, President, and Vice Presidents:

Title	2021		2020	
	The total remuneration as a percentage of net income paid to each of the Company's Directors, Supervisors, President, and Vice Presidents (%)		The total remuneration as a percentage of net income paid to each of the Company's Directors, Supervisors, President, and Vice Presidents (%)	
	Parent company only	Consolidated	Parent company only	Consolidated
Directors	1.26%	1.26%	1.33%	1.33%
Supervisors (Note 1)	—	—	—	—
President and Vice Presidents	9.74%	9.74%	5.01%	5.01%

Note 1: The Company established the Audit Committee to replace supervisors on May 24, 2019 in accordance with laws.

2. Remuneration policies, standards, and packages, procedure for determining remuneration to Directors, Supervisors, President and Vice Presidents, and linkage thereof to operating performance and future risk exposure:

A: Directors: The compensation for Directors refers to compensation distributed from earnings in accordance with Article 24 and 25 of the Company's Articles of Incorporation. No more than 1% of the profits shall be distributed as compensation for Directors which shall be distributed based on their involvement in the Company's business activities and the value of their contribution. If the Company has any net profit in the final accounts, the amount shall first be used to make up for deficits, allocation for statutory reserve or special reserve, distribution of dividends for special shares, and distribution of employees' compensation. The Board of Directors shall then consider the environment in the industry and the Company's capital requirements and formulate a plan for the distribution of earnings including compensation to Directors, and obtain the approval of the shareholders' meeting before distribution.

B. President and Vice Presidents: The compensation paid to the President and Vice Presidents includes salaries, incentive pay and employees' bonuses, and shall be determined based on their positions, responsibilities, the results of an annual performance appraisal and contribution to the Company as well as the prevailing rates in the industry.

C. Remuneration policies, standards, and packages, procedure for determining remuneration to Directors, Supervisors, President and Vice Presidents, and business performance are established based on prevailing rates in the industry. They are recommended by the Remuneration Committee and presented to the Board of Directors for passage.

IV. Implementation of Corporate Governance

(I) Operations of the Board of Directors

1. 8 meetings of the Board of Directors were held in the most recent year. The attendance of Directors was as follows:

Title	Name	Attendance in person	By Proxy	Attendance rate (%)	Note
Chairman	Dye-Jyun Ma	8	0	100 %	None
Director	Shih-Chi Wang	8	0	100 %	None
Director	Wei-Kang Teng	8	0	100%	None
Director	Ching-Hua Wang	8	0	100 %	None
Independent Director	Chih-Hung Wen	7	1	88 %	None
Independent Director	Chiang-Lin Chang	8	0	100%	None
Independent Director	Chia-Ying Ma	8	0	100%	None

Other matters:

I. With regard to the implementation of the Board of Directors, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all independent directors' opinions and the Company's handling of such opinions shall be specified:

(I)A rticle 14-3 of the Securities and Exchange Act: The provisions provided by Article 14-3 are inapplicable since the Company has already established an audit committee. For items listed in Article 14-5 of the Securities and Exchange Act, please refer to Audit Committee Operation Status on pages 25-27 of this annual report.

(II) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above:

II. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified: The Company's Directors recused themselves from proposals involving conflicts of interest.

III. The company listed on TWSE/TPEx shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the self (or peer) evaluation of the Board of Directors:

Frequency	Period	Scope	Method	Content
Once a year	Jan. 1, 2021 to Dec. 31, 2021	Performance evaluation of the Board of Directors and functional committees.	The performance evaluation is conducted through internal questionnaires and includes the overall operations of Directors and functional committees, participation in board meetings, understanding of the company and awareness of responsibilities, continuing education, etc.	1. Board performance evaluation: (1) Level of participation in Company operations. (2) Improvement of the quality of board decisions. (3) Composition and structure of the Board of Directors. (4) Election and continuing education of the Directors. (5) Internal control 2. Board member performance evaluation: (1) Familiarity with the goals and missions of the Company. (2) Awareness of the duties of a Director.

				(3) Level of participation in Company operations. (4) Management of internal relations and communication. (5) The Director's professionalism and continuing education. (6) Internal control. 3. Performance evaluation of functional committees (1) Level of participation in Company operations. (2) Knowledge of the duties of the functional committee. (3) Improvement of the quality of the functional committee's decisions. (4) Functional committee composition and election of members. (5) Internal control.

IV. Measures undertaken during the current year and past year in order to strengthen the functions of the board of directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment of their implementation:

(I) The Company has established the "Ethical Corporate Management Best Practice Operating Procedures and Code of Conduct" and uploaded it to the Market Observation Post System and Company's website for reference by stakeholders to implement ethical corporate management.

(II) The Company organizes continuing education of Directors each year to continue to provide them with access to new knowledge and maintain their core value, professional advantages, and skills.

(III) The Company has set up an investors' section on the Company website and uses the Internet to provide investors with information of interest to them.

(IV) The Company established the Audit Committee to replace supervisors on May 24, 2019 to strengthen the performance of the duties of the Board of Directors.

(II) Operation of the Audit Committee or Supervisors' involvement in the operation of the Board of Directors:

1. Operations of the Audit Committee:

The Audit Committee convened 5 meetings in the most recent year. The attendance of Independent Directors was as follows:

Title	Name	Attendance in person	Attendance rate (%)	Remarks
Independent Director	Chih-Hung Wen	4	1	None
Independent Director	Chiang-Lin Chang	5	0	None
Independent Director	Chia-Ying Ma	5	0	None

Other matters:

I. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company’s handling of such resolutions shall be specified:

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date	Motion		Opinions of all Independent Directors and the Company's handling of opinions of Independent Directors
2021/02/25	1	The Company’s 2021 annual business report and financial statement proposal.	Approved by all Independent Directors
	2	The Company’s 2021 earnings distribution proposal.	
	3	The Company’s “2021 Internal Control Statement” proposal.	
	4	The Company’s 2022 CPA appointment proposal.	
2021/04/29	1	The Company’s CPA independence assessment proposal.	
	2	The Company’s 2021 1st quarter financial statement proposal.	
2021/08/05	1	The Company’s 2021 2nd quarter financial report proposal.	
	2	The Company’s “Internal Control System” revision proposal.	
2021/10/28	1	The Company’s 2021 3rd quarter financial statement proposal.	
2021/12/23	1	The Company’s 2022 “Internal Audit Plan” proposal.	
	2	Established a Shanghai Branch under the Shenzhen Subsidiary	

(II) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all Directors: None.

II. Regarding recusals of independent directors from voting due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.

III. Communication between independent directors, internal chief audit officer and CPAs (which should include the important matters, methods, and results regarding the Company's finance and operations):

(I) The Company's internal audit unit sends the monthly "Audit Report" by mail to each Independent Director for review within the prescribed period. It also attends the quarterly meetings of the Audit Committee for the "Audit Progress Report", which includes explanations of audit operations, audit results, and follow-ups for improvement. If there are questions or instructions, Independent Directors can consult the audit supervisor in the meeting.

(II) The Company's CPA reports the results of the review or audit of the Company's financial statements, internal control audits, the impact of amendments and announcements of auditing standards on the Company, and other legal requirements. The CPA also communicates with them on whether any adjustment of the financial statements or amendments of laws and regulations affect the presentation of the accounts.

(III) The audit supervisor may engage in direct communication with the CPA and Independent Directors at any time and the communication channels remain open.

1. The internal audit supervisor regularly reports the implementation status of the audits to the Independent Director in the Audit Committee each quarter. The contents are summarized below:

Date	Report and communication contents	Results
2021/02/25	Report on the implementation status of internal audits for 2020 Q4.	Fully discussed and acknowledged.
2021/04/29	Report on the implementation status of internal audits for 2021 Q1.	The opinion was fully discussed and well acknowledged.
2021/08/05	Report on the implementation status of internal audits for 2021 Q2.	Fully discussed and acknowledged.
2021/10/28	Report on the implementation status of internal audits for 2021 Q3.	Fully discussed and acknowledged.
2021/12/23	The Company's 2022 "Internal Audit Plan"	Fully discussed and acknowledged.

2. The CPA shall report the audit of the financial report to Independent Director at least once every year and explain and discuss the contents and progress of the audit.
The communication is summarized below:

Date	Report and communication contents	Results
2021/02/25	Report on the results of the audit of the 2020 individual and consolidated financial statements and the audit of the internal control system.	Fully discussed and acknowledged.
2021/04/29	Audit report for the consolidated financial statements for 2021 Q1.	Fully discussed and acknowledged.
2021/08/05	Audit report for the consolidated financial statements for 2021 Q2.	Fully discussed and acknowledged.
2021/10/28	Audit report for the consolidated financial statements for 2021 Q3.	Fully discussed and acknowledged.

2. Participation of Supervisors in the operations of the Board of Directors: The Company established the Audit Committee to replace supervisors on May 24, 2019 in accordance with laws.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof:

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Board of Directors of the Company has established the "Corporate Governance Best Practice Principles" on Feb. 8, 2017 in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and announced it on the Company's website (www.richwave.com.tw) under "Investors" - "Corporate Governance".	None
II. Shareholding structure & shareholders' rights (I) Does the Company establish internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations, and does the Company implement the procedures in accordance with the procedure? (II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders? (III) Does the Company establish and execute a risk management and firewall system within its affiliated companies? (IV)Does the Company establish internal rules against insiders using undisclosed information to trade with?	✓ ✓ ✓ ✓		(I) The Company has appointed a spokesperson, acting spokesperson, and other dedicated personnel. We also set up an investor email for to process shareholders' recommendations, questions, disputes, and litigation. (II) The Company discloses the list of major shareholders and the ultimate controllers of major shareholders in accordance with regulations and maintains smooth communication channels with major shareholders. (III) The Company has established related mechanisms in the internal control system in accordance with regulations. Business and financial dealings between the Company and an affiliate are treated as dealings with an independent third party, which are processed based on the principles of fairness and reasonableness with established rules to clearly define pricing and payment terms and prevent non-arm's-length transactions. (IV) The Company has established the "Procedures for Handling Material Inside Information" to prevent insiders from engaging in insider trading by mistake and violate laws.	None
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors develop and implement a policy to promote diversity in the composition of its members?	✓		(I)Board of Directors Member Diversity Policy and Objectives: Pursuant to Article 20, Chapter 3 of the "Corporate Governance Best Practice Principles" formulated by the Company, diversity shall be considered for the composition of the board of directors; and appropriate diversified policies must be established for its operations, operating patterns, and development needs. Said policies shall include, but are not limited to, the following two major standards: 1. Basic conditions and values: gender, age, nationality, culture, etc.	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			2. Professional knowledge and skills: professional background (i.e., law, accounting, industry, finance, marketing, or technology), professional skills, industrial experience, etc. The members of the board of directors shall generally possess the knowledge, skills, and qualities necessary to perform their duties. The board of directors as a whole must possess the following capabilities to achieve the ideal goals of corporate governance: 1. Operational judgment capability. 2. Accounting and financial analysis capabilities. 3. Operation and management capabilities. 4. Crisis management capability. 5. Industry knowledge. 6. International market outlook. 7. Leadership ability. 8. Decision-making ability. The Company has established the "Corporate Governance Best Practice Principles" and specifies that the election of the Directors (including Independent Directors) shall be held in accordance with the candidate nomination system in the "Articles of Incorporation". The Company considers the Directors' professional background as well as Directors' diversity when electing Directors (including Independent Directors). Board member diversity policy achievement status: 1.The board members have professional backgrounds in management, science and engineering, and accounting and finance, and they serve as operators in the technology industry and professors in science and engineering or accounting. Board members have diverse backgrounds in industry, academia, and knowledge. The current board of directors has 7 members whereby 3 of them are independent directors (accounting for 43%), and 3 of them are part-time employees (accounting for 43%). One member of the board of directors is female (accounting for 14%). 2.The board members have professional backgrounds in management, science and engineering, and accounting and finance, and they serve as	

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>operators in the technology industry and professors in science and engineering or accounting. Board members have diverse backgrounds in industry, academia, and knowledge, and provide professional advice from different perspectives, which can greatly help to improve the Company's operational performance and management efficiency.</td><td></td></tr>
<tr><td>(II) In addition to the legally-required Remuneration Committee and Audit Committee, does the Company voluntarily establish other functional committees?</td><td></td><td>✓</td><td>(II) The Company has established the Remuneration Committee and the Audit Committee and appointed 3 Independent Directors to serve as committee members. We respect all constructive opinions of the committee members and we currently have no plans to establish other functional committees.</td><td>The Company has not established other functional committees.</td></tr>
<tr><td>(III) Does the Company establish standards to measure the performance of the Board of Directors and implement such annually? Does the Company submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?</td><td>✓</td><td></td><td>(III) The company has established standards to measure the performance of the Board of Directors and evaluates the performance of the Board of Directors every year.</td><td>None</td></tr>
<tr><td>(IV) Does the Company regularly evaluate the independence of the CPAs?</td><td>✓</td><td></td><td>(IV) The Company appoints CPAs and evaluates the independence of the CPA every year. We also verify that they are not related parties of the Company.</td><td>None</td></tr>
<tr><td>IV. Does the Company establish a dedicated (or non-dedicated) corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, handling matters related to Board meetings and shareholders' meetings according to the law, handling company registration and changes to company registration, and producing minutes of the Board meetings and shareholders' meetings)?</td><td></td><td>✓</td><td>The Company's general manager is in charge of the governance structure for sustainable development initiatives, with the Global Business Office as concurrent unit for promoting corporate social responsibility, which is responsible for the Company's ESG affairs. Six teams were also established for corporate governance, customer care, supplier relationships, environmental sustainability, employee care, and social care. The representatives of the teams are talents from various departments with diverse backgrounds, skills and experiences, which shall be responsible for reporting to the board of directors the results of promoting corporate sustainability.</td><td>We have not yet appointed a Corporate Governance Officer and we are currently considering the appointment.</td></tr>
<tr><td>V. Does the Company establish communication channels and build a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?</td><td>✓</td><td></td><td>The Company has set up an email on the Company's website to maintain a smooth communication channel. We also assigned dedicated personnel to respond appropriately to important CSR issues of concern to shareholders, creditors, bondholders, employees, customers, the management, society, or government.</td><td>None</td></tr>
</table>

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed a professional shareholder service agency to deal with shareholder affairs.	None
VII. Information disclosure (I) Does the Company have a corporate website to disclose both the Company's financial standing and corporate governance status? (II) Does the company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)? (III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month ahead of schedule before the specified deadline?	 ✓ ✓ ✓		(I) The Company has a website to disclose its financial, business and corporate governance information both in Chinese and English. (II) The Company has a website both in Chinese and English, and has designated the Investor Relations Department being responsible to fullfill a spokesman system in collecting and disclosing the relevant information according to regulations, and participate the Investor Conferences sponsored by other organizations on an irregular basis. The Company holds the Investor Conference on a quarterly basis, and will disclose its relevant information both on the Market Observation Post System and the Company's official website. (III) The Company has published and reported its annual financial report within two months after the end of a fiscal year, and has published and reported its financial reports for the first, second and third quarters ahead of schedule before the specified deadline.	None
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?	✓		GM is the convener of the Company's Sustainability Development Project to promote the Sustainability Development Policy, Worldwide Logistics Office will be the part-time unit to be responsible in promoting Corporate Sustainability ESG related affairs. 1. The Company implements policies for employee rights and benefits in accordance with relevant laws and regulations. We also established the Employee Welfare Committee to provide various welfare measures. 2. The Company's department supervisors hold meetings from time to time to establish communication channels between the management and employees. The Management Department keeps track of employees' attendance status to provide timely assistance and care in case of emergencies. 3. The Company provides sufficient information on the Market Observation Post System in a timely manner. Investors can express their opinions by telephone, email, or other methods.	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			4. Each department of the Company implements a clear division of labor and the communication with stakeholders is assigned to related departments which upholds the principles of integrity and fairness to protect the rights of stakeholders. 5. The Directors attend the required training programs from time to time to enhance their professional knowledge. 6. The Company engages in business activities in accordance with its internal control system. The Company also obtains a certain level of collateral from customers to control the Company's risks. 7. The Company has established a certain level of trust with customers in all channels through long-term partnerships, and has therefore implemented sound customer policies. 8. Except for special circumstances, all Directors have attended all meetings of the Board of Directors and fully discussed and communicated with each other. We also record meeting proceedings in accordance with the "Rules of Procedure for Board of Directors Meetings". Where there is a motion in which a Director has a conflict of interest, the Director is required to recuse himself/herself in accordance with regulations. No Director has a conflict of interest with the finance and business operations of the Company.	

IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved:

The Company's corporate governance evaluation results were improved compared to the previous year and related announcements in English have been implemented in 2021

(I) The Company has added the “Corporate Sustainability”/”ESG” section on the Company’s website and disclosed the following subjects:
1. Organization and Management: (1) Corporate Sustainability Unit and Materiality Analysis (2) Ethical Corporate Management (3) Risk Management (4) Information Security (5) Creativity Management.
2. Environment: (1) Environmental Goals and Climate Change (2) Environmental Data (3) Supplier Management Policy
3. Social: (1) Communication with Stakeholders (2) Human Rights (3) Employee Welfare, Benefits and Retirement System (4) Occupational Safety Management (5) Program and Promotion Performance

(II) The Company initiates the Corporate Sustainability (ESG) Report proactively from 2022.

(IV) Composition, Duties and Operation of the Remuneration Committee:

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members:

Identity / Name / Conditions		Professional qualifications and experience	Independent status	Number of other public companies in which the individual is concurrently serveing as the Remuneration Committee member
Convenor and independent director	Chiang-Lin Chang	See "Disclosure of information as professional qualifications and independent status of directors and independent directors" on page 13~14		0
Independent director	Chih-Hung Wen			0
Independent director	Chia-Ying Ma			3

2. Operations of the Remuneration Committee:

(1) The Company's Remuneration Committee consists of 3 members.

(2) Term of office: May 24, 2019 to May 23, 2022. Four meetings (A) of the Remuneration Committee were convened in the most recent fiscal year (2021) and the qualifications and attendance of the members are as follows:

Title	Name	Number of actual attendance (B)	Number of attendance by proxy	Attendance rate (%) [B/A] (Note)	Remarks
Convener/chair	Chiang-Lin Chang	4	0	100%	None
Committee Member	Chih-Hung Wen	3	1	75%	None
Committee Member	Chia-Ying Ma	4	0	100%	None

Note: The actual attendance rate is calculated using the number of meetings of the Remuneration Committee and the actual attendance during the term of service.

Other matters:

I.If the Board of Directors refuses to adopt or amend a recommendation of the remuneration committee, the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified) shall be specified: None.

II.If there were resolutions of the remuneration committee to which members objected or expressed reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.

III.Discussions and results of resolutions of the Remuneration Committee and the Company's response to the opinions of the members:

Date	Agenda	Resolution Result	Handling of Remuneration Committee's Resolutions by the Company
2021/02/25	The Company's 2020 employee and director remuneration distribution proposal. Passed the Company's 2020 manager dividend proposal. Passed the Company's manager salary adjustment proposal.	Agreed and Passed by All Members of the Committee	None
2021/04/29	Passed the Company's 2021 manager annual salary adjustment proposal. Passed the Company's 2021 manager promotion proposal.	Agreed and Passed by All Members of the Committee	None
2021/06/17	Passed 1st issuance of employee stock option certificates to managers in 2021.	Agreed and Passed by All Members of the Committee	None
2021/10/28	Passed the Company's management personnel change proposal. Passed the Company's 2020 manager dividend ratification proposal.	Agreed and Passed by All Members of the Committee	None

(V) The deviations and reasons for the Company's Governance Implementation Status vs the Best Practice Principles of Sustainable Development required for listed companies byTaiwan Stock Exchange (TWSE) and Taipei Exchange (TPEx)

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
I. Has the Company established an exclusively (or concurrently) dedicated unit to be in charge of the governance structure for sustainable development initiatives? Has the board of directors appoint executive-level positions to handle relevant matters, and to report the status of the handling to the board of directors?	✓		1. The Company's general manager is in charge of the Company's ESG Sustainability Development affairs, with the World Logistics Office as a concurrent unit for promoting corporate social responsibility, which is responsible for the Company's ESG Sustainability affairs. Six teams were also established for corporate governance, customer care, supplier cooperation, environmental sustainability, employee care, and social care. The representatives of the teams are talents from various departments with diverse backgrounds, skills and experiences, who shall report to the Board of Directors regularly on the results of sustainable promotion. On December 23, 2021, the implementation status of corporate sustainability projects was approved by the board of directors. 2. 2021 is the first year that Richwave officially launched a Corporate Sustainability Project Team, which was led by the general manager, and participated by various department staffs. The team currently views the ESG management from six aspects, and established major corporate governance mechanisms including the risk management policy and information security management policy, which were approved by the board of directors. The team also improved the project plans based on the recommendations referring to evaluation of corporate governance and major ESG issues, and has included related activities in the first company email newsletter which is the main platform for internal communication and sustainable corporate value creation.	None
II. Has the Company conduct risk assessments of environmental, social and corporate	✓		1. The risk assessment is mainly based on the Company itself, while the Company also planned to continue to expand the scope of risk assessment to its subsidiaries. 2. Regarding to the risk assessments of environmental, social and corporate governance issues related to the company operations, the Company has established the relevant risk management policy or strategy:	None

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation Status</th><th>The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th><th></th></tr>
<tr><td>governance issues pertaining to company operations in accordance with the materiality principle, and establish the relevant risk management policy or strategy?</td><td></td><td></td><td>
<table>
<tr><td>Major Issues</td><td>Evaluation content</td><td>Risk Management Policies and Strategies</td></tr>
<tr><td>Environmental IssuesRrre</td><td>Energy Management</td><td>Keep in track of the electricity consumption and GHG inventory of operations bases, and seek future opportunities for carbon reduction.</td></tr>
<tr><td rowspan="2">Social Issues</td><td>Product and Customer Relationships:
Customer Health and Safety, Marketing and Labeling</td><td>Through supply chain management, we fullfill the goal of a hazardous substances free control in compliance with the RoHS and WEEE requirement.</td></tr>
<tr><td>Creativity Management</td><td>To reinforce the Company's creativity skills and product competitiveness, and protection of the advanced technology result, the Company has set the target quantity of the patents received based upon the annual business goals and encouraged R&D staffs to meet the goal actively.</td></tr>
<tr><td>Social Issues</td><td>Customer Relationship Management</td><td>Conduct customer satisfaction survey on a regular basis, make appropriate adjustments on a rolling basis to keep in line with relevant issues, and maintain good customer relationships.</td></tr>
</table>
</td><td></td></tr>
</table>

Promotion item	Implementation Status					The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description			
				Customer privacy	Richwave ensures the protection and security of customer privacy through effective information security management.	
			Corporate Governance	Ethical Corporate Management	● The Company's Board of Directors has approved the "Ethical Corporate Management Operating Procedures and Code of Conduct," and the promotion and implementation of ethical corporate has been started. ● To ensure the employees' legal compliance and maintain the order of employee competition, the Company has conducted relevant education and training courses to enhance employees' awareness of legal compliance.	
				Risk Management	In order to mitigaete the influence of potential major risk events on the Company, the cross-functional Business Continuity Planning (BCP) Team has been established to be responsible for rigorous risk assessment, formulation of response measures, arrangement of emergency action plans against major risks that the Company may encounter, and conduct drills on an irregular basis with continuous improvement review and plans.	

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th><th></th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td></td><td>Supplier Management</td><td>●To ensure the Company’s Supply Chain Management procedure is implemented effectively, Suppliers are requested to comply with the following specified requirements:
■ Obtain international quality certification such as the ISO 9001/ISO 14001/HSAS 18001/QC 080000/IATF 16949/safety certification.
■ Provide the Hazardous Substance Free (HSF) Declaration, Hazardous Materials Reports, Material Safety Data Sheet (MSDS), and the Certificate of HSF Compliance
■ Complete the Conflict Minerals Reporting Template (CMRT/CMT)
■ Provide quality and reliability reports</td></tr></table></td><td></td></tr>
<tr><td>III. Environmental Issues
(I) Has the Company established proper environment management systems based on the characteristics of their industries?</td><td>✓</td><td></td><td>The Company has focused on the environemntal protection subjects for a long time, and committed to the business prosperity and mutual benefit of the Company and the Environment, launching eco-friendly ic products with excellent performance. Therefore, while we are implementing the environmental management policies and controlling the environmental impact of company operations, the Company also actively promote environmental supply chain management by providing our supervision and support to the supply chain partners, in order to achieve environmental sustainability and jointly create a green semiconductor value chain.
The Company has obtained ISO 9001:2015 and IECQ QC080000 certifications, Sony’s Green Partner Certification and Samsung’s Eco-Partner Certification. In 2022~2023,</td><td>None</td></tr>
</table>

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
			Richwave plans to be certified by the ISO 14001 environmental management system and ISO 14064 greenhouse gas inventory system, and reinforce the environmental management mechanism, in order to reduce the use of natural resources during operations. In addition, the Company also stands strongly towards corporate sustainability to meet customer expectations and the public's green expectations.	
(II) Has the Company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	✓		Since the Company specializes in IC R&D and design with purchased electricity as primary energy supply, the Company has neither energy-intensive heating equipment nor production process line. In order to implement energy management, we have been tracking electricity usage statistics on a regular basis, and made continuous improvements accordingly. The Company's use of purchased electricity reached 3,987.2 GJ in 2021, which grew by 20.3% compared to that in 2020 mainly due to the increase in used space along with the business growth. The 2021 Energy Use Intensity (EUI) was 498.5 kWh/m2, which has decreased by 6.6% compared with 2020, indicating that the Company's energy-saving measures has led to better energy efficiency and achieved green sustainability and corporate growth.	None
(III) Has the Company assessed the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures?	✓		After the Paris Agreement was made, the climate change has become a major issue of governments and companies concerns around the world. The changes in greenhouse gas emission regulations and extreme weather may have significantly affect business operations and human welfare. In view of this, Richwave has been strengthening the climate resilience, and has initially identified the following climate-related risks and opportunities that may cause the financial shocks, and has stepped forward to initiate the related coping strategies.	None

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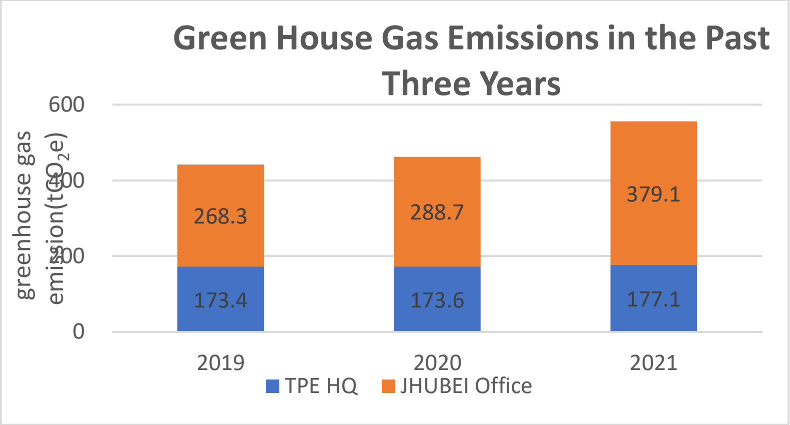
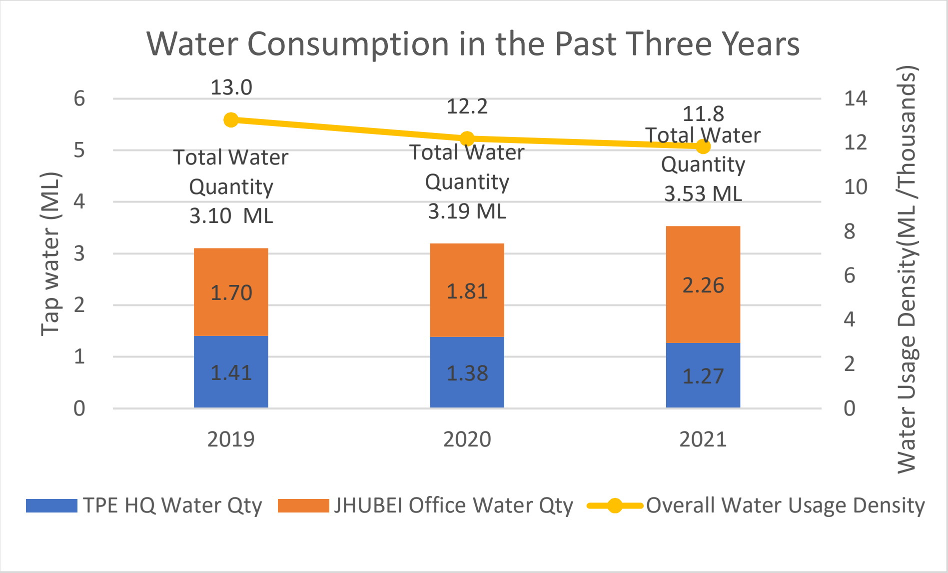
<tr><th>Yes</th><th>No</th><th>Description</th><th></th></tr>
<tr><td></td><td></td><td></td><td>Climate-related risks and opportunities and response measures
<table>
<tr><th>Type</th><th>Impact item</th><th>Coping Strategies</th><th>Action</th></tr>
<tr><td rowspan="2">Physical risk</td><td>Water shortage</td><td>Water Conservation Plan</td><td>Water-saving action plan</td></tr>
<tr><td>Heavy rain causes flooding</td><td>Establish a typhoon response plan</td><td>Typhoon response plan</td></tr>
<tr><td>Transformation risk</td><td>Environmental regulations and carbon footprint standards</td><td>Waste Management Plan to strengthen the recycling rate and energy-saving plans</td><td>Waste reduction plan and energy-saving plan</td></tr>
<tr><td rowspan="3">Opportunities</td><td rowspan="3">Adopt lean production and delivery processes</td><td>Reduce electricity consumption to save energy</td><td>Replace traditional lighting with energy-saving LED lighting</td></tr>
<tr><td>Increase the cooling water inlet temperature for air conditioning</td><td>Energy-saving of air conditioners</td></tr>
<tr><td>Switch off standby power</td><td>Equipment energy-saving plan</td></tr>
</table></td><td></td></tr>
<tr><td>(IV) Has the Company compiled statistics on greenhouse gas emissions, volume of water consumption and total weight of waste in the past two years, and to</td><td>✓</td><td></td><td>(I) Environmental Management Policies
1. Comply with international regulations, and responsive to the green environmental protection policy
We have been keeping in line with the trends of environmental protection policies at home and abroad, in order to ensure legal compliance of the Company’s operations.</td><td>None</td></tr>
</table>

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes?			In addition, we launched green products in compliance with international environmental laws and development trends, so as to meet customer's environemnt needs by providing green products. 2. Implementation of environmental management and recycling and reuse of resources Implement environmental management by ISO 9001:2015 and IECQ QC080000 management systems, while the Company appointed a qualified waste disposal company to recycle electronic wastes, mapping the benefits of a circular economy. 3. Encourage employee participation and continuous improvement Continue to promote environmental protection information and education for all employees, and participate related activities sponsored by the government and environmental groups; regularly review the environmental performance, and conduct related improvement meeting discussions for improving any deficiencies at times. (II) Coverage of Data Information: The Company (III) Statistical data in the most recent years: 1. Green House Gas: (1) Green house gas emissions in the past three years	

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
			 Note: 1. The greenhouse gas emission is calculated using the operation control method, and only purchased electricity is taken into account due to company characteristics. 2. The calculation of greenhouse gas emission (scope 2) multiplies activity data with the annual electricity carbon emission factor announced by the Bureau of Energy. Since the 2021 electricity carbon emission factor has not yet been announced, the calculation is based on the electricity carbon emission factor of 0.502 kg CO2e/kWh announced by the Bureau of Energy in 2020. (2) Management policies and implementation status: The Company's Scope 2 greenhouse gas emissions were 556.2 tCO2e in 2021, which grew by 20.3% compared with that in 2020 due to increase in used space. To reduce greenhouse gas	

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
			emissions during business operations, the Company actively implemented various energy-saving plans. In 2021, the Company reduced carbon emissions by 1.972tCO2e. 2. Water Consumption: (1) Water consumption in the past three years  (2) Management policies and implementation status: Richwave uses tap water as the main water source for its operation bases as it aims to provide fresh water for offices, and the water source is from areas	

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	

with no baseline water stress. Our total intake of tap water reached 35,300 liters in 2021, which increased by 10.5% compared to that in the previous year, while per capita use of water decreased by 2.8%. We will continue to implement water resources management to improve water use efficiency and work towards optimal use of water resources.

3. Waste:

(1) Waste disposal volume in the past three years

Type of waste	Waste Disposal	2019	2020	2021
General Industrial Waste	Incinerated Waste (kg)	22,499.8	24,977.3	28,409.3
Hazardous Industrial Waste	Recycled Resources (kg)	195.2	367.8	624.3
Total (kg)		22,695.0	25,345.2	29,033.6

(2) Management policies and Achievement status:

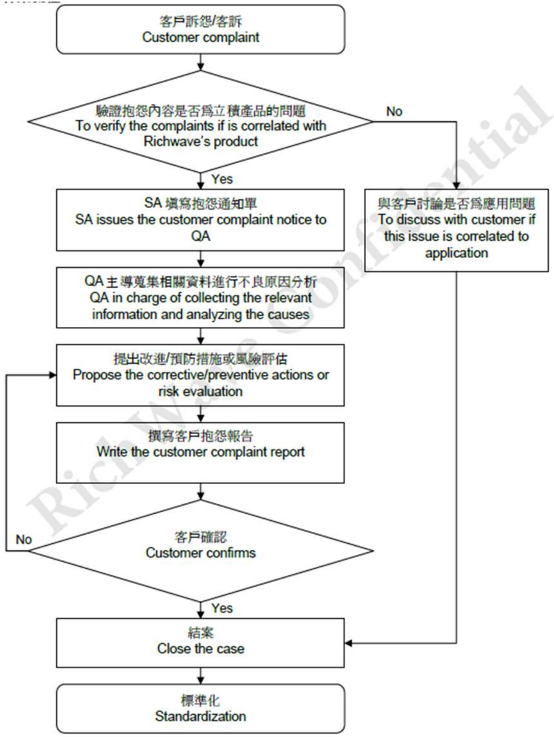
There is no production in the Company’s operation bases, and waste generated is mainly waste from offices, and electronic waste that arise from product samples that are tested in the Company’s laboratory and stored by quality assurance personnel, including electronic scraps and products, scrap of defective products, and other hazardous wastes. The Company has set up dedicated unit for waste management, which is in charge for the reporting, disposal and transportation of hazardous waste, with the purpose to keep track of waste flows ensuring that the process of waste disposal in compliance with the government’s environmental policies and regulations.

In 2021, the Company’s waste discharge totaled 29,033.6kg, of which the major waste is General Industrial Waste being 97.8% of total waste, and

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
			the hazardous business waste is 2.2% of total waste. The waste disposal quantity in 2021 increased by 14.6% compared with 2020 quantity.	
IV. Social Issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?		✓	As Richwave views employees as its most valuable asset, it provides proper work content, a safe and healthy workplace, high pay and good employee benefits, and encourages better work-life balance for employees, including having a family, making friends, and developing personal interests. Richwave has formulated an "Employee Code of Conduct", in addition to delcare equal employment and discrimination prohibition, all employess are requested to maintain the Health and Safety Working Environment. In the future, we will continue to adhere to the United Nations Guiding Principles on Business and Human Rights and Responsible Business Alliance for implementing the Company's human rights policy.	None
(II) Does the Company establish and implement reasonable employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	✓		The Company has established and implemented reasonable employee benefits, including (1) Insurance benefits: Providing labor insurance and national health insurance, as well as comprehensive group insurance for each employee which covers life insurance, critical illness insurance, accident insurance, medical insurance and cancer insurance. The insurance premium shall be borne by the Company. (2) The Company has formulated the Workplace Maternal Health Protection Plan in accordance with the Occupational Safety and Health Act, in order to takes necessary safety and health measures, to ensure the physical and mental health of pregnant, postpartum, and breastfeeding female employees. (3) The Company has established retirement regulations for official employees and has established the Labor Pension Supervisory Committee in accordance with the Labor Standards Act. The Company makes monthly pension contributions equivalent to a certain percentage of employees' gross salaries. (4) Bonuses and allowances including festival bonuses, birthday gifts, marriage, birth and funeral allowances, travel allowances and others. The Company's full-time em-	

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
			ployees will be eligible to receive the aforementioned benefits, whereas other types of bonuses are allocated according to the Company's operating status. (5) There are special on-site nurses and physicians to provide health services. (6) The Company provides employee health check-up every year, in order to care for the employees' health. (7) Meal allowances and travel allowances for working overtime in non-working days.	
(III) Does the Company provide a safe and healthy work environment, and does it organize safe and healthy training for its employees on a regular basis?	✓		1. Measures for providing employees with a safe and healthy work environment: The operating bases of Richwave are mainly offices. To ensure the safety of employees in the workplace, the Company's main workplace safety and environmental protection measures include: (1) Fire safety inspections of public venues; (2) workplace exposure monitoring; (3) employee physical examination; (4) new employee safety and health education and training and access control; (5) Fire safety and CPR Educational Propaganda ; (6) health bulletin boards 2. 2021 Implementation status and relevant verifications: (1) Fire safety inspections: Completed and approved in Mar. 2021 (2) Workplace Environment Evaluation: Completed and approved seperately in Aug. & Sep. for TPE HQ and Hsinchu office. (3) Employee Physical Examination: TPE and Hsinchu Completed in Dec. 2021 (4) New Employee EHS and access control Training: Completed total 85 man person with 806 man hours (5) Fire Safety and CPR Educational Propaganda: Conducted by Hsinchu Fire Brigade Team members at Hsinchu Office, Completed in Dec. 2021 (6) Health Bulletion Boards: Published on the Intra Net and Employee News Letter (7) Fire Safety and CPR	None

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
(IV) Does the Company establish effective career development and training plans for its employees?	✓		The Company continues to provide comprehensive training, including new employee training, management training, professional training and general education courses, providing diversified learning courses for employees in each career stage, so that talent training can meet the needs of the Company and employees, and ensure compliance in the workplace. In 2021, Richwave has held a variety of professional and general courses, including technical courses such as the technology for integrated circuits, big data for urban intelligence, and legal concepts such as the introduction of patent infringement and workplace communication skills. 391 people have been trained, with a total of 24,242 hours of training.	None
(V) Does the Company follow relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, and marketing and labeling of its products and services, and establish related consumer protection policies and grievance procedures?	✓		The Company emphasizes the highest priority of the business is to meet customer satisfaction, and committed to meet customer's need to continue providing products with excellent quality. Regarding the implementation, we adopted multifaceted approach to communicating via the global customer service system, actively solved customer problems from the perspective of customers, and cooperated closely with R&D team to understand the current status of customer needs and develop the diversified products, so as to create company image and brand value, and attain the high level of customer satisfaction and loyalty. We also pay attention to the valuable customer feedbacks, and formulated the "Procedures for Handling Customer Complaints" to efficiently deal with customer complaints, actively review the possible reasons and prevent recurrence of problems. Initially, we classify customer opinions, followed by filing, and work through "Customer Complaint Notice" to ensure effective handling and management of relevant information, and then we will actively clarify the problem, collect relevant information, coordinate between various departments for improvements and responses, and the case will be closed only when the customer's confirmation of satisfaction feed back regarding our improvement plans is received. Furthur more, as the return and exchange service program which is highly related to customer satisfaction, we also formulated the "Customer Return and Exchange Procedures" to provide good return and exchange services to customers and maintain high customer satisfaction. Procedures for Handling Customer Complaints is as follows:	None

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
				
(VI) Does the Company formulate supplier management policies that require suppliers to comply with relevant regulations on	✓		1. The Company has established a comprehensive supplier management process. At the stage of screening, the corporate social responsibility of new suppliers will be reviewed in detail. In addition to review their engineering and technical skills, the Company also requires suppliers to provide their proofs of international quality certifications, and confirm that they do not use hazardous substances and conflict minerals before becoming	None

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
environmental protection, occupational safety and health, and labor rights and request them to report on their implementation?			the approved supplier of Richwave. In 2021, 3 new suppliers were approved via the aforementioned ESG risk assessment, with a coverage rate of 100%. 2. Regarding existing suppliers, the Company also regularly conducts supplier evaluation, and perform supplier audits on an irregular basis when necessary.	
V. Does the Company prepare corporate social responsibility reports and other reports that disclose non-financial information based on universal international reporting standards or guidelines? Does the company obtain assurance or certification of the aforesaid reports from a third-party accreditation institution?	✓		1. The Company plans to issue a Corporate Sustainability Report in June 2022, which disclose data in 2021 (January 1 to December 31, 2021). 2. The Company's Corporate Social Responsibility Report is prepared based on the Core Option of the GRI Standards issued by the Global Reporting Initiative (GRI). The statistical data and information related to the report are obtained from the Company's own investigations and statistics on the departments' daily operations and management, and are calculated based on local regulations, global indicators, industry standards or best practices. 3. The report is not verified by Third Party, however, it is under our plan.	None

VI. If the Company has established sustainable development principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," describe the implementation and any deviations from the Principles:

The Company has not yet compiled a sustainable development principles manual, however the Company has proactively prepared the Sustainability Report of 2021 and will be published in June 2022.

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation Status</th><th>The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th><th></th></tr>
<tr><td colspan="5">VII. Other important information to facilitate better understanding of the Company’s sustainable development practices:
The Company has established a special area for corporate sustainability, which disclose the Company’s corporate sustainable responsibility policies, specific initiatives and achievements. Please refer to the Company’s official website https://www.richwave.com.tw/zh/index.aspx</td></tr>
</table>

(VI) Implementation of ethical corporate management, deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs (I) Does the Company declare its ethical corporate management policies and procedures in its guidelines and external documents, and do the board of directors and management work proactively to implement their commitment to those management policies? (II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"? (III) Does the Company establish policies to prevent unethical conduct with relevant procedures, guidelines of conduct, punishment for violation, rules of appeal clearly stated in the policies, and implement the policies, and review the aforementioned policies on a regular basis?	✓ ✓ ✓		(I) The Company's Board of Directors has passed and established the "Ethical Corporate Management Operating Procedures and Code of Conduct". The President's Office is responsible for promoting and executing ethical corporate management and is obligated to report matters to the Board of Directors whenever necessary. (II) The Company has established the "Ethical Corporate Management Operating Procedures and Code of Conduct". The Company regularly reviews potential risks of unethical conduct and uses the "Ethical Corporate Management Operating Procedures and Code of Conduct" to govern such risks and enhance education and training. The Company also established a whistleblower mailbox to improve the Company's ethical corporate management performance. (III) The Company establishes annual audit plans for audit units to implement audits in accordance with the plan. In the event of special conditions, the Company arranges special audits and reviews and amends related systems.	None
II. Fulfillment of Ethical Corporate Management (I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?		✓	(I) The Company carefully reviews all customers and contractors but has not enacted comprehensive ethics-related clauses in the business contracts.	The Company communicates with employees and implements required measures based on actual needs.
(II) Does the Company establish a unit under the Board of Directors that specializes in promoting ethical corporate management and report the implementation of the ethical corporate management policies and prevention programs against unethical conduct to the Board on a regular basis (at least once every year)?	✓		(II) The Audit Office is responsible for the promotion and execution of ethical corporate management. It also reports the implementation status to the Board of Directors at the end of each year. (III) In case of conflicts of interest, the Company's employees	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly? (IV) Does the Company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or engage CPAs to perform the audits? (V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	✓ ✓ ✓		can report to department supervisors or report directly to the President's Office. (IV) The Company establishes annual audit plans for audit units to implement audits in accordance with the plan. In the event of special conditions, the Company arranges special audits. (V) The Company regularly hold educational trainings on ethical corporate management including external training for management personnel and internal training for employees.	
III. Operation of the Whistle-blowing System (I) Does the Company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party? (II) Does the Company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms? (III) Does the Company provide protection to whistleblowers against receiving improper treatment?	✓ ✓ ✓		(I) The Company has established a reward/whistle-blowing system and assigned the audit supervisor to process reports. (II) The Company has implemented an audit system and procedures for many years. The Company takes follow-up measures and related confidentiality mechanisms after the investigation. (III) The Company provides absolute protection for whistleblowers against improper treatment due to their whistleblowing.	None
IV. Enhanced Information Disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	✓		The Company has disclosed the "Ethical Corporate Management Operating Procedures and Code of Conduct" on MOPS and the Company's website (www.richwave.com.tw) under "Investors" - "Corporate Governance".	None
V. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any deviations from the Principles: The Company carefully evaluates all customers and contractors but has not enacted comprehensive contracts. Other matters are implemented in accordance with the Best Practice Principles.				
VI. Other important information to facilitate better understanding of the Company's ethical corporate management: None.				

(VII) If the Company has adopted corporate governance best practice principles or related bylaws, the inquiry method shall be disclosed:

The Company has disclosed the regulations related to corporate governance including the [Corporate Governance Best Practice Principles], [Rules of Procedure for Shareholders' Meetings], [Rules of Procedure for Board of Directors Meetings], [Remuneration Committee Charter], [Audit Committee Charter], [Procedure for the Election of Directors], [Procedures for Handling Material Inside Information], [Ethical Corporate Management Operating Procedures and Code of Conduct], [Standard Operating Procedure for Processing Directors’ Requests], and [ode of Ethical Conduct] on the Company's website under "Investors" - "Corporate Governance".

(VIII) Other Important Information Regarding Corporate Governance: None.

(IX) Status of Internal Control System:

1. Statement of Internal Control System:

RichWave Technology Corporation
Statement of Internal Control System

Date: Feb. 24, 2022

The Company hereby states the results of the self-evaluation of the internal control system for 2021 as follows:

I. The Company acknowledges that the establishment, implementation and maintenance of an internal control system is the responsibility of the Board of Directors and managers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.

IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2021, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors on Feb., 24, 2022, and out of the 7 Directors in attendance, none objected to it and all consented to the content expressed in this statement.

RichWave Technology Corporation

Chairman of the Board: Dye-Jyun Ma (signature and seal)
President: Shih-Chi Wang (signature and seal)

2. The CPA's review report on the Internal Control System: None.

(X) Penalties imposed upon the Company and its employees in accordance with the law, penalties imposed by the Company upon its employees for the violation of the internal control system policy, principal deficiencies, and improvement status during the most recent fiscal year up to the date of publication of the Annual Report: None.

(XI) Major resolutions of shareholders’ meeting and board meetings during the most recent fiscal year up to the date of publication of the Annual Report:

1. Major resolutions of the 2021 general shareholders’ meeting and implementation:

Date	Major resolutions and implementation	
2021/07/27	1	Adoption of the 2020 Business Report and Financial Statements.
	Implementation status:	Resolution passed.
	2	Adoption of the 2020 Earnings Distribution Proposal.
	Implementation status:	The resolution is passed and implemented according to the shareholders’ meeting resolution. Set September 29, 2021, as the distribution base date and November 4, 2021, as the cash distribution date. (cash dividend of NT$4.0 per share)
	3	Passed the Company’s 2020 Surplus Capital Conversion and New Share Issuance Proposal
	Implementation status:	The resolution is passed and implemented according to the shareholders’ meeting resolution. Set September 29, 2021, as the distribution base date and November 4, 2021, as stock dividend issuance and listing date. (free allotment of 400 shares per every 1000 shares)
	4	Proposal to amend some articles of the Company’s “Articles of Incorporation.”
	Implementation status:	Passed the resolution and announced it on the MOPS site and the Company’s website.
	5	Proposal to amend some articles of the Company’s “Shareholders Meeting Procedure Rules.”
	Implementation status:	Passed the resolution and announced it on the MOPS site and the Company’s website.
	6	Proposal to amend some articles of the Company’s “Director Selection Procedures.”
	Implementation status:	Passed the resolution and announced it on the MOPS site and the Company’s website.

2. Important resolutions of the board of directors for 2021 and as of April 20, 2022:

Date	Important Resolutions		Objections or Reservations of Independent Directors	Implementation Status
12th Session of 6th Meeting on February 25, 2021	1	The Company’s 2020 employee and director remuneration distribution proposal.	—	Implemented According to the Resolution Results
	2	The Company’s 2020 annual business report and financial statement proposal.	—	
	3	The Company’s 2020 earnings distribution proposal.	—	

Date	Important Resolutions		Objections or Reservations of Independent Directors	Implementation Status
	4	The Company's 2020 Surplus Capital Conversion and New Share Issuance Proposal.	—	
	5	The Company's 2020 manager dividend proposal.	—	
	6	The Company's "2020 Internal Control Statement" proposal.	—	
	7	Proposal to amend some operations of the Company's "Articles of Incorporation."	—	
	8	Proposal to amend some articles of the Company's "Shareholders Meeting Procedure Rules."	—	
	9	Proposal to amend some articles of the Company's "Organizational Regulations of the Audit Committee."	—	
	10	Amend some articles of the Company's "Shareholders Meeting Procedure Rules."	—	
	11	Proposal to amend some articles of the Company's "Organizational Regulations of the Remuneration Committee."	—	
	12	Amend some articles of the Company's "Rules on the Scope of Duties for Independent Directors."	—	
	13	Proposal to amend some articles of the Company's "Code of Ethics."	—	
	14	Proposal to amend some articles of the Company's "Director Selection Procedures."	—	
	15	The Company's 2021 CPA appointment proposal.	—	
	16	The Company's manager salary adjustment proposal.	—	
	17	Proposal on matters related to convening the Company's 2021 regular shareholders' meeting.	—	
	Independent director opinions: none.			
	Handling of Independent Directors' Opinions by the Company: none.			
	Resolution Result： passed by all of the attending directors.			
13th Session of 6th Meeting on April 29, 2021	1	The Company's CPA independence assessment proposal.	—	Implemented According to the Resolution Results
	2	The Company's 2021 1st quarter financial statement proposal.	—	
	3	The Company's 2021 annual manager salary adjustment proposal.	—	
	Independent director opinions: none.			
	Handling of Independent Directors' Opinions by the Company: none.			
	Resolution Result： passed by all of the attending directors.			
14th Session of 6th Meeting on May 19, 2021	1	The Company's 2021 general shareholders' meeting changed venue due to COVID-19	—	Implemented According to the Resolution Results
	Independent director opinions: none.			
	Handling of Independent Directors' Opinions by the Company: none.			
	Resolution Result： passed by all of the attending directors.			
	1	2020 first employee stock option issuance related roster.	—	Implemented According to
	2	Change the Company's 2021 Shareholders Meeting Date & Location	—	

Date	Important Resolutions		Objections or Reservations of Independent Directors	Implementation Status
15th Session of 6th Meeting on June 17, 2021	3	The Company's Bank Loan Quota Proposal	—	the Resolution Results
	Independent director opinions: none.			
	Handling of Independent Directors' Opinions by the Company: none.			
	Resolution Result： passed by all of the attending directors.			
16th Session of 6th Meeting on July 1, 2021	1	Change the Company's 2021 Shareholders Meeting Date & Location	—	Implemented According to the Resolution Results
	2	The Company's Bank Loan Quota Proposal	—	
	Independent director opinions: none.			
	Handling of Independent Directors' Opinions by the Company: none.			
	Resolution Result： passed by all of the attending directors.			
17th Session of 6th Meeting on August 5, 2021	1	The Company's 2021 2nd quarter financial report proposal.	—	Implemented According to the Resolution Results
	2	Set the Company's dividend base date for a capital increase, new share issuance, and cash dividend distribution.	—	
	3	The Company's "Internal Control System" revision proposal.	—	
	Independent director opinions: none.			
	Handling of Independent Directors' Opinions by the Company: none.			
	Resolution Result： passed by all of the attending directors.			
18th Session of 6th Meeting on October 28, 2021	1	The Company's 2021 3rd quarter financial statement proposal.	—	Implemented According to the Resolution Results
	2	Amend some articles of the Company's "Integrity Management Operating Procedure and Action Guideline"	—	
	3	The Company's management personnel change proposal	—	
	4	The Company's 2020 manager dividend ratification proposal	—	
	Independent director opinions: none.			
	Handling of Independent Directors' Opinions by the Company: none.			
	Resolution Result： passed by all of the attending directors.			
19th Session of 6th Meeting on December 23, 2021	1	The Company's 2022 "Internal Audit Plan" proposal.	—	Implemented According to the Resolution Results
	2	The Company's 2022 financial statement forecast proposal.	—	
	3	Set the Company's "Risk Management Policy and Procedures"	—	
	4	Set the Company's "Information Security Risk Management Policy and Procedures"	—	
	5	Proposal to establish a Shanghai Branch under Shenzhen YingHon Technology Corp.	—	
	Independent director opinions: none.			
	Handling of Independent Directors' Opinions by the Company: none.			
	Resolution Result： passed by all of the attending directors.			
	1	The Company's 2021 employee and director remuneration distribution proposal.	—	Implemented According to

Date	Important Resolutions		Objections or Reservations of Independent Directors	Implementation Status
20th Session of 6th Meeting on February 24, 2022	2	The Company’s 2021 annual business report and financial statement proposal.	—	the Resolution Results
	3	The Company’s 2021 earnings distribution proposal.	—	
	4	The Company’s “2021 Internal Control Statement” proposal.	—	
	5	Proposal to amend some articles of the Company’s “Articles of Incorporation.”	—	
	6	Amend some articles of the Company’s “Assets Acquisition or Disposal Handling Procedures.”	—	
	7	Proposal to change the CPA according to the internal work adjustment of Deloitte Touche Tohmatsu Limited.	—	
	8	The Company’s 2021 CPA appointment proposal.	—	
	9	Cash capital increase proposal for the subsidiary Shenzhen YingHong Technology Corp.	—	
	10	The Company’s Bank Loan Quota Proposal.	—	
	11	Full Director Re-election Proposal.	—	
	12	Director and independent director candidate nomination proposal.	—	
	13	Proposal to release the Company’s new directors from the non-compete clause	—	
	14	The Company’s 2021 manager dividend proposal.	—	
	15	Proposal on matters related to convening the Company’s 2022 regular shareholders’ meeting	—	
	Independent director opinions: none.			
	Handling of Independent Directors’ Opinions by the Company: none.			
	Resolution Result： passed by all of the attending directors.			

(XII) Any dissenting opinion expressed by a director or supervisor with respect to a major resolution passed by the Board of Directors during the most recent fiscal year and up to the date of publication of the Annual Report, where said dissenting opinion has been recorded or prepared as a written declaration: None.

(XIII) A summary of resignations and dismissals of the Company's chairperson, president, accounting manager, financial manager, chief internal auditor, or research and development officer during the most recent fiscal year and up to the date of publication of the Annual Report:

Title	Name	Date	Reasons for resignation or dismissal
Senior Executive Vice President of R&D	Hui-Ching Chien	Feb. 05, 2021	Retirement

V. Certified Public Accountant (CPA) Fee Information

(I) Certified Public Accountant (CPA) Fee Information

CPA firm	Name of CPAs	Audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte, Taiwan	Tung-Hui Yeh	2021/01/01-2021/12/31	3,150	390	3,540	None
	Cheng-Chih Lin	2021/01/01-2021/12/31				

Note: Non-audit fees include the review and certification of the salaries of non-management personnel.

1. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.
2. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: No such occurrences.

(IV) Evaluation of the independence of CPAs: The Company evaluates the independence of CPAs on the following dimensions every year and reports the evaluation results to the Board of Directors.

The 2021 evaluation results met criteria for independence and the evaluation items were as follows:

1. The CPA does not have significant financial interest in the Company.
2. The CPA avoids any inappropriate relationship with the Company.
3. The CPA shall ensure that his/her assistants are honest, fair and independent.
4. The CPA does not and had not served as the Company's director, supervisor, managerial officer, or positions that may have significant impact on the audit in the most recent two years.
5. During the audit period, the CPA, his/her spouses, and dependents did not serve as directors, supervisors or managerial officers of the Company and did not assume positions that may directly and significantly affect the audit during the audit period. If a close relative of the CPA within the fourth degree of kinship serves as a director, supervisor, or managerial officer of the Company or positions that may directly and significantly affect the audit during the audit period, the breach of independence must be reduced to an acceptable level.
6. The CPA did not receive gifts or presents of significant value (where their values have not exceeded the general etiquette standards) from the Company or directors,

supervisors, or managerial officers of the Company.

7. The CPA may not permit others to practice under his/her name.
8. The CPA may not engage in lending and borrowing of money with the Company except for regular transactions in the finance industry.
9. The CPA may not concurrently engage in other businesses that may lead to loss of independence.
10. The CPA may not collect any commission related to his/her service.
11. The CPA may not hold shares in the Company.
12. The CPA may not hold any concurrent regular position in the Company nor receive any fixed salary.
13. The CPA may not engage in joint investments or benefit sharing with the Company.
14. The CPA may not participate in the decision-making process of the Company in a management capacity.

VI. Information on Replacement of CPAs

The Company has changed the CPAs in the past two years and in the subsequent period:

(I) Regarding the former CPAs:

Date of Replacement	From the financial statements on Q1, 2022 (approved by the Board of Directors on February 24, 2022		
Reason for Replacement and Explanation	In accordance with requirements for rotations of CPAs in related regulations.		
Statement on whether the authorizing party or the CPA terminated or declined the engagement	Counterparty Situation	CPA	The Authorizing Party
	Voluntarily terminated the engagement	N/A	N/A
	CPA declined to accept (continue) the appointment	N/A	N/A
The opinion and reason for issuing an audit report expressing other than an unqualified opinion during the 2 most recent years	N/A		
Different opinions from the issuer	None	Accounting principles or practices	
	None	Disclosure of financial statements	
	None	Scope or procedure of auditing	
	None	Others	
Other Disclosures (Matters that should be disclosed in accordance with Item 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations)	None		

(II) Regarding the succeeding CPAs:

CPA Firm	Deloitte, Taiwan
Name of CPAs	Jian-Ming ,Zeng, CPA & Su-Li Fang CPA
Date of Engagement	From the financial statements on Q1, 2022 (approved by the Board of Directors on February 24, 2022
Subjects discussed and the consultation results with the newly engaged CPAs regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the company's financial report prior to the formal engagement	None
Written views from the successor CPAs regarding the matters on which they did not agree with the former CPAs	None

(III) The former CPA's response for Article 10, Subparagraph 6, Item 1 and Item 2-3 of the accounting standards: Not applicable.

VII. Company Chairperson, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm

None.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent

(I) Transfers of shares and pledged shares by directors, supervisors, managers and major shareholders:

Unit: shares

Title	Name	2021		2022 up to Mar. 28	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman of the Board	Dye-Jyun Ma	659,297	0	0	0
Director/President	Shih-Chi Wang	1,030,502	0	0	0

Title	Name	2021		2022 up to Mar. 28	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Director/ Senior Executive Vice President of R&D	Wei-Kang Teng	50,831	0	0	0
Director	Ching-Hua Wang	0	0	0	0
Independent Director	Chih-Hung Wen	0	0	0	0
Independent Director	Chiang-Lin Chang	0	0	0	0
Independent Director	Chia-Ying Ma	0	0	0	0
Senior Vice President	Hui-Ching Chien (Note 1)	N/A	N/A	N/A	N/A
Senior Vice President	Tzu-Hsiang Liu	152,602	0	0	0
Senior Vice President	Chuan-Chen Chao	217,602	0	0	0
Vice President of R&D	Hsiang-Feng Chi	34,440	0	0	0
Vice President of R&D	Chi-Fu Liang	0	0	0	0
Finance and Accounting Manager	Wei-Che Hsu	0	0	0	0
Vice President of Sales Marketing	Chih-Chieh Huang	40	0	0	0
Vice President of Operations	Hung-Shuo Chang	0	0	0	0
Senior Assistant Vice President	Mei-Hui Lin	(763)	0	0	0

Note 1: Mr. Hui-Ching Chien retired on Feb. 5, 2021.

Note 2: Chih-Chieh Huang engaged on Apr.12, 2021.

Note 3: Hung-Shuo Chang engaged on Nov.29, 2021.

(II) Information regarding equity transfer: None.

(III) Information regarding pledging of shares: None.

IX. Information on the Relationship among the Top Ten Shareholders Who are Identified as Related Parties, Spouse or Relative within Second-Degree of Kinship

Shareholding information as of Mar. 28, 2022; unit: shares

Name	Personal shareholding		Spouse & minor shareholding		Shares held under nominee accounts		Shareholders with the top 10 shareholding ratios who are related, or their spouses and second-degree relatives' names and their respective relationships		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relation	
Shih-Chi Wang	3,606,757	4.08%	2,720,540	3.08%	0	0.00%	Dye-Jyun Ma	Spouse	—
Dye-Jyun Ma	2,720,540	3.08%	3,606,757	4.08%	0	0.00%	None	None	—
HSBC Managed Hackley International Investors Small Business Fund	2,090,800	2.36%	0	0.00%	0	0.00%	None	None	—
Standard Chartered Business Department in custody for Fidelity Fund Investment Account	1,393,000	1.57%	0	0.00%	0	0.00%	Shih-Chi Wang	Spouse	—
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	1,105,800	1.25%	0	0.00%	0	0.00%	None	None	—
HSBC (Taiwan) in custody for Investment Association Danica Retirement Department of Danish Investment Agency - Stocks	1,030,400	1.16%	0	0.00%	0	0.00%	None	None	—
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a Series of Vanguard Star Funds	1,022,600	1.16%	0	0.00%	0	0.00%	None	None	—
Standard Chartered Business Department in custody for Newport Emerging Markets Equity Fund Investment Account	1,022,000	1.16%	0	0.00%	0	0.00%	None	None	—
Citibank Managed Public Islamic Asia Strategy Allocation Account	1,020,600	1.15%	0	0.00%	0	0.00%	None	None	—
Standard Chartered Business Department in custody for Schroders Bank Robotech Investment Account	1,000,000	1.13%	0	0.00%	0	0.00%	None	None	—

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

Not applicable

Chapter IV. Capital Overview

I. Capital and Shares

(I) Sources of capital:

Apr. 20, 2021; Unit: shares; NT$

Month/year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Subscriptions paid with property other than cash	Others
2004.01	10	100,000	1,000,000	100,000	1,000,000	Initial capital: NT$1,000,000.	-	Jian-Fu-Shang No. 09300030410 dated Jan. 7, 2004
2004.03	10	4,000,000	40,000,000	20,000,000	200,000,000	Cash capital increase: NT$199,000,000	-	Jian-Fu-Shang No. 09307004900 dated Mar. 12, 204
2005.05	10	4,000,000	40,000,000	26,666,000	266,660,000	Cash capital increase: NT$66,660,000	-	Jian-Fu-Shang No. 09409199510 dated May 26, 2005
2006.03	10	4,000,000	40,000,000	31,666,000	316,660,000	Cash capital increase: NT$50,000,000	-	Jian-Fu-Shang No. 09575767410 dated Apr. 20, 2006
2007.11	10	4,000,000	40,000,000	34,666,000	346,660,000	Cash capital increase: NT$30,000,000	-	Fu-Chan-Ye-Shang No. 09692669010 dated Nov. 30, 2007
2009.03	10	4,000,000	40,000,000	35,341,000	353,410,000	Employees' exercise of share subscription warrants: NT$6,750,000	-	Fu-Chan-Ye-Shang No. 09882283610 dated Mar. 17, 2009
2009.08	10	4,000,000	40,000,000	35,421,000	354,210,000	Employees' exercise of share subscription warrants: NT$800,000	-	Fu-Chan-Ye-Shang No. 09886292310 dated Aug. 6, 2009
2010.02	10	4,000,000	40,000,000	36,513,000	365,130,000	Employees' exercise of share subscription warrants: NT$10,920,000	-	Fu-Chan-Ye-Shang No. 09980422910 dated Feb. 12, 2010
2010.06	10	10,000,000	100,000,000	38,013,000	380,130,000	Cash capital increase: NT$15,000,000	-	Fu-Chan-Ye-Shang No. 09985153020 dated Jul. 8, 2010
2010.06	10	10,000,000	100,000,000	38,904,436	389,044,360	Capitalization of earnings: NT$8,914,360	-	Fu-Chan-Ye-Shang No. 09985986910 dated Jul. 28, 2010
2010.06	10	10,000,000	100,000,000	39,000,586	390,005,860	Employee bonus converted to capital increase: NT$961,500	-	Fu-Chan-Ye-Shang No. 09985986910 dated Jul. 28, 2010
2010.07	10	10,000,000	100,000,000	39,270,586	392,705,860	Employees' exercise of share subscription warrants: NT$2,700,000	-	Fu-Chan-Ye-Shang No. 09985986910 dated Jul. 28, 2010
2011.04	10	10,000,000	100,000,000	40,275,586	402,755,860	Employees' exercise of share subscription warrants: NT$10,050,000	-	Fu-Chan-Ye-Shang No. 10082496410 dated Apr. 26, 2011

Month/year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Subscriptions paid with property other than cash	Others
2011.11	10	10,000,000	100,000,000	40,353,586	403,535,860	Employees' exercise of share subscription warrants: NT$780,000	-	Fu-Chan-Ye-Shang No. 10088581810 dated Nov. 4, 2011
2012.05	10	10,000,000	100,000,000	40,412,586	404,125,860	Employees' exercise of share subscription warrants: NT$590,000	-	Fu-Chan-Ye-Shang No. 10183087510 dated May 7, 2012
2012.09	10	10,000,000	100,000,000	40,484,586	404,845,860	Employees' exercise of share subscription warrants: NT$720,000	-	Fu-Chan-Ye-Shang No. 10187747900 dated Sep. 25, 2012
2013.04	10	10,000,000	100,000,000	40,964,586	409,645,860	Employees' exercise of share subscription warrants: NT$4,800,000	-	Fu-Chan-Ye-Shang No. 10283031510 dated Apr. 23, 2013
2013.08	10	10,000,000	100,000,000	41,057,586	410,575,860	Employees' exercise of share subscription warrants: NT$930,000	-	Fu-Chan-Ye-Shang No. 10287288800 dated Aug. 28, 2013
2014.04	10	10,000,000	100,000,000	41,929,586	419,295,860	Employees' exercise of share subscription warrants: NT$8,720,000	-	Fu-Chan-Ye-Shang No. 10382317110 dated Apr. 2, 2014
2014.08	10	10,000,000	100,000,000	42,430,586	424,305,860	Employees' exercise of share subscription warrants: NT$5,010,000	-	Fu-Chan-Ye-Shang No. 10387457500 dated Aug. 29, 2014
2015.03	10	10,000,000	100,000,000	43,915,586	439,155,860	Employees' exercise of share subscription warrants: NT$14,850,000	-	Fu-Chan-Ye-Shang No. 10481552210 dated Mar. 13, 2014
2015.09	10	10,000,000	100,000,000	43,997,586	439,975,860	Employees' exercise of share subscription warrants: NT$820,000	-	Fu-Chan-Ye-Shang No. 10487420710 dated Sep. 4, 2015
2015.11	10	10,000,000	100,000,000	49,897,586	498,975,860	Cash capital increase: NT$59,000,000	-	Fu-Chan-Ye-Shang No. 10490807000 dated Dec. 7, 2015
2016.08	10	10,000,000	100,000,000	54,887,344	548,873,440	Capitalization of earnings: NT$49,897,580	-	Fu-Chan-Ye-Shang No. 10590600400 dated Jul. 27, 2016
2018.10	10	10,000,000	100,000,000	60,376,078	603,760,780	Capitalization of earnings: NT$54,887,340	-	Jing Shou-Shang No. 10701125770 dated Oct. 08, 2018
2019.08	10	10,000,000	100,000,000	61,403,078	614,030,780	Employees' exercise of share subscription warrants: NT$10,270,000	-	Jing Shou-Shang No. 10801117260 dated Aug. 21, 2019
2019.11	10	10,000,000	100,000,000	61,878,078	618,780,780	Employees' exercise of share subscription warrants: NT$ 4,750,000	-	Jing Shou-Shang No. 10801159610 dated Nov. 13, 2019

Month/year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Subscrip-tions paid with property other than cash	Others
2020.03	10	10,000,000	100,000,000	62,143,078	621,430,780	Employees' exercise of share subscription warrants: NT$2,650,000	-	Jing Shou-Shang No. 10901040480 dated Mar. 30, 2020 Jing Shou-Shang No. 10901081180 dated May 27, 2020
2020.08	10	10,000,000	100,000,000	63,192,078	631,920,780	Employees' exercise of share subscription warrants: NT$10,490,000	-	Jing Shou-Shang No. 10901155330 dated Aug. 24, 2020
2021.08	10	20,000,000	200,000,000	63,192,078	631,920,780	Change Quota Amoun	-	Shou-Shang No. 11001153440 dated Aug. 24, 2021
2021.10	10	20,000,000	200,000,000	88,468,906	884,689,060	Capitalization of earnings: NT$252,768,280	-	Jing Shou-Shang No. 11001188320 dated Oct. 19, 2021

March 28, 2022; unit: shares

Shareholding Category	Authorized capital		
	Issued shares	Unissued shares	Total
Ordinary shares	88,468,906shares	11,531,094 shares	200,000,000 shares

(II) Shareholder structure:

Shareholding information as of Mar. 28, 2022; unit: shares

Shareholder structure / Quantity	Government agencies	Financial insti-tutions	Other institu-tional share-holders	Individuals	Foreign institu-tions & natural persons	Total
Number of shareholders	0	14	160	27,950	201	28,325
Shareholding (shares)	0	1,539,637	1,265,390	54,376,342	31,287,537	88,468,906
Percentage (%)	0.00%	1.74%	1.43%	61.46%	35.37%	100.00%

(III) Shareholding distribution status:

1. Ordinary shares:

Shareholding information as of Mar. 28, 2022

Shareholding classification	Number of shareholders	Shareholding (shares)	Percentage (%)
1-999	15,638	1,477,038	1.67%
1,000-5,000	10,759	20,872,047	23.59%
5,001-10,000	1,175	8,467,104	9.57%
10,001-15,000	274	3,471,201	3.92%
15,001-20,000	136	2,408,711	2.72%
20,001-30,000	108	2,661,189	3.01%
30,001-40,000	50	1,768,860	2.00%
40,001-50,000	23	1,025,837	1.16%
50,001-100,000	56	3,807,602	4.30%
100,001-200,000	51	7,426,147	8.40%
200,001-400,000	24	6,565,796	7.42%
400,001-600,000	15	7,329,849	8.29%
600,001-800,000	2	1,461,408	1.65%
800,001-1,000,000	5	4,713,620	5.33%
More than 1,000,001	9	15,012,497	16.97%
Total	28,325	88,468,906	100.00%

2. Preferred shares: Not applicable.

(IV) List of major shareholders:

Names, shares and percentage of shareholding of top ten shareholders with more than 5% of equity:

March 28, 2022; Unit: shares

Shareholding Name of major shareholder	Shareholding (shares)	Percentage (%)
Shih-Chi Wang	3,606,757	4.08%
Dye-Jyun Ma	2,720,540	3.08%
HSBC Managed Hackley International Investors Small Business Fund	2,090,800	2.36%
Standard Chartered Business Department in custody for Fidelity Fund Investment Account	1,393,000	1.57%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	1,105,800	1.25%
HSBC (Taiwan) in custody for Investment Association Danica Retirement Department of Danish Investment Agency - Stocks	1,030,400	1.16%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a Series of Vanguard Star Funds	1,022,600	1.16%
Standard Chartered Business Department in custody for Newport Emerging Markets Equity Fund Investment Account	1,022,000	1.16%
Citibank Managed Public Islamic Asia Strategy Allocation Account	1,020,600	1.15%
Standard Chartered Business Department in custody for Schroders Bank Robotech Investment Account	1,000,000	1.13%

(V) Share prices for the past two fiscal years, with company net worth per share, earnings per share, dividends per share, and related information

Unit: thousand shares; NT$

Year Item			2020	2021
Market price per share (Note 1)	Highest		405	688
	Lowest		92.7	206
	Average		217.34	429.91
Net worth per share (Note 2)	Before distribution		34.58	27.10
	After distribution		26.58	23.60 (Note3)
Earnings per share	Weighted average shares		87,719	88,469
	Earnings per share	Before adjustment	13.82	5.26
		After adjustment	9.87	5.26 (Note3)
Dividends per share	Cash dividends		4	3.5 (Note3)
	Stock dividends	Before adjustment	4	4 (Note 3)
		After adjustment	0	0
	Accumulated undistributed dividends (Note 4)		0	0
Return on investment	Price/earnings ratio (Note 5)		15.73	81.73
	Price/dividend ratio (Note 6)		54.34	122.83
	Cash dividend yield rate (Note 7)		1.84%	0.81%

*If retained earnings or capital surplus is used for capital increase, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: Specify the highest market value and the lowest market value of the ordinary shares for each year, and calculate the average market price for each year based on the trading value and turnover for each year.

Note 2: Apply the quantity of shares already issued at the end of the year and specify the status of distribution according to the resolution made by the shareholders' meeting held in the following year.

Note 3: The distribution of earnings for 2020 has been approved by the Board of Directors and will be determined in a resolution of the shareholders' meeting.

Note 4: If the terms of issuance of the equity securities provide that any dividends declared but not paid may be carried forward until the Company has earnings, the amount of accrued unpaid dividends as at the end of such fiscal year shall be disclosed.

Note 5: Price/earnings ratio = average closing price per share for the year/earnings per share.

Note 6: Price/dividend ratio = average closing price per share for the year/cash dividend per share.

Note 7: Cash dividend yield = cash dividends per share/average closing price per share for the current fiscal year.

Note 8: Information reviewed by CPA.

(VI) Company's dividend policy and implementation thereof

1. Dividend policy established in the Articles of Incorporation:

The Company shall use the earnings for year, if any, to pay taxes first and offset accumulated losses. Next, it shall allocate 10% of the remaining balance as legal surplus reserve. However, no additional legal surplus reserve shall be appropriated once it reaches the Company's paid-in capital. Special reserve shall then be appropriated or reversed from the balance pursuant to relevant laws and regulations. The Board of Directors shall draft the proposal for appropriation of earnings based on the remaining balance, if any, combined with accumulated unappropriated earnings and submit it to the shareholders' meeting for resolution on bonus to shareholders.

The Company has adopted a prudent and balanced dividend policy. We consider factors such as profitability, financial structure, and future development of the Company, and consider the growth of future profitability and capital requirements for the distribution of stock dividends and cash dividends. The percentage of cash dividends distributed shall not be less than 10% of the dividends distributed in the current year.

2. The proposed dividend distribution of shareholders' meeting this year:

Unit: shares; NT$ thousands

Year Dividends per share		Proposal for the 2022 general shareholders meeting
Cash dividends	Earnings distribution	3.5

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting

The Company did not disclose its 2022 financial forecast and this item is therefore not applicable.

(VIII) Compensation of employees and directors

1. The percentages or ranges with respect to employee and director compensation, as set forth in the Company's Articles of Incorporation

   The Company shall appropriate no less than 8% of current year profit as employee compensation by cash or shares upon approval of the Board of Directors. Employee compensation may be issued to employees in affiliate companies that meet certain criteria. The Company may appropriate no more than 1% of the above profit as Directors' compensation upon approval of the Board of Directors. The allocation of employees' and Directors' compensation shall be reported to the shareholders' meeting.

   However, when the Company still has accumulated loss, a certain amount of the earnings shall be retained for making up the loss and the remainder may be set aside as compensation for employees and Directors.

2. The accounting in the case of deviation from the basis for stating employees bonus and remuneration to directors, the basis for calculating the quantity of stock dividends to be allocated, and the actual allocation:

   The Company calculates the distributable compensation for employees and directors in accordance with the Company Act and the Articles of Incorporation and Ji-Mi No. 052 Interpretation (2007) of the Accounting Research and Development Foundation's (ARDF). The Company prepares estimates in the interim and annual financial statements, and includes the employees' and directors' compensation as an appropriate accounting items under operating expenses based on the nature of the employees' and directors' remuneration. If there is a discrepancy between the amount for distribution approved at the shareholders' meeting and the amount estimated in financial statements, it is considered as a change of estimate and is listed as profit or loss for the current period.

3. Information about allocation of bonus resolved by the Directors' Meeting:

(1) Compensation for employees and Directors shall be distributed in the form of cash or shares. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

Unit: NT$

Distribution item	Distribution amount approved by the Board of Directors (A)	Estimated amount recognized as annual expenses (B)	Difference (A) - (B)	Cause	Implementation status
Employee compensation	46,321,338	46,321,338	-	None	None
Director compensation	5,790,167	5,790,167	-	None	None

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the individual financial reports for the current period and total employee compensation: The Company's Board of Directors resolved in the meeting on Feb. 24, 2022 to distribute employee compensation totaling NT$46,321 thousand. The distribution shall be completed entirely in cash and this percentage is therefore not applicable.

4. The actual distribution of employee, director, and supervisor compensation from earnings of the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated:

The distribution plan proposed and passed in the board meeting and shareholders' meeting in 2021 was the same as actual conditions. The resolution and distribution conditions are as follows:

Board meeting resolution date		2021.02.25
Shareholders' meeting resolution date		2021.07.27
Item		Resolutions and implementation
Cash dividends for shareholders	Distribution of earnings (cash dividend of NT$4 per share)	NT$252,768,312
Stock dividends for shareholders	Distribution of earnings (NT$4 per share)	NT$252,768,280
Employee compensation	Total amount (NT$)	NT$89,416,019
Director compensation (NT$)		NT$11,177,002

(IX) Share repurchases: None.

II. Corporate Bonds

None.

III. Preferred Shares

None.

IV. Global Depositary Receipts (GDR)

None.

V. Employee Stock Options

(I) Employee stock options:

1. Status of outstanding employee stock options and impact on shareholders' equity:

Shareholding information as of Apr. 20, 2022

Type of employee stock options	**The fourth time (period) Employee stock options**
Announced effective date	2020.12.01
Issuance date	—
Warrant exercise period	5 years
Ratio of issued subscriptions on the total number of shares issued	0.34%
Issues distributed	300
Exercise method	Issuance of new shares
Duration and ratio of restricted shares (%)	50% after two years 75% after three years 100% after four years
Number of shares exercised (thousand shares)	—
Monetary values of share subscriptions exercised (NT$ thousand)	—
Number of shares not yet executed (thousand shares)	—
Number of units recovered by the Company for voidance (thousand shares)	—
Subscription price per share for individuals with share options	—
Units unexercised to total outstanding shares (%)	—
Impact on shareholders' equity	The Company attracts and retains the professional talents required by the Company, and enhances the Company's coherence and sense of belonging among employees, jointly creating the interests of the company and shareholders, and has a positive impact on shareholders' equity.

2. Names of managerial officers receiving employee stock options and names of top ten employees receiving employee stock options, their exercise and subscription:

Apr. 20, 2022

	Title	Name	Stock subscriptions obtained (thousand shares)	Ratio of share subscriptions received on the total shares outstanding (%)	Exercised				Unexercised			
					Share subscriptions (thousand shares)	Subscription price (NT$)	Monetary values of share subscriptions (NT$ thousand)	Ratio of share subscriptions on the total shares outstanding (%)	Share subscriptions (thousand shares)	Subscription price (NT$)	Monetary values of share subscriptions (NT$ thousand)	Ratio of share subscriptions on the total shares outstanding (%)
Manager	Chairman of the Board	Dye-Jyun Ma	250	0.28	—	—	—	—	—	—	—	—
	President	Shih-Chi Wang										
	Senior Executive Vice President	Wei-Kang Teng										
	Vice President	Hsiang-Feng Chi										
	Vice President	Tzu-Hsiang Liu										
	Vice President	Chuan-Chen Chao										
	Finance and Accounting Manager	Wei-Che Hsu										
	Vice President of Sales Marketing	Chih-Chieh Huang										
	Vice President of Operations	Hung-Shuo Chang										
	Senior Assistant Vice President	Mei-Hui Lin										
Employees	Senior Manager	Yu-Ling Chiu	50	0.06	—	—	—	—	—	—	—	—
	Senior Manager	Guei-Meu Dau										
	Manager	Shu-Fang Chin										

(II) Restricted employee shares

1. **Status of outstanding employee stock options that have not fully met the vesting conditions and the impact on shareholders' equity: Not applicable.**
2. **The names of the managers and top ten employees who obtained the new restricted employees' right shares, and the acquisition status: Not applicable.**

VI. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies

None.

VII. Implementation of the Company's Capital Allocation Plans

As of the quarter before the publication date of the annual report, the Company has no capital allocation plans that were not completed or capital allocation plans that were completed in the past three years but the expected benefits have not yet materialized.

Chapter V. Operational Highlights

I. Business Activities

(I) Business scope:

1. Primary business activities:

CC01050 Data Storage Media Units Manufacturing

CC01070 Telecommunication Equipment and Apparatus Manufacturing

CC01080 Electronic Parts and Components Manufacturing

E605010 Computing Equipment Installation Construction

E701010 Communication Engineering Services

F118010 Information Software Wholesaler

F119010 Electronic Material Wholesaler

IZ99990 Other Industry and Commerce Services Not Elsewhere Classified (Integrated Circuit Testing Services)

F218010 Retail Sale of Computer Software

ZZ99999 All business not prohibited or restricted by law, except for those subject to special approval

F401010 International trade

F601010 Intellectual Property

I301010 Software Design Services

I301020 Data Processing Services

I301030 Digital Information Supply Services

I501010 Product Design Services

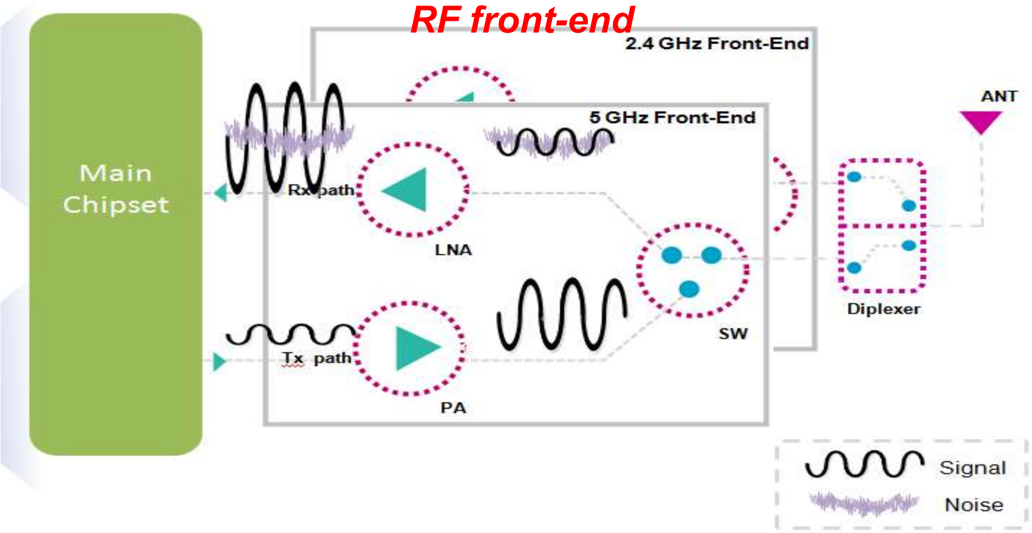
2. Percentage of revenue:

Unit: NT$ thousands; %

Main product categories	2020		2021	
	Amount	Percentage	Amount	Percentage
Wi-Fi	4,963,566	92.77	5,038,763	94.78
LTE	185,650	3.47	144,483	2.72
FM tuner	119,252	2.23	55,633	1.05
Wireless video/audio	55,869	1.04	52,743	0.99
Others	25,863	0.48	24,645	0.46
Total	5,350,200	100.00	5,316,267	100.00

Source: Parent company-only financial statement certified by the CPA.

3. Current products and services:



The Company's current products and services mainly include:

A. R&D and sales of RFIC front-end modules (FEMs) for Wi-Fi connectivity solutions including power amplifiers, low noise amplifiers, switches, and integrated FEMs.

- ▶Power Amplifier (PA) - The main function of a PA is to amplify signals processed by the baseband processor so that the signal can be transmitted.
- ▶Low Noise Amplifier (LNA) - The main function of an LNA is to amplify the received signal and lower the noise figure in the signal, so that the signal can be used for back-end system.
- ▶Switch (SW) - The main function of an SW is to control the connection or disconnection of the signal transmission path by charge accumulation or extrusion in the electronic channel driven by the voltage.
- ▶Front-end module (FEM) - An FEM is a combination of any PA, LNA, or SW.

B. The development and sales of RFIC and system on chip (SOC) for Hz wireless audio and video transmission including RF transceiver and audio and video compression/decompression SOC.2.4G2.4G

C. R&D and sales of RFIC used for LTE femtocell including power amplifiers and switches.3G4G

4. New products under development:

The new products we plan to develop in the future based on market demand include five main categories:

A. RFIC FEMs for WiFi 6/ WiFi 6E and high-power applications

B. RFIC FEMs for mobile phone applications3G4G5G

C. Wireless transceiver chips that support high-definition and high-speed frequency hopping

D. RFIC chips that support IoT Sub-1GHz applications1G

E. SAW and BAW filter chip series

(II) Industry overview:

1. Current state and development of the industry:

In recent years, the growing demands for wireless products, optics, and other high-frequency applications have become one of the major growth driving forces for the global radio frequency integrated circuit (RF IC) market. The increasing demands for the Internet of Things (IoT) applications globally have also boosted the demand for RF ICs. According to the ITRI Industrial Economics and Knowledge Center statistics, revenues from the IC design industry have repeatedly reached new highs due to the state of the global IC market short supply caused by the home economy market driven by COVID-19 and the transfer of international order due to the US-China trade war. In 2021, Taiwan's IC design output value exceeded NT$1 trillion for the first time (reaching NT$1.2147 trillion), and the annual growth rate of 42.4% has reached a 20-year high. The growing demands for WiFi and GPS wireless are also anticipated to help drive the growth of the global RF IC market.

RF IC chips are widely used in wireless-related communication fields. It is a general term for all chips that process high-frequency electromagnetic waves. Its main function is to provide various wavelength carriers (radio waves, sound waves, electromagnetic waves, etc.) for data transmission and reception. Therefore, RF IC radio frequency chips are widely used for low-frequency AM, FM, SW (short wave) broadcasting; DVB TV digital broadcasting; higher-frequency wireless communication applications such as GPS, mobile phones, wireless network (WLAN), and Bluetooth; and UHF receiving systems for satellite reception at above 10GHz. RF IC chips are primarily divided into front-end RF chips (including power amplifiers, low noise amplifiers, antenna switches, and front-end integrated RF chips) and RF transceivers. However, due to the extremely high threshold of RF technology, the main front-end RF chip suppliers include Skyworks, Qorvo, and Richwave.

RF design is the key technology for network communication applications, and its main application fields include WiFi, smartphones, and the IoT market. The skyrocketed demands for a remote or unattended terminal scenario such as smart home, logistics, and manufacturing have accelerated the Netcom technology iteration updates. According to the research by TrendForce, WiFi 4 (802.11n) and WiFi 5 (802.11ac) are still the mainstream, and WiFi 6 and 6E (802.11ax) is in the promotional stage. To meet the communication demands to make the Metaverse a reality, major manufacturers will set their sights on the faster and more stable WiFi 7 (802.11be). Considering the technical features, maturity, and product certification status, WiFi 6 and 6E will likely gain the market's attention in 2022, and their popularity rates will continue to increase.

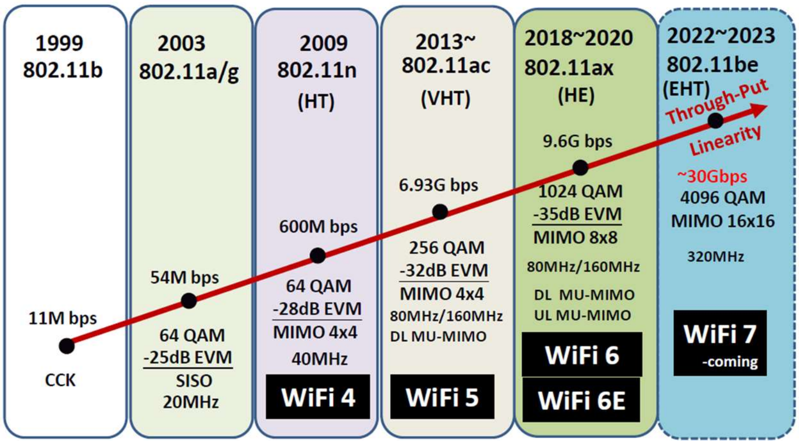
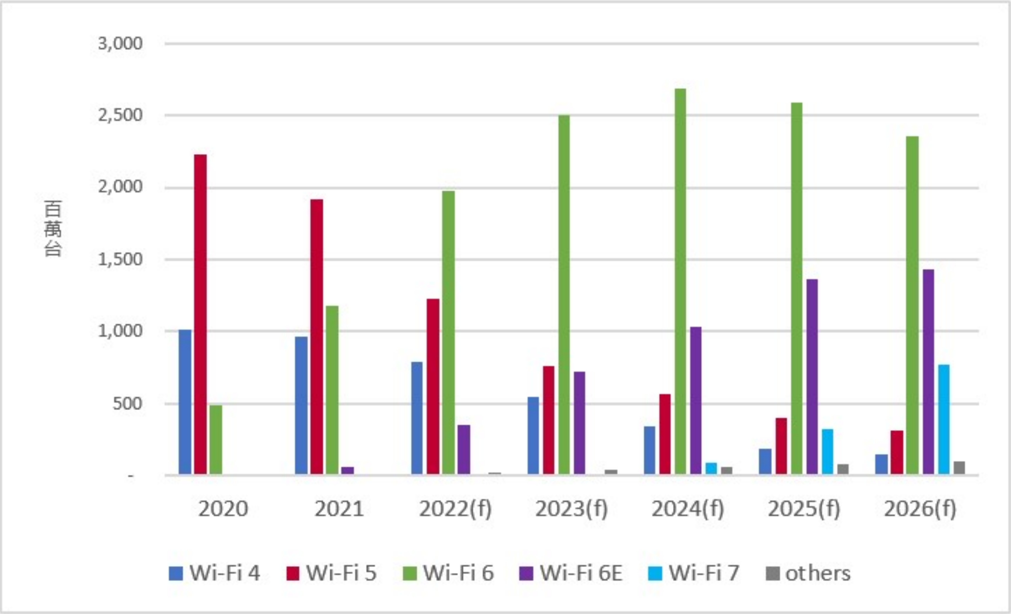


Figure 1: Wi-Fi Evolution, organized by the Company.

The penetration rate of consumer electronic devices equipped with WiFi functions increases each day in terms of the WiFi market. It is crucial to achieving the convenience of wireless Internet access and a good wireless home life experience. The main growths in the integrated WiFi market will include smart handheld devices, automotive applications, home entertainment, game applications, and smart homes. According to the IDC research report, the main global WiFi supporting equipment shipments in 2021 were dominated by WiFi 5 and WiFi 6, with 1.92 billion units and 1.18 billion units, respectively. They comprised over 3 billion units and accounted for 75% of the entire WiFi market. It is estimated that the growth rate of WiFi 6 and WiFi 6E shipments will be the most apparent starting from 2022. The growth rate from 2021 to 2026 is about 32.2%. It is anticipated that WiFi 6 and WiFi 6E shipments will reach 3.8 billion units in 2026 to replace WiFi 4 and WiFi 5. With the continuous iteration of new WiFi specifications, the number of radiofrequency components carried by WiFi devices will also improve the signal transmission rate and cover a wider bandwidth.



資料來源: IDC Worldwide Wi-Fi Technology Forecast；本公司整理

Figure 2: Global WiFi support equipment shipment forecast (classified by technical standards)

According to an International Data Corporation (IDC) report, this year’s WiFi product shipments will grow by 5.5% over 2021 to about 4.36 billion units. The main sources of growth will include mobile phone applications, WLAN APs, smart home appliances, and wearable devices. IDC also estimates that during the forecast period from 2021 to 2026, the compound annual growth rate (CAGR) of the global WiFi product market will reach 11.0%, and the overall potential market of RF IC chips will continue to grow.

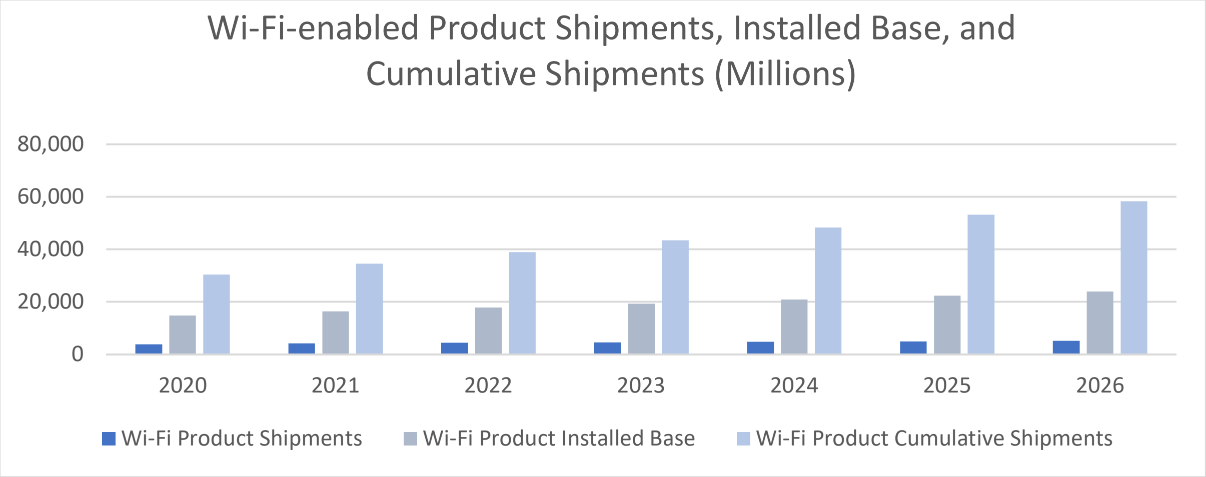


Figure 3: IDC 2020~2026 WiFi product shipment forecast

In terms of smartphones, an IDC report indicated that global smartphone shipments this year will grow by 3.8% over 2021 to reach approximately 1.43 billion units. The source of the growth is primarily the global market's transition towards 5G. As the mobile communication market transitions from 4G to 5G, the multi-frequency and multi-mode features of 5G smartphones make RF ICs a critical key component. According to Mobile Experts LLC and TriQuint statistics, the value of RF IC front-end RF chips will increase by 2 to 3 times. The data provided by Skyworks, a major RF component manufacturer, also supports this perspective. The 5G network communication coverage deployment by operators in various countries is becoming more comprehensive. The booming 5G device market driven by the basic demand for high-speed data roaming will further expand the growth trend of RF IC front-end RF chips.

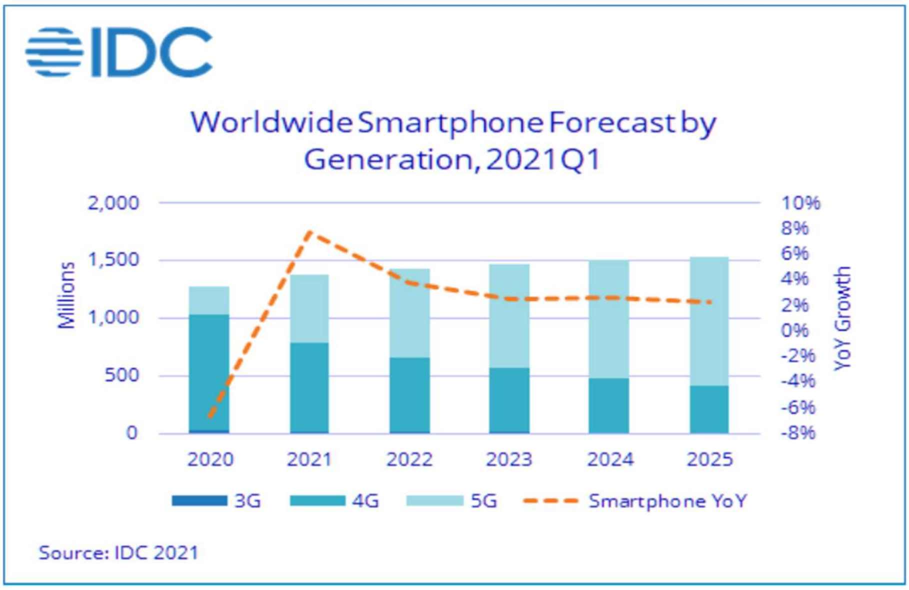


Figure 4: IDC 2020~2025 smartphone shipment forecast

Richwave shipped 1.243 billion RF IC front-end RF chip product series for WiFi units in 2021 (with a monthly average shipment of about 104 million units). The increasing demands for WiFi 6 in the market and RF IC front-end RF chips in multi-mode and multi-frequency smartphones will continue to drive the growth momentum and performance revenue of Richwave's RF IC front-end RF chip products.

2. The relationship between the upstream, midstream and downstream sections of the industry:

   The RFIC supply chain consists mainly of the upstream semiconductor plants and IC design companies, midstream IC manufacturers, and downstream IC packaging and testing plants. Whereas most semiconductor plants in Europe and Americas have adopted the IDM model, Taiwan's semiconductor industry has adopted a division of labor system. Major RFIC plants such as Skyworks, RFMD (note) and Anadigics have their own IC production capacity. As process cost continues to rise in recent years, major semiconductor plants in Europe and Americas have given up investments in new and gradually released production, packaging, and testing purchase orders to companies in Taiwan, creating a curious case of both competition and cooperation between them and professional IC manufacturers in Taiwan. Main companies that specialize in RFIC FEMs include Skyworks, RFMD (Note), RichWave, NXP, Anadigics, and RDA Microelectronics. RFIC manufacturers can be divided into two major categories. Silicon wafer manufacturers include Taiwan Semiconductor Manufacturing Company, United Microelectronics Corporation, and Renesas. Compound semiconductors (gallium arsenide) manufacturers include WIN Semiconductors, Advanced Wireless Semiconductor Company, RFMD (Note), Skyworks, and Anadigics. RFIC packaging plants include Lingsen Precision Industries, Ltd., ASE Group, JCET, Carsem, Nanotech Semiconductor, and Amkor. RFIC testing plants include ASE Group, King Yuan Electronics, UTAC (Taiwan), Giga Solution, and Sigurd.

RFIC industry chain

RF design company	RF manufacturing company	RF packaging company	RF testing company
Skyworks, RFMD (Note), Avago, RichWave, Murata, RDA, NXP, Anadigics, Silicon Lab, etc.	Silicon chip manufacturers include Taiwan Semiconductor Manufacturing Company, United Microelectronics Corporation, and IBM; Gallium arsenide chip manufacturers include WIN Semiconductors, Advanced Wireless Semiconductor Company, RFMD, Skyworks, and Anadigics	Lingsen Precision Industries, Ltd., ASE Group, JCET, Carsem, Nanotech Semiconductor, Sigurd, and Amkor	ASE Group, King Yuan Electronics, UTAC (Taiwan), Giga Solution, and Sigurd

Note: RFMD and TriQuint merged to form a new company called Qorvo

3. Product development trends:

A. RF front-end component:

a. A mobile phone or wireless network platform equipped with one or more RF devices is referred to as an RF terminal device. RF market development is positively correlated to mobile phone and wireless network market trends.

b. Diversity antennas are used to improve the reception of wireless terminal devices. However, a single signal antenna is still used for certain terminal devices. With the adoption of MIMO technology, the future RFIC antenna switch market is expected to achieve rapid growth along with the development of 5G/WiFi devices.

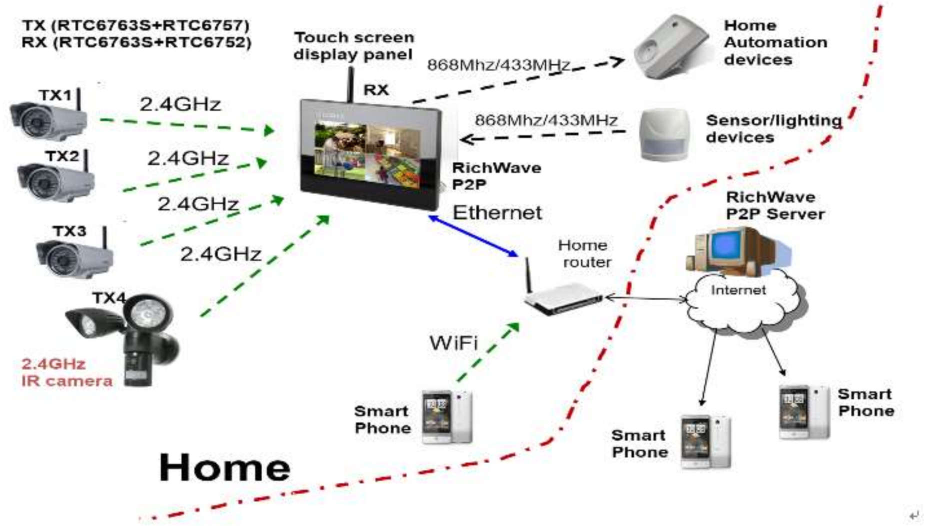
c. As the market share of 5G mobile phones increases, the multi-band multi-mode framework will become the basic structure of smart phones, and the demand for multi-band power amplifiers will continue to grow.

d. Under intense price competition pressure in wireless terminal products, RF chips are gradually integrated into RF modules to reduce cost and meet process requirements. In terms of the RF process, the mainstream RF process technology in the global market remains gallium arsenide (GaAs) which incurs a higher cost but accounts for approximately 80% of the market. However, to reduce costs, the process has gradually shifted to silicon germanium (SiGe), which accounts for approximately 20%. The industry will continue to move toward lower cost CMOS/SOI processes in the future.

B. Wireless frequency hopping RF transceiver single chip:

Wireless security and surveillance, home automation, and home lighting control in smart home applications with IoT.

RichWave's Hz frequency hopping RF transceiver single chip is mainly used for wireless home security and surveillance, home automation, and home lighting control in smart home applications with IoT, as well as wireless video/audio multimedia transmission. The wireless security and surveillance applications include one-to-one or four-to-one security monitoring and control, wireless video doorbell, wireless automobile reverse view, bi-directional video phone, and caring for young children and the elderly in the family. The wireless video/audio multimedia transmission applications include wireless extension for DVD, wireless extension for digital set-top box, PC to PC, or PC to home family entertainment and gaming. The use of RichWave's RF transceiver chips for wireless home security and surveillance, home automation, and home lighting control in smart home applications with IoT, as well as wireless video/audio multimedia transmission are explained below:2.4G



Wireless security and surveillance, home automation, and home lighting control in smart home applications with IoT

The built-in Hz frequency hopping RF transceiver chip RTC6763S in cameras (TX1 to TX4) compress the data packages in the image and preamble and cyclic redundancy check (CRC) to the receiving terminal (RX), which uses the RTC6763S to remove the synchronized data and CRS. The data is transmitted to RTC6752 (SOC) to decompress the video feed and restore the video information. The video information on the receiving terminal can be connected to the Ethernet via RichWave's P2P network communication program to obtain the necessary IP addresses on the smart phone for P2P connection and real-time video transmission.2.4G

The smart phone can be used for real-time home monitoring via Wi-Fi or remote home monitoring and security via 5G networks. The compressed video signals from the TX camera are transmitted wirelessly via RTC6763S to the receiving terminal which disassembles RTC6763S into correct packets. In the event of any errors in the wireless transmission process, RTC6763S will automatically start the resending mechanism to completely restore the image packet data. RTC6763S also has settings for available channels and banned channels and can use the packet error rate (PER) to determine available channels and ensure coexistence with Wi-Fi.

The receiver (RX) also has the built-in Universal Asynchronous Receiver/Transmitter (UART) standard interface that can use the Hz or Hz wireless interface to integrate family automation, sensing components, or lighting control sub-systems. It facilitates smart IoT applications such as smart phone integrated video, audio, sensing, lighting control, and real-time control.868M433M

4. Product competition:

RichWave's RF chip product development focuses on both RF front-end components and RF transceivers. We design and manufacture key components for various communication systems (Wi-Fi/mobile phone/handheld device/small base station) with germanium silicon, gallium arsenide substrates, and CMOS/SOI as the main RF front-end components.

We created strategic alliances with domestic and international manufacturers of communication system baseband and RF transceiver chips to provide comprehensive solutions. We also work closely with downstream system manufacturers to quickly produce products that meet market demand.

In terms of RF transceivers, RichWave designs and produces frequency hopping wireless communication chips based on 0.18um/0.13um RFCMOS components and independently developed the building blocks necessary for RF transceivers. RichWave transceiver technologies include RF base band, MAC, and system on a chip. We offer customized design services for systems in the niche non-standard market and we quickly and effectively provide customers with comprehensive solutions that meet market requirements from RF, base band, and MAC to system integration.

A. Power amplifier (PA)

The power amplifier is an important RF front-end component used for wireless WiFi, mobile phone communication, and related wireless applications. It has evolved from the early GaAs transistor separation component module to the current MMIC PA SOC. In terms of technical trends, Pas must have competitive advantages in digital control, precision power detection, low power consumption, and prices. Therefore, silicon substrate with high integration potential have gradually gained ground in the market. Although GaAs offers high frequency performance, it cannot match silicon in terms of the cost of materials and the yield rate in mass production. Therefore, RichWave has focused on silicon germanium in PA products since the Company was founded. Although silicon germanium technologies have higher entry barriers in RF applications, RichWave's silicon germanium technology has made it one of the few advanced RF front-end PA developers with capacity for both silicon germanium and gallium arsenide production in the international market.

In addition to continuing to maintain competitive advantages based on the characteristics of these two materials, the Company will continue to develop processes with superior price competitiveness and higher integration (e.g., CMOS PAs).

B. Low-noise amplifier (LNA)

The low-noise amplifier is one of the key components for RF front-end Wi-Fi receivers. RichWave's LNAs developed with silicon germanium technologies are cheaper and product development can be integrated with external compatible components. We use MMIC SOC to provide customers with the most competitive solutions on the market. In response to continuous demand for compact multi-band multi-mode products, RichWave's LNAs are mass-produced for the Wi-Fi market and we also launched GPS LNAs with CMOS technology to provide customers with better choices.

C. Switch (SW)

The switch is a key component for RF front-end antennas. RichWave's Wi-Fi antenna switch offers special electrical attributes such as low loss and high linearity. The current antenna products are produced with pHEMT process technology. With advancements in silicon technologies and system integration, RichWave will also develop SOI switches.

D. LTE SW

RichWave launched LTE SW products for mobile phones in 2014 Q4. They include SP4T, SP8T, and SP10T and the Company will continue to provide front-end antenna modules for mobile phones.3G4G3G4G

E. Front-end module (FEM)

The FEM is usually a RF front-end module with a substrate as the vessel and integrates components with different functions on the same chip. Although the technology entry barrier is low and market access can be rapid, the high cost and poor yield rate in production make it difficult to attain long-term market share in a market characterized by price competition. RichWave's RF chip design for front-end module products focuses on zero compatibility, zero substrate, and zero RBOM technologies which offers plug-and-use functions without calibration and significantly reduces the cost to increase competitive advantages.

RichWave is a main RF front-end component supplier in the wireless WiFi market and has attained more than 30% of the market share for the Hz and Hz SPDT and SP3T switches. RichWave is also committed to developing SOI switches with high static protection and the current SOI switches is set to become the mainstream component in the Wi-Fi market.2.4G and 5.8G

RichWave's RF products such as PA, LNA, SW, and FEM incorporate different types of process technologies including GaAs, SiGe, SOI, CMOS, and IPD. We can adopt different process technologies in response to rapid changes in the market to offer products with the highest performance-cost ratio for the market.

RichWave also continues to provide compatible model numbers for main materials used on the market and provide alternative materials where necessary to maximize our customers' market competitiveness. We also actively work with main chip manufacturers to develop materials for next-generation products. We also provide prompt technical services to help customers win higher market shares and generate profits. The main competitors of RichWave's RF front-end components and strength/weakness analysis are provided below.

The competitiveness comparison and SWOT of RichWave and foreign companies in Wi-Fi RF front-end components is as follows:

Competitiveness comparison of RichWave in Wi-Fi RF front-end components

Company	WiFi SW	WiFi PA	WiFi LNA	WiFi FEM
RichWave (RichWave)	Provides switches with high ESD performance for SOI processes	Provides PA with cost advantages for SiGe processes	Provides LNA with cost advantages for SOI processes	Offers GaAs with cost advantages for SiGe/SOI processes
Skyworks	Mainly offers GaAs processes with poor ESD performance	Mainly offers GaAs processes with higher cost	Mainly offers GaAs processes with higher cost	Mainly offers GaAs/pHEMT processes with higher cost
RFMD (Note)	None	None	None	Mainly offers GaAs/pHEMT processes with higher cost

Note: RFMD and TriQuint merged to form a new company called Qorvo

(III) Overview of technology and R&D:

1. R&D expenditures:

Unit: NT$ thousands; %

Item	2021	2020
R&D Expenses (A)	539,010	513,922
Net operating revenue (B)	5,316,267	5,350,200
(A)/(B)	10.1%	9.6%

2. Technologies and products successfully developed in the past year:

Year	R&D results
2004	1. CMOS Synthesizer + VCO single chip 400-2500MHz
2005	1. SiGe PA for 802.11b/g (used for PC and AP router)
	2. CMOS ISM Band AV transceiver
2006	1. SiGe PA for 802.11b/g pre-n (used for PC, NB, and consumer electronics)
	2. GaAs PA for 802.11b/g pre-n (used for USB, NB, and D)SC
	3. CMOS Cordless phone transceiver
2007	1. PA for (used for TV, NB, and USB)802.11a
	2. Dual band PA for /b/g/n (used for dual-mode PC, TV, NB, and USB)802.11a
	3. CMOS dual band 2.4GHz/5.8GHz AV transceiver
2008	1. Small form factor & low current PA for 802.11b/g/n (used for mobile phone)
	2. CMOS 900MHz AV transceiver
2009	1. SPDT & SP3T T/R switch for /b/g/n (used for mobile phone, NB, and USB)802.11a
	2. MMIC SiGe LNA for 802.11b/g/n (used for NB and consumer electronics)
	3. High power PA for 802.11b/g/n (used for AP router)
	4. RF Front-end module for 802.11b/g/n (used for mobile phone)
	5. FM radio single chip (used for mobile phone and MP3)
2010	1.2.3~2.7GHz WiMAX PA (used for WiMAX, USB, and CPE)
	2. High power PA for /n (used for AP router)802.11a
	3. Zero BOM SiGe & GaAs PA for /n (used for NB, TV, USB)802.11a
	4. RF Front-end module for /b/g/n (used for NB, TV, consumer electronics, and USB)802.11a

Year	R&D results
	5. CMOS Digital AV Transceiver Solution (used for monitoring system)
	6. WiFi Front-end for Cellular System (used for smart phone)
2011	1. Multi-Switch for satellite (used for satellite)
2012	1. LTE Femto PA for all bands (used for small base stations for family use)4G
	2. 3GFemto PA for all bands (used for small base stations for family use)3G
	3. SP10 / SP4T ASM (used for smart phones and Internet cards)3G
	4. 2.4GHz wireless car rear view system (used for wireless rear view system)
	5. 2.4GHz Wireless HDMI System (used for wireless audio and video transmission)
2013	1. RF front-end module for (used for NB, TV, and USB)802.11ac
	2. 4x2 LNB SW (used for satellite receivers)
	3. 2x2 LNB SW (used for satellite receivers)
	4. 4T1R wireless security system with IP feature (used for wireless surveillance system)
	5. SOI SP2T - SP3T high static protection switch
2014	1. SOI SP4T - SP10T high static protection switch for mobile phone
	2. 12GHz LNB down converter (satellite receiver SOC)
	3. High power PA for routers (used for AP router)802.11ac
	4. FEM with wafer level chip scale packaging (WLCSP) (used for mobile phone)
	5. 46/49 Mhz SOC (used for baby monitor)
	6. Mono FM digital receiver without crystal
2015	1. SOI High power 2.4/5GHz dual-band SW for 802.11ac (used for AP router)
	2. SOI High power SOC RX FEM for 802.11ac (used for AP router)
	3. WLCSP CMOS LTE LNA & GPS LNA (used for mobile phone)
	4. High power 5GHz PA for 802.11ac (used for AP router)
	5. FM digital receiver with on wire control
2016	1. Automotive Grade SOI High isolation SW (used for automotive applications)
	2. Multiple on path WiFi SW for AOA application (used for mobile phone)
	3. High power 5GHz FEM for 802.11ac (used for AP router)
	4. SOC WiFi FEM (used for AP router & mobile phone)
2017	1. Antenna Tuning SW (used for mobile phone)
	2. MIPI interface High throw SW (used for mobile phone)
	3. High power 2.4GHz FEM for 802.11ac (used for AP router)
	4. Bypass mode LTE LNA (used for mobile phone)
	5. WLCSP LTE LNA+SW integration (used for mobile phone)
2018	1. 802.11ax FEM (used for AP router and enterprise)
	2. Automotive Grade WiFi FEM for 802.11p (used for automotive applications)
	3. CATV SW (used for cable DOSIS 3.1 and DOSIS 3.0)
	4. Bluetooth FEM (used for BT and IoT)
2019	1. Cost-effective SW and LNA (used for LTE mobile phone)

Year	R&D results
	2. L5 GPS LNA and SAW filter (used for IoT/GPS)
	3. High power 802.11ax FEM (used for AP router)
	4. uW sensor (used for IoT/motion detection)
	5. Duplexer and SAW filter (used for 5G/LTE mobile applications)
	6. 6GHz wide band 802.11ax FEM (used for WiFi 6 wave 2)
2020	1. New FM IC (digital output) shipping in Samsung Flagship Phone
	2. WiFi 6 7GHz switch launched to market
	3. Automotive 5GHz/2GHz FEMs qualified by Cypress
	4. WiFi 6 FEM got AVL by MTK mobile platform
	5. 10GHz CW/FMCW radar front-end launched for engineering sample to customers
	6. 10GHz CW/FMCW radar SoC launched for engineering sample to customer
	7. WiFi 6 5GHz/2GHz FEMs qualified by Quantenna
	8. GPS SAW filter, B24 TX/RX filter design win in Satellite IOT Market
	9. WiFi 6 2.4GHz/5GHz FEM got AVL by MTK AP Router Platform
	10. WiFi 6 2.4GHz/5GHz FEM got AVL by Realtek AP Platform
	11. RichWave Automotive quality system qualified by Murata
	12. The Non-linear 2.4GHz/5GHz PA launched to WiFi 6 AP Router market
2021	1. WiFi 6 2.4GHz/5GHz dual-FEM lunched to WiFi Mobile market
	2. WiFi 6 2.4GHz/5GHz FEM with directional coupler lunched to WiFi AP Router market
	3. WiFi 6E 6GHz RF FEM lunched to WiFi AP Router market
	4. IoT/BLE and IoT/Zigbee RF FEM design win in Europe carrier brand customer
	5. WiFi 6E High power SPDT switch design win in Enterprise brand customer
	6.WiFi6E for mobile phones enters mass production.

(IV) Long and Short-Term Business Development Plans:

(1) Short-term development plan:

A. Research and development strategy

a. Follow information, communication, and consumer electronic product market development trends and develop wireless products to meet customer demands and expand the market share in market application products.

b. Make good use of technical knowledge accumulated by the Company to create technical differentiation, maintain our existing products, develop cost reduction methods, and develop other product lines for the market. Improve product quality and enhance the competitiveness of products.

B. Production and sales strategy

a. Use Taiwan's unique vertical division of labor and manufacturing capabilities to provide customized and flexible operations. Work with domestic wafer plants and packaging and testing plants to maintain close OEM services, ensure access to production capacity and timely delivery of products, and meet customer and market demand.

b. Develop cooperation and build trust with customers, provide rapid and trustworthy technical services, and use distributors and agents to penetrate all parts of the market to improve profits and the market share of the product.

C. Business and financial planning strategies

a. Attach importance to employee welfare policies and implement a bonus and merit-based reward system to boost employee morale and increase their motivation.

(2) Long-term development plans:

A. Research and development strategy

a. Respond to market application demand and provide a comprehensive range of products. Expand the breadth and depth of the product lines and use more advanced technologies to develop high-end products to diversify products and satisfy customers' market demand.

b. Seek technical exchanges with domestic and foreign academic institutions and leverage the long-term strategic partnership with system companies to create the Company's unique technical brand.

c. Create long-term partnerships with main chip manufacturers to facilitate early development, reference designs for platform deployment, and expand market share.

B. Production and sales strategy

a. Continue to maintain long-term partnerships with upstream foundry, packaging, and testing companies and become their strategic partners for joint development of processes with special niches, reduce production cost, and develop high-quality and competitive products.

b. Grasp key technologies and optimize product applications for more advanced and precise product integration and development. Become a world-class leader in the industry.

C. Business and financial planning strategies

a. Expand internationalization ideals and cultivate business management capabilities for international companies. Actively cultivate international talents to become a world-class company.

b. Use a diverse range of wealth management tools in the capital market to strengthen the Company's financial structure based on long-term business growth. Use comprehensive and diverse fundraising channels to create the most suitable fund demand portfolio to support the Company's operations and development.

II. Market, Production and Sales

(I) Market analysis:

1. Areas for the sales (supply) of main products (services):

Unit: NT$ thousands; %

Sales region		2020		2021	
		Amount	Percentage (%)	Amount	Percentage (%)
Domestic sales		1,948,871	36.43	2,314,013	43.53
Export sales	China	2,927,892	54.72	2,564,560	48.24
	Asia	393,150	7.35	407,219	7.66
	Others	80,287	1.50	30,475	0.57
Total		5,350,200	100.00	5,316,267	100.00

2. Market share:

In the past, the domestic semiconductors industry lacked RFIC design talents. The shortage was particularly severe in the power amplifier sector. Domestic IC design companies are relatively weaker in RFIC products as the market is dominated by a handful of American and Japanese companies. RichWave shipped an average of more than 1.04 million RFIC FEMs each month in 2021 and shipped more than 12.43 billion units in 2021. According to the TRI report, the compound annual growth rate of the global Wi-Fi market will be approximately 20%. A certain percentage of the demand will be Wi-Fi products with low power consumption requirements. The power amplifier product, switch, or other RF front-end components have been built into the main chip. Devices connected to external RF front-end components generally require 4-6 components due to the system design, main chip platform, and installation cost. . As Wi-Fi has been widely adopted for consumer products, the system design specifications change rapidly. There has been no market research reports and the calculation of the market share is based on the information collected by RichWave's internal marketing department from system companies. We estimate that RichWave's Wi-Fi product shipments in 2021 will account for approximately 20% of the global market share. As Taiwan's RFIC industry technologies matured in recent years, the Company has used the close technical cooperation between the technical teams, customers, and suppliers to develop and design RFIC products that meet the demands of domestic system companies for integration and price competitiveness. We will gradually increase the global market share of domestic RFIC.

3. Future market supply, demand and growth:

More than 80% of the world's WiFi products are provided by system manufacturers in mainland China and Taiwan, making it one of the most successful industries in Greater China. Due to the high design difficulty of RF parts such as PA, LNA, and SW, the features must be adjusted according to client needs after integration into modules. Domestically, only Richwave uses the advanced material SiGe process to design PA and the SOI process to design SW. Our technical capability has reached an economic scale, our output has continued to increase steadily, and we firmly occupy a spot in the fiercely competitive international market. As the use of WiFi has become increasingly popular for wireless communication products such as smartphones, the introduction of new wireless communication products continued to accelerate, and the performance efficiency continued to improve; the demands for RF products such as radiofrequency front-end modules (FEM) and antenna switches (SW) will continue to soar. At present, no publicly listed company supplies PA and antenna switch products in Taiwan, and our Company's products can gradually change the market that was originally 100% monopolized by foreign manufacturers.

Although WiFi has matured, the technology is still evolving to provide innovation for multimedia wireless transmission applications and handheld devices. According to an In-Stat research report, WiFi has spread in various fields such as fixed consumer electronic products (i.e., smart TV, game consoles), portable consumer electronic products (i.e., smart cameras, pads), computer peripherals (i.e., printers), notebook computers, smartphones, and the medical industry. The use of WiFi is still on the rise. According to estimations by TRI, it took 20 years for WiFi to develop from 802.11b to 802.11ax (WiFi 6), and the WiFi Certified 6 (IEEE 802.11ax standard) certification program announced by the WiFi Alliance on September 16, 2019, will drive the revenue increase for the related industry chains and become a topic of concern to the market. Research reports have shown that the global WiFi 6 market will continue to grow at a compound annual growth rate (CAGR) of 73.8% and reach US$105.4 billion by 2028. Moreover, since WiFi 6E can provide high capacity in additional new frequency bands while maintaining forward compatibility, the conversion to WiFi 6/6E will be fully launched in 2022. The development of the new generation WiFi 7 was launched in May 2019. WiFi 7 has not yet released the official version specification, and the preliminary specification was confirmed in May 2021. Subsequently, the WiFi Alliance will integrate all alliance members to propose technical solutions. It is anticipated that the official version will be confirmed between November 2023 and May 2024, and actual application products will be launched and sold in the market subsequently.

The number of mobile phones continues to grow, and Smartphones are the fastest-growing electronic products with the highest ratio of WiFi utilization. According to an IDC report, the global smartphone market will continue to grow until 2023. It is estimated that international smartphone shipments will grow by 3.8% compared to 2021 and reach approximately 1.43 billion units in 2022, and the compound annual growth rate by 2025 is expected to reach 3.7%. As the smartphone applications have developed across fields (i.e., smart home and health applications), the developers will help to stimulate more demands and growth.

Smallcell, also known as femtocell or access point base station, plays an important role in Fixed-mobile Convergence (FMC). A mobile communication network comprises many small wireless units (cells), namely base stations. Depending on their location or application, each base station may have different coverage, system capacity, and output power. According to their coverage (or output power), they are classified into macrocells, microcells, picocells, and femtocells. Micro and ultra-micro base stations are mainly aimed at dense mobile phone usage areas such as stations or shopping malls to increase network capacity. Femtocell covers a smaller area. It is mainly used to make up for areas that other base stations cannot cover or increase data transmission rates and is usually used in residential or small commercial environments. The base stations under Microcell are collectively referred to as Smallcell.

The WiFi as a Service (WaaS) market has emerged as WiFi technology advances. WaaS is based on the market demand for using WiFi wireless network communication technology to provide user-side services. It includes the WiFi hardware infrastructure and the services provided by WiFi deployment according to different business needs. The vertical field applications extended by different business needs such as education, retail, tourism and hospitality, healthcare, transportation and logistics, IT and telecommunications, manufacturing, financial services and insurance, government, and public sector can all serve as applications for wireless network deployment. At present, the application fields of the global WaaS service market in North America and Europe have benefited from the mature WaaS technology, which will show a relatively stable growth trend in the future. Due to the growth of SMBs in the Asia-Pacific region, the WaaS market growth rate reached 35% in 2020, with a market scale of US$980 million. Between 2020 and 2025, the compound annual growth rate is 27.7%, ranking first among the regional market shares worldwide.

4. Competitive niches:

A. Outstanding R&D and technology capabilities:

As the first professional RFIC design company in Taiwan to utalize SiGe process and launch PA mass production, RichWave has gained advantages over competition with global GaAs manufacturers with cost-effective and high-performance RFIC front-end modules. The Company has focused on RFIC since its establishment. High-quality human resource has been the foundation of development. With rich R&D talents, we have accumulated significant levels of technology and experience. Our R&D team provides global IC design industry with rich IC design resources. Also, it lies at the heart of our competitiveness and growth. In addition, the broad applications and longer product life cycle of wireless communication products serve beneficail for future development.

B. Management of foundry source and long-term partnership:

Foundries’ process, yield, capacity, delivery, and price are all contributing factors for our competitiveness and sales sucess. Long-term cooperation with assembly and testing partners are also indispensable. the Company has maintained long-term partnership with suppliers to ensure stability in quatlity and supply.

C. Maintain close partnerships with customers:

The Company's marketing and sales team provides customers with comprehensive product development services. We offer better prices and can better meet the current market demands in terms of quality, yield, delivery, and after-sales services. We also maintain good relations with our customers to help them shorten their product development time. We strive to grow together with customers and maintain long-term relations. The marketing channels and strong customer relationships we established help enpower the Company's future operations and development.

5. Favorable and unfavorable factors for future development and strategies:

(1) Favorable factors:

a. Room for growth in the RFIC industry

RFIC applications will become increasingly widespread due to the continuous advancement of information technology, increased penetration of portable devices such as mobile phones, Wi-Fi, and digital video/audio products and contents, launch of low-cost computers, development of the Internet, and advancement in semiconductor process miniaturization technologies. They will invariably increase the overall market demand in the RFIC industry and create potential for future growth.

b. Wireless communication industry standards are not easily changed after different forms of certification are implemented

Due to the differences between various wireless communication industry standards and R&D technologies encompassing software and hardware sectors, small businesses with flexibility may benefit from market niches if they can rapidly respond in individual markets and avoid price wars waged for standard products. In addition, the design and development of RFIC products often requires extensive experience and accumulation of fault detection technologies. The system companies also require longer certification time and suppliers are not easily changed after they are certified. Therefore, domestic companies cannot replace the Company as suppliers within a short period of time. The Company's technical team has accumulated multiple years of experience in R&D in related sectors. It can thus shorten the learning curve and create entry barriers.

(2) Unfavorable factors and response strategies:

a. Rising cost of professional RFIC personnel and shortage of R&D personnel in Taiwan

The rapid development of the IC industry has increased the relative cost of professional manpower. In addition, the long duration of RFIC design professionals and the long-term focus on digital technologies as opposed to analog technologies in Taiwan means that domestic colleges, universities, and graduate institute only train a limited number of professional RFIC designers each year. Changes in market products have accelerated and talent cultivation cannot meet demand.

Response strategies:

The Company recruits talent on campus and organizes training to increase employee welfare, strengthen employees' sense of cohesion, reduce turnover, and enhance the development skills of R&D talents. We also develop more advanced process databases to improve the Company's core competitiveness and win more opportunities for working with customers.

b. High reliance on foundries

Due to the vertical division of labor and integration in the semiconductor industry, the upstream and downstream industries can be roughly divided into IC design, foundry services, cutting and packaging plants, and testing plants. They are closely interconnected.

Response strategies:

We maintain good interactions with downstream foundries to ensure the production capacity of foundry services and actively develop other foundry services to reduce risks.

c. Competition with domestic and foreign companies

The main global RFIC suppliers can be categorize into main chips and RFIC supplier. The former mainly provides RF, base baseband IC, and software solutions. Players include Qualcomm, Broadcom, Infineon, Marvell, MTK, Spreadtrum Communications, HiSilicon, and Realtek. The latter provides RFIC and players are Skyworks, RFMD (Qorvo), and Avago.

Leading RFIC companies such as Skyworks, RFMD (Qorvo), and Avago have gained significant market shares in the mobile phone industry with only power amplifiers. They have also captured at least 60% of the global mobile phone PA market. However, whether such IDM companies can withstand fluctuations in price in the overall wireless communication industry has become questionable.

Under current price competition, RFIC plants must face the challenge of maintaining their market share in the ever-growing mid to low-tier smart phone market. CMOS design that offers cost-effective solutions has become the choice for semiconductor industry. The energy-saving design with optimized multiple bands and multiple modes has also become a key in the next phase of development in the RFIC market.

Response strategies:

(a) Strengthen the Company's product R&D capabilities and reduce the time required to launch new products.

(b) Stabilize the quality of supply and control the production capacity to strengthen the confidence of customers.

(c) Strengthen cooperation with domestic and foreign system manufacturers to develop new products.

(d) Make concrete contributions to improve production yield and reduce the cost of production and sales.

(e) Strengthen marketing management and create a global marketing network and after-sales service system to enhance customer loyalty.

(f) Improve the performance-cost ratio of RFIC products, reduce power consumption, and expand into RFIC applications beyond mobile phones such as WLAN and GPS. Develop multiple highly integrated wireless communication RFIC solutions and provide comprehensive RF sub-system solutions.

(II) Important Applications and Manufacturing Processes of Major Products:

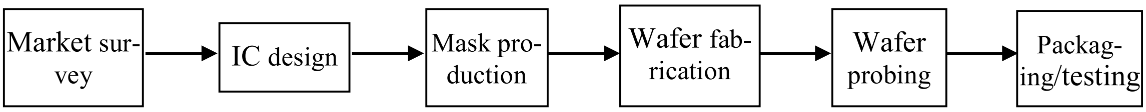
1. Important applications of major products:

RF front-end component	Name	Basic functions
PA	Power amplifier	The RF front-end component used for the transmitting path that amplifies the high-frequency signals sent by the RF transceiver for transmission via the antenna. It must have high linearity, high efficiency, digital controls, power inspection, and a small footprint to meet broadband and high-speed demands of the wireless communication system.
LNA	Low-noise amplifier	The RF front-end component used for the receiving path that amplifies the weak signals received by the antenna amid high levels of background noise and transmits the signal to the subsequent RF transceiver for frequency reduction and base band coordination. Noise Figure (NF) is an important trait.
SW	Switch	The switch is the RF front-end component that is closest to the antenna. It functions by switching between the connection or disconnection of the transmission or reception paths of the antenna based on the control signal to attain the time-division multiplexing function for regular system transmission and reception.
FEM	Front-end module	The FEM integrates active and passive RF front-end components for RF transmission and reception paths to form an SOC RF front-end module. Its composition may include active components such as the PA, LNA, and switch, and other passive components such as filters and couplers. Different system applications often include different combination requirements. Therefore, the RF front-end module often requires customized design.

RFIC transceiver	Product positioning	Basic product functions
2.4GHz digital frequency-hopping RFIC transceiver	It is a smart home surveillance system used to create an Hz wireless frequency hopping digital video/audio transmission system. It integrates the peer-to-peer (P2P) software suite developed by RichWave and smart	1.2.41. Uses 2.4GHz digital frequency hopping to transmit CVBS and compressed video and audio signals for surround sound.

RFIC transceiver	Product positioning	Basic product functions
	phone apps to allow users to monitor home security and care for the elderly, infants, and young children through smart remote wireless connections with Wi-Fi.2.4G3G4G	2. Supports MPEG4 and MP3 video and audio compression and decompression. 3. Retains Internet connection functions to provide smart phones and tablets with remote storage and playing functions. 4. Four-to-one transmission monitoring and bidirectional audio transmission, file transmission, and management functions. 5. Interference-resistance and confidential digital frequency hopping transmission with line-of-sight propagation to transmit standard resolution video feeds that can replace CCTV market specifications and price demand.250m

2. Manufacturing process:



(III) Supply Status of Main Materials:

Main material	Main supplier	Supply status
Wafer	Supplier A	Good
Wafer	Supplier B	Good
Wafer	Supplier C	Good

(IV) Names of suppliers who accounted for more than 10% of the purchases of the Company in the past two years, and the ratio to total purchases:

Unit: NT$ thousands; %

	2020				2021			
Item	Name	Amount	Percentage of net purchases of the year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases of the year (%)	Relationship with the issuer
1	Supplier A	1,885,985	71%	—	Supplier A	1,325,999	61%	—
2	Supplier B	363,876	14%	—	Supplier B	292,129	13%	—
3	Supplier C	237,280	9%	—	Supplier C	414,247	19%	—
4	Others	152,754	6%	—	Others	156,434	7%	—
	Net purchases	2,639,895	100%		Net purchases	2,188,809	100%	

Reasons for the change: The Company selects professional wafer foundries based on manufacturing process capabilities, production capacity, and price and there were no changes in major suppliers in the past two years.

(V) Names of customers who accounted for more than 10% of the sales in the past two years, and sales as a percentage of total sales:

Unit: NT$ thousands; %

	2020				2020			
Item	Name	Amount	Percentage of net sales of the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales of the year (%)	Relationship with the issuer
1	Customer A	1,885,769	35%	—	Customer A	2,270,845	43%	—
2	Customer B	755,119	14%	—	Customer B	1,004,302	19%	—
3	Customer C	677,758	13%	—	Customer C	—	—	—
4	Customer D	312,803	6%	—	Customer D	739,079	14%	—
5	Others	1,718,751	32%	—	Others	1,302,041	24%	—
	Net sales	5,350,200	100%		Net sales	5,316,267	100%	

(VI) Output volume and value for the past two years:

Unit: thousand units; NT$ thousands

Year Output quantity and value Main product	2020			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Wi-Fi products	—	1,138,287	3,151,903	—	1,361,276	3,761,849
Mobile communication products	—	203,913	170,213	—	179,424	157,600
FM tuner	—	27,988	72,740	—	12,675	34,015
Wireless video/audio products	—	2,584	23,242	—	2,392	23,139
Other products	—	132	109	—	12,774	24,843
Total	—	1,372,904	3,418,207	—	1,568,541	4,001,446

(VII) Sales volume and value for the past two years:

Unit: thousand units; NT$ thousands

Year Sales volume/value Main product	2020				2021			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Wi-Fi	369,322	1,607,760	764,277	3,355,806	434,514	1,745,347	854,571	3,293,415
LTE	30,731	35,788	170,668	149,862	8,938	14,783	159,034	129,700
FM tuner	4,968	27,162	22,196	92,090	2,811	20,353	12,530	35,281
Wireless video/audio	313	6,463	2,263	49,406	220	6,608	2,199	46,136
Others	165	462	151	25,401	2,532	11,537	3,069	13,108
Total	405,499	1,677,635	959,555	3,672,565	449,015	1,798,628	1,031,403	3,517,640

III. Information on employees

Number of employees in the past two years as of Apr. 20, 2022

Year		2020	2021	As of Apr. 20, 2022
Number of employees (person)	Manufacture and Production	0	0	0
	RD	157	179	179
	Saless and administration	105	121	116
	Total	262	300	295
Average age (year)		40.9	40.8	40.4
Average years of service (years)		4.5	4.3	4.3
Distribution of academic qualifications (%)	Dotoral	5%	5%	5%
	master	43%	43%	45%
	bachelor	51%	51%	41%
	high school	1%	1%	9%
	below high school	0	0	0

IV. Environmental Protection Expenditure

Total losses (including damage awards) and fines for environmental pollution in the two most recent fiscal years, and as of the publication date of the Annual Report, and explanations of the measures and possible disbursements to be made in the future: None.

V. Labor Relations

(I) Employee welfare measures, continuing education, training, retirement system and implementation status:

1. Employee welfare measures:

The Company funds the Employee Welfare Fund in accordance with related regulations and we organized the Employees' Welfare Committee to plan, oversee and implement employees' benefits. Employees enjoy gift coupons (allowances) for the three traditional holidays and the year-end bonus. The Company also provides marriage, funeral, hospitalization, and childbirth subsidies to take care of employees' lives. In addition to providing employees with labor and health insurance in accordance with the Labor Standards Act and related regulations, the Company also provides employees with group medical insurance, cancer insurance, and accident insurance to provide employees with better coverage.

2. Employees continuing education and training: The Company organizes internal and external training based on work requirements.

3. Retirement system and its implementation status:

   The Company has established retirement regulations for official employees and has established the Labor Pension Supervisory Committee in accordance with the Labor Standards Act. The Company makes monthly pension contributions equivalent to a certain percentage of employees' gross salaries. Contributions are made to the Labor Pension Supervisory Committee and are deposited into separate accounts in the Bank of Taiwan.

   The appropriation system is adopted starting from the implementation of the Labor Pension Act on July 1, 2005. After the implementation of the appropriation system, employees may choose to adopt regulations on pension specified in the "Labor Standards Act" or use the pension system of the Enforcement Rules of the Labor Standards Act and retain the number of years of service prior to the implementation of the Enforcement Rules. For employees eligible for the pension system, the Company shall set aside no less than 6% of their wages to their personal labor pension account each month in accordance with the Labor Pension Act.

(II) Employer-employee agreements and protection of employees' rights and interests:

1. Negotiations between employer and employees:

   The Company follows all labor laws and related regulations in all matters. Both employees and the employer follow rules stipulated in the work contract, work regulations and various management regulations. The Company has enjoyed harmonious relations between employees and the employer since its founding and there have been no major employee-employer disputes or losses.

2. Protection of employees' rights and interests:

   The Company has established comprehensive regulations governing the rights, obligations and benefits of employees to safeguard employee rights and interests.

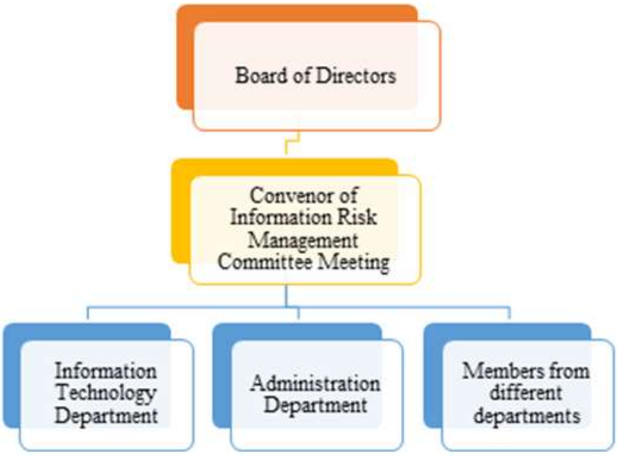
(III) List the losses suffered due to labor disputes in the most recent fiscal year up to the publication date of this annual report, and disclose the estimated amount for current and possible future occurrences, and response measures. If the amount cannot be reasonably estimated, clarify the reason:

The Company has enjoyed harmonious relations between employees and the employer since its founding and there have been no major labor-management disputes or losses. We shall continue to enhance communication between the two parties to achieve company prosperity and safeguard employees' welfare with the aim of reducing the occurrence of employee-employer disputes with through peaceful and reasonable means.

VI. Information Community Security Management

(I) Describe the information community security risk management framework, the information community security policy, the specific management plan, and the resources invested in information community security management.

1. Information Community Security Risks Management Framework:



2. Information Community Security Policy:

Richwave has established the "Information Security Risk Management Policy and Procedures," which was approved by the board of directors on December 23, 2021 to ensure that the information services provided by the Company can be used stably and that the confidentiality, integrity, and availability of information assets related to employees, suppliers, and customers can be effectively protected. This policy governs the cycle count of the Company's information assets, information security promotion, corporate confidentiality, information equipment maintenance and backup, personal computer security system maintenance, and information security incident notification to ensure the sustainable operation of the Company's information businesses.

The Company has established information security management procedure documents to ensure the security and accuracy of electronic data of various systems and to achieve the policy objective of continuous normal operation of the Company's business. This policy covers all the company's system data and information equipment. It expressly regulates the Company's information security control operations (including access control, file management, and anti-virus measures), data processing operations, information equipment management and maintenance operations, form filling operations, and form retention periods. The goal is to ensure that the Company's system can be effectively controlled at different levels; important data can be properly secured, reviewed, and audited; and the information system can be fully protected and backed up. Moreover, the Company has regularly established data backup systems to conduct disaster recovery drills and construct an effective information security protection environment according to the information security system to ensure the sustainable operation of the enterprise.

3. The specific management plan and the resources invested in information community security:

Operation Item	Operation Content
Information Equipment Management	● We have established a regular annual cycle count of information assets, conduct risk management based on information security risk assessment, and implement various control measures.
Information Security Promotion and Implementation	● The Company regularly performs information security promotions and conducts information security education and training at least once a year, and new employees are required to sign information non-disclosure agreements. ● All employees shall comply with legal regulations and information security policy requirements, and management shall supervise the implementation of the information security compliance system to strengthen employees' awareness of information security and legal concepts.
Software Management	● Anti-virus software should be installed on personal computers and virus code updates should be checked regularly, and the use of unauthorized software should be prohibited.
Password Protection	● The accounts, passwords and authorizations of employees should be kept and used with due diligence and changed regularly.
Information Security Incident Management	● We have established standard procedures for responding to and notifying information security incidents, so that information security incidents can be handled immediately to prevent the expansion of damage.
Supplier Information Security Control	● All employees of the Company, outsourced vendors, and their partner vendors shall sign a non-disclosure declaration to ensure that those who use the Company's information to provide information services or perform related information business have the responsibility and obligation to protect the Company's information assets acquired or used by them from unauthorized access, unauthorized alteration, destruction, or improper disclosure.
Data Backup	● Critical information systems or equipment shall have appropriate backup or monitoring mechanisms in place which shall be regularly rehearsed at least once a year to maintain their applicability.

(II) List the losses, possible impacts, and countermeasures due to major information community security incidents in the most recent year and as of the publication date for this annual report. If it cannot be reasonably estimated, state why it cannot be reasonably estimated.

In 2022 and as of the publication date for this annual report, no major information security incident has occurred or led to major losses.

VI. Important Contracts

Nature of contract	Counterparty	Term	Major contents	Restrictions
Lease	Fubon Life Insurance Co., Ltd.	2021.05.01-2024.05.31	Lease of Neihu office	None
Lease	Jung Pei Technology Co., Ltd.	2020.08.01-2023.07.31	Lease of Hsinchu office	None
Lease	Chia Feng Investment Co., Ltd.	2021.04.01-2023.03.31	Lease of Hsinchu office	None
Lease	Tai Yuan Investment Co., Ltd.	2021.04.01-2023.03.31	Lease of Hsinchu office	None
Lease	Santa Teresa Village, LLC	2021.05.01-2024.04.30	Lease of United States office	None
Wafer foundry	Advanced Wireless Semiconductor Company	2009.03.02~ Till one party terminates the agreement	Wafer Foundry Agreement	None
Wafer foundry	Dongbu Hitek Co., Ltd	2014.05.01-2024.05.01	Agreement for Long-Term Relationship	None
Wafer foundry	GLOBALFOUNDRIES U.S. Inc.	2020.04.30-2023.04.30	Custom Sales Agreement	None
Outsourced processing	Sigurd Microelectronics Corporation	2011.05.03 Till one party terminates the agreement with 2-month notice	Integrated Circuit Processing and Packaging Agreement	None
Outsourced processing	Lingsen Precision Industries, Ltd.	2010.01.04~ Till one party terminates the agreement	Integrated Circuit Processing and Packaging Agreement	None
Outsourced processing	Advanced Semiconductor Engineering, Inc.	2010.05.26~ Till one party terminates the agreement	Integrated Circuit Processing and Packaging Agreement	None
Outsourced processing	JCET Group Co. Ltd.	2019.09.15-2022.09.14	Material Processing/Assembly Contract	None

Chapter VII. Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years

(I) Condensed balance sheets for the past five fiscal years:

1. Condensed balance sheet - consolidated:

Unit: NT$ thousands

Year Item		Financial data for the past five fiscal years				
		2017	2018(Note 1)	2019(Note 1)	2020 (Note 1)	2021 (Note 1)
Current assets		Note2	1,725,134	2,168,060	3,425,735	2,811,097
Property, plant, and equipment			85,761	109,112	128,771	192,678
Intangible assets			21,229	20,241	18,551	24,934
Other assets			51,522	85,880	88,151	274,456
Total assets			1,883,646	2,383,293	3,661,208	3,303,165
Current liabilities	Before distribution		702,196	996,007	1,455,059	872,290
	After distribution		792,760	1,116,192	1,707,827	(Note 3)
Non-current liabilities			6,886	18,685	20,863	33,011
Total liabilities	Before distribution		709,082	1,014,692	1,475,922	905,301
	After distribution		799,646	1,134,877	1,728,690	(Note 3)
Equity attributable to parent company shareholders			1,174,564	1,368,601	2,185,285	2,397,864
Share capital			603,761	619,511	631,921	884,689
Capital reserve			276,847	355,743	415,180	416,354
Retained earnings	Before distribution		294,030	393,749	1,139,285	1,098,194
	After distribution		203,466	273,564	633,749	(Note 3)
Other equity			(74)	(402)	(1,100)	(1,373)
Treasury stock			0	0	0	0
Non-controlling interest			0	0	0	0
Total equity	Before distribution		1,174,564	1,368,601	2,185,286	2,397,864
	After distribution		1,084,000	1,248,416	1,932,518	(Note 3)

Note 1: Audited and attested by the CPA.

Note 2: The Company did not prepare the Consolidated Financial Report for 2017.

Note 3: The 2021 earnings distribution proposal has not yet been passed in the shareholders' meeting.

2. Condensed balance sheet - parent company only:

Unit: NT$ thousands

Year		Financial data for the past five fiscal years (Note 1)				
Item		2017	2018	2019	2020	2021
Current assets		1,522,256	1,708,239	2,153,766	3,412,241	2,783,431
Property, plant, and equipment		62,110	85,761	109,112	128,771	190,251
Intangible assets		24,375	21,229	20,241	18,551	24,934
Other assets		37,465	51,522	100,174	101,645	302,602
Total assets		1,646,206	1,883,646	2,383,293	3,661,208	3,301,218
Current liabilities	Before distribution	626,876	702,196	996,007	1,455,059	872,960
	After distribution	661,455	792,760	1,116,192	1,707,827	(Note 2)
Non-current liabilities		2,829	6,886	18,685	20,863	30,394
Total liabilities	Before distribution	629,705	709,082	1,014,692	1,475,922	903,354
	After distribution	664,284	799,646	1,134,877	1,728,690	(Note 2)
Equity attributable to parent company shareholders		1,016,501	1,174,564	1,368,601	2,185,286	2,397,864
Share capital		548,874	603,761	619,511	631,921	884,689
Capital reserve		260,971	276,847	355,743	415,180	416,354
Retained earnings	Before distribution	206,678	294,030	393,749	1,139,285	1,098,194
	After distribution	117,212	203,466	273,564	633,749	(Note 2)
Other equity		(22)	(74)	(402)	(1,100)	(1,373)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	1,016,501	1,174,564	1,368,601	2,185,286	2,397,864
	After distribution	981,922	1,084,000	1,248,416	1,932,518	(Note 2)

Note 1: The Company's financial information for the past five fiscal years were audited and certified by the CPA.

Note 2: The 2021 earnings distribution proposal has not yet been passed in the shareholders' meeting.

(II) Statement of comprehensive income for the past five fiscal years.

1. Condensed statement of comprehensive income - consolidated:

Unit: NT$ thousands

Year Item	Financial data for the past five fiscal years				
	2017	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)
Operating revenue	Note2	2,650,169	2,749,555	5,350,200	5,316,267
Gross operating profit		865,117	984,678	1,898,267	1,546,032
Operating profit or loss		201,169	243,234	1,007,952	533,608
Non-operating income and expenses		12,934	511	9,155	(6,702)
Pre-tax profit		214,103	243,745	1,017,107	526,906
Continuing operations Current period net profit		214,103	243,745	1,017,107	526,906
Loss from discontinued operations		-	-	-	-
Net income (loss) of this period		177,185	190,737	866,216	465,517
Other comprehensive income of the period (net income after-tax)		(419)	(782)	(1,193)	(1,345)
Total comprehensive income of the period		176,766	189,955	865,023	464,172
Net profit attributable to parent company shareholders		177,185	190,737	866,216	464,517
Net profit attributable to non-controlling interest		0	0	0	0
Total comprehensive income attributed to the owners of the parent company		176,766	189,955	865,023	464,172
Total comprehensive income attributed to non-controlling equity		0	0	0	0
Earnings per share		2.93	3.13	9.87(Note3)	5.26

Note 1: Audited and attested by the CPA.

Note 2: The Company did not prepare the Consolidated Financial Report for 2017 .

Note 3: Earnings per share after retrospective adjustment.

2. Condensed statement of comprehensive income - parent company only:

Unit: NT$ thousands

Year / Item	Financial data for the past five fiscal years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	2,666,091	2,650,169	2,749,555	5,350,200	5,316,267
Gross operating profit	909,106	865,117	984,678	1,898,267	1,546,032
Operating profit or loss	271,182	201,169	245,516	1,008,041	537,934
Non-operating income and expenses	(109,056)	12,934	(1,771)	9,066	(11,028)
Pre-tax profit	162,126	214,103	243,745	1,017,107	526,906
Continuing operations Current period net profit	162,126	214,103	243,745	1,017,107	526,906
Loss from discontinued operations	-	-	-	-	-
Net income (loss) of this period	142,162	177,185	190,737	866,216	465,517
Other comprehensive income of the period (net income after-tax)	(1,061)	(419)	(782)	(1,193)	(1,345)
Total comprehensive income of the period	141,101	176,766	189,955	865,023	464,172
Net profit attributable to parent company shareholders	142,162	177,185	190,737	866,216	465,517
Net profit attributable to non-controlling interest	0	0	0	0	0
Total comprehensive income attributed to the owners of the parent company	141,101	176,766	189,955	865,023	464,172
Total comprehensive income attributed to non-controlling equity	0	0	0	0	0
Earnings per share	2.35 (Note 2)	2.93	3.13	9.87(Note2)	5.26

Note 1: The Company's financial information for the past five fiscal years were audited and certified by the CPA.

Note 2: Earnings per share after retrospective adjustment.

(III) The names of CPA conducting financial audits in the past five fiscal years and their audit opinions:

Year	CPA Firm	CPA	Audit Opinions
2017	Deloitte, Taiwan	Su-Li Fang, Cheng-Chih Lin	Unqualified opinion
2018	Deloitte, Taiwan	Su-Li Fang, Cheng-Chih Lin	Unqualified opinion
2019	Deloitte, Taiwan	Tung-Hui Yeh, Cheng-Chih Lin	Unqualified opinion
2020	Deloitte, Taiwan	Tung-Hui Yeh, Cheng-Chih Lin	Unqualified opinion
2021	Deloitte, Taiwan	Tung-Hui Yeh, Cheng-Chih Lin	Unqualified opinion

Note: Reason for the replacement of CPAs in the past five fiscal years: Internal rotation of the CPA firm.

II. Financial Analyses for the Past Five Fiscal Years

1. Financial analysis - consolidated:

Descriptions / Year		Financial Analyses for the Past Five Fiscal Years				
		2017	2018(Note 1)	2019(Note 1)	2020(Note 1)	2021(Note 1)
Financial structure (%)	Liabilities to assets ratio	Note2	37.64	42.58	40.31	27.41
	Long-term working capital to real estate, plants and equipment ratio		1,377.61	1,271.43	1,713.23	1,261.63
Solvency (%)	Current ratio		245.68	217.68	235.44	322.27
	Quick ratio		177.85	156.57	149.19	160.90
	Times interest earned		144.31	178.92	996.21	438.27
Operating ability	Accounts receivable turnover rate (times)		4.20	4.13	5.31	5.30
	Average cash collection days		86.91	88.38	68.74	68.87
	Inventory turnover rate (times)		3.87	3.32	3.67	2.84
	Accounts payable turnover rate (times)		4.53	3.53	4.28	6.24
	Average days required for sales		94.32	109.94	99.46	128.52
	Property, plant, and equipment turnover ratio (times)		35.84	28.22	44.98	33.08
	Aggregate total asset turnover rate (times)		1.50	1.29	1.77	1.53
Profitability	Return on assets (%)		10.11	8.99	28.69	13.40
	Return on equity (%)		16.17	15.00	48.75	20.31
	Ratio of net profit before tax to paid-in capital (%)		35.46	39.34	160.95	59.56
	Net profit margin (%)		6.69	6.94	16.19	8.76
	Earnings per share (NT$)		2.93	3.13	13.82	5.26
Cash flow	Cash flow ratio (%)		44.77	23.03	19.61	18.50
	Cash flow adequacy ratio (%)		105.08	86.96	57.87	40.71
	Cash reinvestment ratio (%)		22.61	9.57	7.23	(3.61)
Leverage	Operating leverage		2.94	2.66	1.53	2.07
	Financial leverage		1.01	1.01	1.00	1.00

Analysis of causes for changes in various financial ratios in the 2 most recent years (for changes exceeding 20%):

1. Financial structure: The decrease in net income after tax for the year and in current liabilities.
2. Solvency: Mainly due to the decrease in income after tax .
3. Operating ability: Due to the decrease in net profit after tax of the current year, and the balance of accounts receivable and accounts payable decrease.
4. Profitability: Mainly due to an decrease in net profit after tax of the current year.
5. Cash flow: Mainly due to the decrease in net profit after tax of the current year, and pay the dividend
6. Decrease in operating leverage: The decrease was caused by the low increase of operating costs and expenses in the current year .

Note 1: Audited and attested by the CPA.

Note 2: The Company did not prepare the Consolidated Financial Report for 2017.

The calculation formula for the items of analysis is stated below:

1. Financial structure
   - (1) Liabilities to asset ratio = total liabilities/total assets.
   - (2) Long-term working capital to property, plants and equipment ratio = (total equity + non-current liabilities)/net amount of property, plant, and equipment.
2. Solvency
   - (1) Current ratio = current assets/current liabilities.
   - (2) Quick ratio = (current assets - inventory - prepaid expenditures)/current liabilities.
   - (3) Interest protection multiples = income before income tax and interest expenditure / interest expenditures for this period.
3. Operating ability
   - (1) Accounts receivable(including notes receivables from operating activities and accounts receivable) turnover rate = net sales／average balance of accounts receivable(including notes receivables from operating activities and accounts receivable) in various terms.
   - (2) Average cash collection days = 365／Accounts receivable turnover rate.
   - (3) Inventory turnover rate = Sales costs／Average amount of inventory.
   - (4) Accounts payable (including notes payable from operating activities and accounts payable) turnover rate = sales costs／average balance of accounts payable (including notes payable from operating activities and accounts payable) of various terms.
   - (5) Average days required for sales＝365／Inventory turnover rate.
   - (6) Property, plant, and equipment turnover rate = net sales / average net property, plant, and equipment.
   - (7) Total asset turnover rate = net sales / average total assets.
4. Profitability
   - (1) Return on assets = [net income + interest expenses (1- tax rate)] / average total assets.
   - (2) Return on equity = net income after tax / average total equity.
   - (3) Net profit margin = net income / net sales.
   - (4) Earnings per share = (income attributable to owners of parent company – dividends on preferred stock) / weighted average number of shares issued.
5. Cash flow
   - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   - (2) Net cash flow adequacy ratio = net cash flow from operating activities for the last five years / (capital expenditures + inventory additions + cash dividends) for the last five years.
   - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).
6. Leverage:
   - (1) Operating leverage = (net operating income – variable operating cost and expenses) / operating income.
   - (2) Financial leverage = operating income / (operating income – interest expenses).

2. Financial analysis - parent company only:

Descriptions	Year	Financial Analyses for the Past Five Fiscal Years (Note 1)				
		2017	2018	2019	2020	2021
Financial structure (%)	Liabilities to assets ratio	38.25	37.64	42.58	40.31	27.36
	Long-term working capital to real estate, plants and equipment ratio	1,641.17	1,377.61	1,271.43	1,713.23	1,276.34
Solvency (%)	Current ratio	242.83	243.27	216.24	234.51	318.85
	Quick ratio	168.16	175.44	155.14	145.27	157.98
	Times interest earned	0.00	144.31	178.92	996.21	454.45
Operating ability	Accounts receivable turnover rate (times)	4.60	4.20	4.13	5.31	5.30
	Average cash collection days	79.35	86.91	88.38	68.74	68.87
	Inventory turnover rate (times)	4.76	3.87	3.32	3.67	2.84
	Accounts payable turnover rate (times)	4.59	4.53	3.53	4.28	6.24
	Average days required for sales	76.68	94.32	109.94	99.45	128.52
	Property, plant, and equipment turnover ratio (times)	42.77	35.84	28.22	44.98	33.33
	Aggregate total asset turnover rate (times)	1.74	1.50	1.29	1.77	1.53
Profitability	Return on assets (%)	9.28	10.11	8.99	28.69	13.40
	Return on equity (%)	14.50	16.17	15.00	48.75	20.31
	Ratio of net profit before tax to paid-in capital (%)	29.54	35.46	39.34	160.95	59.56
	Net profit margin (%)	5.33	6.69	6.94	16.19	8.76
	Earnings per share (NT$)	2.35 (Note 2)	2.93	3.13	9.87 (Note 2)	5.26
Cash flow	Cash flow ratio (%)	(5.00)	44.77	23.29	19.66	19.88
	Cash flow adequacy ratio (%)	94.75	105.08	87.21	58.06	41.42
	Cash reinvestment ratio (%)	(11.51)	22.30	9.66	7.22	(3.08)
Leverage	Operating leverage	2.31	2.94	2.65	1.53	2.07
	Financial leverage	1.00	1.01	1.01	1.00	1.00

Analysis of causes for changes in various financial ratios in the 2 most recent years (for changes exceeding 20%):

1. Financial structure: The decrease in net income after tax for the year and in current liabilities.
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3. Operating ability: Due to the decrease in net profit after tax of the current year, and the balance of accounts receivable and accounts payable decrease.
4. Profitability: Mainly due to an decrease in net profit after tax of the current year.
5. Cash flow: Mainly due to the decrease in net profit after tax of the current year, and pay the dividend
6. Decrease in operating leverage: The decrease was caused by the low increase of operating costs and expenses in the current year .

Note 1: The Company's financial information for the past five fiscal years were audited and certified by the CPA.

Note 2: Earnings per share after retrospective adjustment.

The calculation formula for the items of analysis is stated below:

1. Financial structure
   (1) Liabilities to asset ratio = total liabilities/total assets.
   (2) Long-term working capital to property, plants and equipment ratio = (total equity + non-current liabilities)/net amount of property, plant, and equipment.
2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenditures)/current liabilities.
   (3) Interest protection multiples = income before income tax and interest expenditure / interest expenditures for this period.
3. Operating ability
   (1) Accounts receivable(including notes receivables from operating activities and accounts receivable) turnover rate = net sales／average balance of accounts receivable(including notes receivables from operating activities and accounts receivable) in various terms.
   (2) Average cash collection days = 365／Accounts receivable turnover rate.
   (3) Inventory turnover rate = Sales costs／Average amount of inventory.
   (4) Accounts payable (including notes payable from operating activities and accounts payable) turnover rate = sales costs／average balance of accounts payable (including notes payable from operating activities and accounts payable) of various terms.
   (5) Average days required for sales＝365／Inventory turnover rate.
   (6) Property, plant, and equipment turnover rate = net sales / average net property, plant, and equipment.
   (7) Total asset turnover rate = net sales / average total assets.
4. Profitability
   (1) Return on assets = [net income + interest expenses (1- tax rate)] / average total assets.
   (2) Return on equity = net income after tax / average total equity.
   (3) Net profit margin = net income / net sales.
   (4) Earnings per share = (income attributable to owners of parent company – dividends on preferred stock) / weighted average number of shares issued.
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = net cash flow from operating activities for the last five years / (capital expenditures + inventory additions + cash dividends) for the last five years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net operating income – variable operating cost and expenses) / operating income.
   (2) Financial leverage = operating income / (operating income – interest expenses).

III. Supervisors' Committee Report for the Most Recent Fiscal Year's Financial Statement

Audit Committee’s Audit Report

The Company's Board of Directors prepared the 2021 Business Report, financial statements, and earnings distribution table. The financial statements were audited by Tung-Hui Yeh, CPA, and Cheng-Chih Lin, CPA, of Deloitte, Taiwan and they have prepared an Audit Report. The Audit Report was reviewed by the Audit Committee who found them to be compliant with regulations. The Audit Report is therefore provided in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and filed for your review.

To

2022 General Shareholders' Meeting of RichWave Technology Corporation

RichWave Technology Corporation

Chairman of the Audit Committee: Chia-Ying Ma

February 24, 2022

IV. Financial Statements for the Most Recent Fiscal Year, Consolidated statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Richwave Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of Richwave Technology Corp. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Revenue Recognition

According to auditing standards in the Republic of China, there is an inherent risk of fraud in revenue recognition. Management may be under pressure to achieve their targets and attempt to inflate sales figures. The risk of authenticity of sales revenue for customers with sales growth and significant transaction amount is relatively high, giving rise to the risk of inflated sales. Therefore, revenue recognition has been identified as a key audit matter for the year ended December 31, 2021. In response to the aforementioned key audit matter, we understood the Group's internal controls on the approval of sales orders and its delivery procedures, tested the operating effectiveness of these controls, selected samples of and tested the validity of occurrence of the sales transactions, checked for discrepancies between the counterparties of the sales transactions and the parties paying off the receivables, as well as for abnormalities in the payments received after the reporting period. For the accounting policies on revenue recognition, please refer to Note 4 (l) of the consolidated financial statements.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2022

Notice to Readers

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

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

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

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

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

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

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

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

(Continued)

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share, in New Taiwan Dollars)

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

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

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

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

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

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

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

(Continued)

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

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

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

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for and asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period,

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to rescheduled payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized to issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

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

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

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Property, plant and equipment

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

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

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Provisions

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

l. Revenue recognition

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

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

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

m. Leases

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

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

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

n. Borrowing costs

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

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

4) Termination benefits

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

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

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical Accounting Judgments

a. Lease terms

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

Key Sources of Estimation Uncertainty

a. Lessees' incremental borrowing rates

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

6. CASH AND CASH EQUIVALENTS

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

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

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

7. FINANCIAL ASSETS AT AMORTIZED COST

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

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.09%-0.76% and 0.76% per annum as of December 31, 2021 and 2020, respectively.

b. Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

8. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

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

(Continued)

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

(Concluded)

Accounts receivable at amortized cost

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

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

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

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

December 31, 2021

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

December 31, 2020

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

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

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

9. INVENTORIES

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

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

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

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

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

Remark:

1) In December 2018, the Company established Minerva Technology Co. in Belize with an investment of USD550 thousand, and reinvested in and established AEGIS LINK CORP. in USA with USD550 thousand in January 2019. For details of the investment refer to Table 2.

2) In May 2021, the Company established Shenzhen Richwave Technology Co. Ltd. in Shen Zhen with an investment of USD1,000 thousand. Shenzhen Richwave Technology Co. Ltd. was renamed to Yinghon Technology Co. in September 2021. Information on investments in mainland China please refer to Table 3.

3) Minerva Technology Co., Yinghon Technology Co. and AEGIS LINK CORP. were recognized based on audited financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

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

(Continued)

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

(Concluded)

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

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

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Buildings	$ 59,461	$ 33,002

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 63,535	$ 24,621
Depreciation charge for right-of-use assets		
Buildings	$ 32,645	$ 24,276
Income from the subleasing of right-of-use assets (presented in other income)	$ (798)	$ (641)

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 31,932	$ 17,030
Non-current	$ 28,246	$ 15,960

Range of discount rate for lease liabilities was as follows:

	December 31 2021	 2020
Buildings	1.50%	1.50%

c. Material leasing activities and terms

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

d. Other lease information

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

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

13. OTHER INTANGIBLE ASSETS

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

(Continued)

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

(Concluded)

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

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

14. OTHER ASSETS

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

15. SHORT-TERM BORROWINGS

	December 31 2021	2020
Unsecured borrowings		
Line of credit borrowings	$ 200,000	$ -

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

16. ACCOUNTS PAYABLE

	December 31 2021	2020
Accounts payable		
Generated from operating activities	$ 239,208	$ 969,310

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

17. OTHER LIABILITIES

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

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

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

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

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

Movements in net defined benefit assets were as follows:

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

(Continued)

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

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

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

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

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

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

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

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

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

19. EQUITY

a. Ordinary shares

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

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

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

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

b. Capital surplus

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

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

c. Retained earnings and dividends policy

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

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

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

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

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

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

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

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

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

d. Special reserve

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

e. Other equity items

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

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

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

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

20. REVENUE

a. Contract revenue from customers

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

b. Contract information

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

c. Contract balances

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

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

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

d. Disaggregation of revenue

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

21. NET PROFIT

a. Interest income

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

b. Other income

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

c. Other gains and losses

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

d. Finance costs

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

e. Depreciation and amortization

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

f. Employee benefits expense

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

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

g. Compensation of employees and remuneration of directors

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

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

Accrual rate

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

Amount

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

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

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

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

h. Gain or loss on foreign currency exchange

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

22. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

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

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

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

b. Income tax recognized in other comprehensive income

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

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	$ 10,803	$141,236

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

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

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Refund liabilities	$ 21,980	$ (4,962)	$ -	$ 17,018
Defined benefit plans	1,552	-	122	1,674
Payable for annual leave	1,167	238	-	1,405
Loss on investments accounted for using the equity method	-	472	-	472
Allowance for impairment loss	47	-	-	47
Unrealized foreign exchange loss	-	17	-	17
Unrealized write-downs of inventories	14,564	978	-	15,542
Others	417	(139)	-	278
	$ 36,453	$ (3,396)	$ 122	$ 36,453
Deferred tax liabilities				
Temporary differences				
Unrealized foreign exchange gain	$ 360	$ (360)	$ -	$ -

e. Income tax assessments

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

23. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	$ 5.26	$ 9.87
Diluted earnings per share	$ 5.25	$ 9.77

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

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 13.82	$ 9.87
Diluted earnings per share	$ 13.67	$ 9.77

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

Net Profit for the Year

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

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

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

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

24. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan

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

Information on outstanding employee share options is as follows:

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

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

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

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

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

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

25. CAPITAL MANAGEMENT

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

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

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

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

26. FINANCIAL INSTRUMENTS

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

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

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

Fair value hierarchy

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

c. Categories of financial instruments

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

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

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

d. Financial risk management objectives and policies

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

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

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

1) Market risk

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

a) Foreign currency risk

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

Sensitivity analysis

The Group was mainly exposed to the USD.

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

	USD Impact	
	For the Year Ended December 31	
	2021	**2020**
Profit or (loss)	$ 9,345	$ 4,843

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

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

b) Interest rate risk

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

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

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

Sensitivity analysis

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

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

2) Credit risk

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

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

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

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

3) Liquidity risk

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

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

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

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

December 31, 2021

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

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	**1-5 Years**
Lease liabilities	$ 32,472	$ 28,500
Fixed interest rate liabilities	200,177	-
	$ 232,649	$ 28,500

December 31, 2020

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

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	**1-5 Years**
Lease liabilities	$ 17,608	$ 16,189

b) Financing facilities

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

27. TRANSACTIONS WITH RELATED PARTIES

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

a. Remuneration of key management personnel

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

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant commitments

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

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

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

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 38,854	28.48	$ 1,106,563
Financial liabilities			
Monetary items			
USD	30,352	28.48	864,425

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

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

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

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

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions: Table 1

b. Information on investees: Table 2

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 3

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

   c) The amount of property transactions and the amount of the resultant gains or losses

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

   e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

   f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

32. SEGMENT INFORMATION

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

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

b. Geographical information:

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

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

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

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

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

Note 1: Revenue from Wifi products.

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

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

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

Note 1: Companies are numbers as follows:

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

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

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

Note 3：The amount was eliminated upon the consolidation.

TABLE 2

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

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

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

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

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

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

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

V. Parent Company-Only Financial Statement for the Most Recent Fiscal Year, Certified by the CPA

INDEPENDENT AUDITORS’ REPORT

The Board of Directors and Shareholders
Richwave Technology Corp.

Opinion

We have audited the accompanying parent company only financial statements of Richwave Technology Corp. (the “Company”), which comprise the parent company only balance sheets as of December 31, 2021 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter of the Company’s parent company only financial statements is described as follows:

Revenue Recognition

According to auditing standards in the Republic of China, there is an inherent risk of fraud in revenue recognition. Management may be under pressure to achieve their targets and attempt to inflate sales figures. The risk of authenticity of sales revenue for customers with sales growth and significant transaction amount is relatively high, giving rise to the risk of inflated sales. Therefore, revenue recognition has been identified as a key audit matter for the year ended December 31, 2021. In response to the aforementioned key audit matter, we understood the Company’s internal controls on the approval of sales orders and its delivery procedures, tested the operating effectiveness of these controls, selected samples of and tested the validity of occurrence of the sales transactions, checked for discrepancies between the counterparties of the sales transactions and the parties paying off the receivables, as well as for abnormalities in the payments received after the reporting period. For the accounting policies on revenue recognition, please refer to Note 4 (l) of the parent company only financial statements.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2022

Notice to Readers

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

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

RICHWAVE TECHNOLOGY CORP.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 26)	$ 618,543	19	$ 830,771	23
Accounts receivable, net (Notes 8 and 26)	752,673	23	1,253,538	34
Other receivables (Notes 8 and 26)	7,877	-	29,418	1
Inventories (Note 9)	1,373,460	41	1,280,420	35
Prepayments (Note 14)	24,351	1	12,914	-
Other current assets (Note 14)	6,527	-	5,180	-
Total current assets	2,783,431	84	3,412,241	93
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 7, 26 and 28)	110,000	3	3,000	-
Investments accounted for using the equity method (Note 10)	36,508	1	13,494	-
Property, plant and equipment (Note 11)	190,251	6	128,771	4
Right-of-use assets (Notes 12)	51,381	2	33,002	1
Other intangible assets (Note 13)	24,934	1	18,551	1
Deferred tax assets (Note 22)	83,269	3	36,453	1
Prepaid equipment	8,620	-	4,828	-
Refundable deposits (Note 26)	12,786	-	10,094	-
Net defined benefit assets - non-current (Note 18)	38	-	774	-
Total non-current assets	517,787	16	248,967	7
TOTAL	$ 3,301,218	100	$ 3,661,208	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 15 and 26)	$ 200,000	6	$ -	-
Accounts payable (Notes 16 and 26)	239,208	7	969,310	27
Accrued compensation of employees and remuneration of directors (Notes 21 and 26)	52,111	2	100,593	3
Other payables (Notes 17 and 26)	153,760	5	129,581	4
Other payables from related parties (Notes 26 and 27)	8,300	-	-	-
Current tax liabilities (Note 22)	10,803	-	141,236	4
Lease liabilities - current (Notes 12 and 26)	26,460	1	17,030	-
Refund liabilities - current (Notes 20 and 26)	171,618	5	85,093	2
Other current liabilities (Notes 17)	10,700	-	12,216	-
Total current liabilities	872,960	26	1,455,059	40
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 12 and 26)	25,629	1	15,960	-
Guarantee deposits (Note 26)	4,765	-	4,903	-
Total non-current liabilities	30,394	1	20,863	-
Total liabilities	903,354	27	1,475,922	40
EQUITY (Note 19)				
Share capital				
Ordinary shares	884,689	27	631,921	17
Capital surplus	416,354	13	415,180	12
Retained earnings				
Legal reserve	160,670	5	74,098	2
Special reserve	1,101	-	402	-
Unappropriated earnings	936,423	28	1,064,785	29
Total retained earnings	1,098,194	33	1,139,285	31
Other equity	(1,373)	-	(1,100)	-
Total equity	2,397,864	73	2,185,286	60
TOTAL	$ 3,301,218	100	$ 3,661,208	100

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

RICHWAVE TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share, in New Taiwan Dollars)

	2021		2020	
	Amount	%	Amount	%
NET REVENUE (Note 20)	$ 5,316,267	100	$ 5,350,200	100
OPERATING COSTS (Notes 9 and 21)	3,770,235	71	3,451,573	64
GROSS PROFIT	1,546,032	29	1,898,627	36
OPERATING EXPENSES (Notes 18 and 21)				
Selling and marketing expenses	237,106	5	197,370	4
General and administrative expenses	232,964	4	179,899	3
Research and development expenses	539,010	10	513,922	10
Expected credit gain (Note 8)	(982)	-	(605)	-
Total operating expenses	1,008,098	19	890,586	17
PROFIT FROM OPERATIONS	537,934	10	1,008,041	19
NON-OPERATING INCOME AND EXPENSES (Note 21)				
Interest income	1,939	-	773	-
Other income	2,317	-	3,089	-
Other gains and losses	(9,569)	-	6,314	-
Finance costs	(1,162)	-	(1,022)	-
Share of loss of subsidiaries	(4,553)	-	(88)	-
Total non-operating income and expenses	(11,028)	-	9,066	-
PROFIT BEFORE INCOME TAX	526,906	10	1,017,107	19
INCOME TAX EXPENSE (Note 22)	61,389	1	150,891	3
NET PROFIT FOR THE YEAR	465,517	9	866,216	16

(Continued)

RICHWAVE TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share, in New Taiwan Dollars)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	$ (1,340)	-	$ (608)	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income (Note 19)	-	-	5	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22)	268	-	122	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 19)	(273)	-	(712)	-
Other comprehensive loss for the year, net of income tax	(1,345)	-	(1,193)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 464,172	9	$ 865,023	16
EARNINGS PER SHARE (Note 23)				
Basic	$ 5.26		$ 9.87	
Diluted	$ 5.25		$ 9.77	

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

RICHWAVE TECHNOLOGY CORP.

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

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

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

RICHWAVE TECHNOLOGY CORP.

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax for the year	$ 526,906	$ 1,017,107
Adjustments for:		
Depreciation expense	84,337	69,402
Amortization expense	27,059	27,750
Expected credit loss reversed	(982)	(605)
Finance costs	1,162	1,022
Interest income	(1,939)	(773)
Share-based payment expenses recognized	1,174	1,606
Profit from lease modification	(4)	-
Share of loss of subsidiaries	4,553	88
Write-down of inventories	136,140	4,888
Net loss on foreign currency exchange	5,186	2,417
Changes in operating assets and liabilities:		
Accounts receivable	507,680	(490,445)
Other receivables	21,419	(11,410)
Inventories	(229,180)	(685,801)
Net defined benefit assets	(604)	(608)
Prepayments	(11,437)	(9,261)
Other current assets	(1,347)	242
Accounts payable	(735,763)	324,314
Other payables	40,243	12,737
Accrued compensation of employees and remuneration of directors	(48,482)	76,486
Refund liabilities	86,229	(24,513)
Contract liabilities	(4,025)	6,411
Other current liabilities	2,509	995
Cash generated from operations	410,834	322,049
Interest received	2,061	625
Interest paid	(985)	(1,358)
Income tax paid	(238,370)	(35,188)
Net cash generated from operating activities	173,540	286,128
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(107,000)	1,138
Proceeds from sale of financial assets at fair value through other comprehensive income	-	16
Acquisition of investments accounted for using equity method	(27,840)	-
Purchase of property, plant and equipment	(123,777)	(68,560)
Purchase of other intangible assets	(38,669)	(15,062)
Increase in refundable deposits	(2,692)	(2,091)
Net cash used in investing activities	(299,978)	(84,559)

(Continued)

RICHWAVE TECHNOLOGY CORP.

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

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	$ 400,000	$ 119,870
Decrease in short-term borrowings	(200,000)	(181,190)
Decrease in guarantee deposits	-	(657)
Repayment of the principal portion of lease liabilities	(27,972)	(24,283)
Cash dividends paid	(252,768)	(120,185)
Proceeds from the issuance of ordinary shares under employee share options	-	70,241
Net cash used in financing activities	(80,740)	(136,204)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(5,050)	651
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(212,228)	66,016
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	830,771	764,755
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 618,543	$ 830,771

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

1. GENERAL INFORMATION

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

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company's board of directors on February 24, 2022.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

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

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

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

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

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

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

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for and asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period,

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to rescheduled payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized to issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

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

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Provisions

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

l. Revenue recognition

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

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

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

m. Leases

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

1) The Company as lessor

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

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

2) The Company as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

n. Borrowing costs

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

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

4) Termination benefits

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

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

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical Accounting Judgments

a. Lease terms

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

Key Sources of Estimation Uncertainty

a. Lessees' incremental borrowing rates

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 588	$ 907
Checking accounts and demand deposits	617,955	429,864
Cash equivalents		
Time deposits with original maturities of 3 months or less	-	400,000
	$ 618,543	$ 830,771

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

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

7. FINANCIAL ASSETS AT AMORTIZED COST

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

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.09%-0.76% and 0.76% per annum as of December 31, 2021 and 2020, respectively.

b. Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

8. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2021	2020
Accounts receivable (Note 20)		
At amortized cost		
Gross carrying amount	$ 752,752	$ 1,254,599
Less: Allowance for impairment loss	(79)	(1,061)
	$ 752,673	$ 1,253,538
Other receivables		
Income tax refund receivable	$ 4,865	$ 29,239
Others	3,012	179
	$ 7,877	$ 29,418

Accounts receivable at amortized cost

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

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

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

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

December 31, 2021

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	-	0.02%	3.07%	4.52%	-	100%	
Gross carrying amount	$ 737,940	$ 13,248	$ 122	$ 1,437	$ -	$ 5	$ 752,752
Loss allowance (Lifetime ECLs)	(1)	(3)	(4)	(66)	-	(5)	(79)
Amortized cost	$ 737,939	$ 13,245	$ 118	$ 1,371	$ -	$ -	$ 752,673

December 31, 2020

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

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

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

9. INVENTORIES

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

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

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

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiary		
Minerva Technology Co.	$ 12,769	$ 13,494
Yinghon Technology Co.	23,739	-
	$ 36,508	$ 13,494

Name of subsidiary	Proportion of Ownership and Voting Rights (%) December 31 2021	2020
Minerva Technology Co.	100	100
Yinghon Technology Co.	100	-

Remark:

1) In December 2018, the Company established Minerva Technology Co. in Belize with an investment of USD550 thousand, and reinvested in and established AEGIS LINK CORP. in USA with USD550 thousand in January 2019. For details of the investment refer to Table 1.

2) In May 2021, the Company established Shenzhen Richwave Technology Co. Ltd. in Shen Zhen with an investment of USD1,000 thousand. Shenzhen Richwave Technology Co. Ltd. was renamed to Yinghon Technology Co. in September 2021. Information on investments in mainland China please refer to Table 2.

3) Minerva Technology Co., AEGIS LINK CORP. and Yinghon Technology Co. were recognized based on audited financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

	Testing Equipment	Computer Equipment	Other Equipment	Total
Cost				
Balance at January 1, 2021	$ 110,096	$ 13,070	$ 82,863	$ 206,029
Additions	57,495	7,652	49,105	114,252
Transfers from prepayments	1,592	774	592	2,958
Disposals	(5,441)	(1,783)	(21,089)	(28,313)
Balance at December 31, 2021	$ 163,742	$ 19,713	$ 111,471	$ 294,926
Accumulated deprecation				
Balance at January 1, 2021	$ 36,031	$ 4,502	$ 36,725	$ 77,258
Depreciation expense	21,169	4,216	30,345	55,730
Disposals	(5,441)	(1,783)	(21,089)	(28,313)
Balance at December 31, 2021	$ 51,759	$ 6,935	$ 45,981	$ 104,675
Carrying amount at December 31, 2021	$ 111,983	$ 12,778	$ 65,490	$ 190,251
Cost				
Balance at January 1, 2020	$ 86,705	$ 9,945	$ 75,423	$ 172,073
Additions	26,813	6,091	29,875	62,779
Transfers from prepayments	2,006	-	-	2,006
Disposals	(5,428)	(2,966)	(22,435)	(30,829)
Balance at December 31, 2020	$ 110,096	$ 13,070	$ 82,863	$ 206,029

(Continued)

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

(Concluded)

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

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

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Buildings	$ 51,381	$ 33,002

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 51,415	$ 24,621
Depreciation charge for right-of-use assets		
Buildings	$ 28,607	$ 24,276
Income from the subleasing of right-of-use assets (presented in other income)	$ (798)	$ (641)

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 26,460	$ 17,030
Non-current	$ 25,629	$ 15,960

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	1.50%	1.50%

c. Material leasing activities and terms

The Company leases buildings for the use of plants, offices and parking spaces with lease terms of 1 to 3.4 years. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 4,330	$ 3,111
Total cash outflow for leases	$ (33,030)	$ (27,780)

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

13. OTHER INTANGIBLE ASSETS

	Computer Software	Specialized Techniques	Trademarks	Total
Cost				
Balance at January 1, 2021	$ 40,733	$ 2,488	$ 295	$ 43,516
Additions	31,942	1,500	-	33,442
Disposals	(35,082)	(988)	(295)	(36,365)
Balance at December 31, 2021	$ 37,593	$ 3,000	$ -	$ 40,593
Accumulated amortization				
Balance at January 1, 2021	$ 23,006	$ 1,664	$ 295	$ 24,965
Additions	26,884	175	-	27,059
Disposals	(35,082)	(988)	(295)	(36,365)
Balance at December 31, 2021	$ 14,808	$ 851	$ -	$ 15,659
Carrying amount at December 31, 2021	$ 22,785	$ 2,149	$ -	$ 24,934
Cost				
Balance at January 1, 2020	$ 50,969	$ 2,488	$ 295	$ 53,752
Additions	26,060	-	-	26,060
Disposals	(36,296)	-	-	(36,296)
Balance at December 31, 2020	$ 40,733	$ 2,488	$ 295	$ 43,516

(Continued)

	Computer Software	Specialized Techniques	Trademarks	Total
Accumulated amortization				
Balance at January 1, 2020	$ 31,702	$ 1,514	$ 295	$ 33,511
Additions	27,600	150	-	27,750
Disposals	(36,296)	-	-	(36,296)
Balance at December 31, 2020	$ 23,006	$ 1,664	$ 295	$ 24,965
Carrying amount at December 31, 2020	$ 17,727	$ 824	$ -	$ 18,551

(Concluded)

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

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

14. OTHER ASSETS

	December 31 2021	December 31 2020
Current		
Prepayments		
Prepaid expenses	$ 22,916	$ 11,740
Prepayment for purchases	1,435	1,174
	$ 24,351	$ 12,914
Other current assets		
Temporary payments	$ 6,527	$ 5,180

15. SHORT-TERM BORROWINGS

	December 31 2021	December 31 2020
Unsecured borrowings		
Line of credit borrowings	$ 200,000	$ -

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

16. ACCOUNTS PAYABLE

	December 31	
	2021	2020
Accounts payable		
Generated from operating activities	$ 239,208	$ 969,310

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

17. OTHER LIABILITIES

	December 31	
	2021	2020
Current		
Other payables		
Payables for salaries and bonuses	$ 64,472	$ 50,830
Payables for testing fee	16,709	5,506
Payables for research and design fee	12,358	7,838
Payables for insurance premium	11,028	9,190
Payables for software usage fee	10,598	15,825
Payables for annual leave	7,361	7,027
Payables for freight cost	5,317	7,114
Payables for purchases of equipment	5,223	7,913
Others	20,694	18,338
	$ 153,760	$ 129,581
Other liabilities		
Contract liabilities (Note 20)	$ 5,050	$ 9,075
Receipts under custody	5,550	3,033
Temporary receipts	100	108
	$ 10,700	$ 12,216

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

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

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

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

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (Assets) Liabilities
Balance at January 1, 2020	$ 12,546	$ (13,320)	$ (774)
Net interest expense (income)	94	(102)	(8)
Recognized in profit or loss	94	(102)	(8)
Remeasurement			
Return on plan assets	-	(431)	(431)
Actuarial loss - changes in demographic assumptions	44	-	44
Actuarial loss - changes in financial assumptions	353	-	353
Actuarial loss - experience adjustments	642	-	642
Recognized in other comprehensive income	1,039	(431)	608
Contributions from the employer	-	(600)	(600)
Balance at December 31, 2020	13,679	(14,453)	(774)
Net interest expense (income)	68	(74)	(6)
Recognized in profit or loss	68	(74)	(6)
Remeasurement			
Return on plan assets	-	(182)	(182)
Actuarial loss - changes in demographic assumptions	430	-	430
Actuarial gain - changes in financial assumptions	(177)	-	(177)
Actuarial loss - experience adjustments	1,269	-	1,269
Recognized in other comprehensive income	1,522	(182)	1,340
Contributions from the employer	-	(598)	(598)
Balance at December 31, 2021	$ 15,269	$ (15,307)	$ (38)

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

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

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

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

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

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

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

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

19. EQUITY

a. Ordinary shares

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

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

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

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

b. Capital surplus

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

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

c. Retained earnings and dividends policy

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

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

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

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

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

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

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

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

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

d. Special reserve

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

f. Other equity items

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

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

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

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

20. REVENUE

a. Contract revenue from customers

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

b. Contract information

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

c. Contract balances

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

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

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

d. Disaggregation of revenue

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

21. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	$ 1,897	$ 726
Deposit interest	42	47
	$ 1,939	$ 773

b. Other income

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

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange gains (losses)	$ (9,573)	$ 6,314
Profit from lease modification	4	-
	$ (9,569)	$ 6,314

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 434	$ 636
Interest on lease liabilities	728	386
	$ 1,162	$ 1,022

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 4,119	$ 2,333
Selling and marketing expenses	7,942	5,908
General and administrative expenses	11,469	8,233
Research and development expenses	60,807	52,928
	$ 84,337	$ 69,402
An analysis of amortization by function		
Selling and marketing expenses	$ -	$ 242
General and administrative expenses	2,368	941
Research and development expenses	24,691	26,567
	$ 27,059	$ 27,750

f. Employee benefits expense

	For the Year Ended December 31	
	2020	2020
Post-employment benefits (Note 18)		
Defined contribution plans	$ 17,773	$ 15,021
Defined benefit plans	(6)	(8)
	17,767	15,013
Share-based payments		
Equity-settled	1,174	1,606
Other employee benefits	494,480	467,717
Total employee benefits expense	$513,421	$ 484,336
An analysis of employee benefits expense by function		
Selling and marketing expenses	$ 70,299	$ 71,002
General and administrative expenses	130,140	110,447
Research and development expenses	312,982	302,887
	$513,421	$ 484,336

g. Compensation of employees and remuneration of directors

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

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

Accrual rate

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

Amount

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

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

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

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

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2021	**2020**
Foreign exchange gains	$ 40,181	$ 47,274
Foreign exchange losses	(49,754)	(40,960)
Net gain (loss) on foreign currency exchange	$ (9,573)	$ 6,314

22. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

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

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

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

b. Income tax recognized in other comprehensive income

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

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	$ 10,803	$ 141,236

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

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

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Refund liabilities	$ 21,980	$ (4,962)	$ -	$ 17,018
Defined benefit plans	1,552	-	122	1,674
Payable for annual leave	1,167	238	-	1,405
Loss on investments accounted for using the equity method	-	472	-	472
Allowance for impairment loss	47	-	-	47
Unrealized foreign exchange loss	-	17	-	17
Unrealized write-downs of inventories	14,564	978	-	15,542
Others	417	(139)	-	278
	$ 39,727	$ (3,396)	$ 122	$ 36,453
Deferred tax liabilities				
Temporary differences				
Unrealized foreign exchange gain	$ 360	$ (360)	$ -	$ -

e. Income tax assessments

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

23. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	**2020**
Basic earnings per share	$ 5.26	$ 9.87
Diluted earnings per share	$ 5.25	$ 9.77

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

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 13.82	$ 9.87
Diluted earnings per share	$ 13.67	$ 9.77

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

Net Profit for the Year

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

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

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

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

24. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan

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

Information on outstanding employee share options is as follows:

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

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

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

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

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

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

25. CAPITAL MANAGEMENT

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

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

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

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

26. FINANCIAL INSTRUMENTS

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

Key management personnel of the Company consider the carrying amounts of financial assets and financial liabilities in the parent company only financial statements as approximate to their fair values.

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

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

c. Categories of financial instruments

	December 31	
	2021	**2020**
Financial assets		
Financial assets at amortized cost (1)	$ 1,501,879	$ 2,126,821
Financial liabilities		
Amortized cost (2)	658,144	1,204,387

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

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

d. Financial risk management objectives and policies

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

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

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

1) Market risk

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

a) Foreign currency risk

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

Sensitivity analysis

The Company was mainly exposed to the USD.

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

	USD Impact	
	For the Year Ended December 31	
	2021	**2020**
Profit or (loss)	$ 9,090	$ 4,573

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

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

b) Interest rate risk

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

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

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 110,000	$ 153,000
Financial liabilities	252,089	32,990
Cash flow interest rate risk		
Financial assets	617,955	679,864

Sensitivity analysis

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

If interest rates had been 0.25 basis point higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $1,545 thousand and $1,700 thousand, respectively.

2) Credit risk

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

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

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

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

3) Liquidity risk

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

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

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

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

December 31, 2021

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**1-5 Years**
Non-derivative financial liabilities				
Non-interest bearing	$ 193,516	$ 142,743	$ 121,708	$ -
Lease liabilities	-	6,918	20,017	25,871
Refund liabilities	-	-	171,618	-
Fixed interest rate liabilities	177	200,000	-	-
	$ 193,693	$ 349,661	$ 313,343	$ 25,871

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	**1-5 Years**
Lease liabilities	$ 26,935	$ 25,871
Fixed interest rate liabilities	200,177	-
	$ 227,112	$ 25,871

December 31, 2020

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

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	$ 17,608	$ 16,189

The amounts included above for floating interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in floating interest rates differ from those estimates of interest rates determined at the end of the year.

b) Financing facilities

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

27. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Yinghon Technology Co.	Subsidiaries

b. Other payables to related parties

		December 31	
Item	Related Party Name/Categories	2021	2020
Other payables from related parties	Subsidiaries	$ 8,300	$ -

The outstanding trade payables to related parties are unsecured.

c. Other transactions with related parties

Item	Related Party Name/Categories	For the Year Ended December 31 2021	2020
Operation expenses	Subsidiaries	$ 11,819	$ -

In 2022, the Company entrusted subsidiaries to provide labor services such as business promotion. It is included in the operating expenses. No similar transactions with non-related parties can be referenced. The payment terms are 30 days, and the average credit period was 30 to 60 days.

d. Remuneration of key management personnel

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

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant commitments

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

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 27,479	27.68	$ 760,619
Financial liabilities			
Monetary items			
USD	11,059	27.68	306,113

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 38,380	28.48	$ 1,093,062
Financial liabilities			
Monetary items			
USD	30,352	28.48	864,425

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

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

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries, associates, and joint ventures):

None

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: None

b. Information on investees: Table 1

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 2

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

RICHWAVE TECHNOLOGY CORP.

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

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

Information on investments in Mainland China
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

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

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

VI. In the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report, Any Financial Difficulties Experienced by the Company or Its Affiliates and How Said Difficulties Will Affect the Company's Financial Situation

None.

Chapter VIII. Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

I. Financial Position Review and Analysis

1. Financial analysis - consolidated:

Unit: NT$ thousands

Year Item	2020	2021	Difference	
			Amount of increase (decrease)	Percentage of increase (decrease)
Current assets	3,425,735	2,811,097	(614,638)	(18%)
Property, plant, and equipment	128,771	192,678	63,907	50%
Intangible assets	18,551	24,934	6,383	34%
Other assets	88,151	274,456	186,305	211%
Total assets	3,661,208	3,303,165	(358,043)	(10%)
Current liabilities	1,455,059	872,290	(582,769)	(40%)
Non-current liabilities	20,863	33,011	12,148	58%
Total liabilities	1,475,922	905,301	(570,621)	(39%)
Share capital	631,921	884,689	252,768	40%
Capital reserve	415,180	416,354	1,174	0%
Retained earnings	1,139,285	1,098,194	(41,091)	(4%)
Other shareholders' equity	(1,100)	(1,373)	(273)	25%
Total shareholders' equity	2,185,286	2,397,864	212,578	10%

The main reasons for increase or decrease of more than 20% are provided below:

1. Increase in real estate, plant, and equipment: mainly due to R&D and testing equipment procurement this year.
2. Increase in intangible assets: mainly due to the additional procurement of R&D development software this year.
3. Increase in other assets: mainly due to the rise in the number of deposit certificates provided to customs as collateral for importing goods to be released before taxation and the increase in deferred income tax assets.
4. Decrease in current liabilities: mainly due to the reduction in accounts payable caused by the reduction of purchases this year.
5. Increase in non-current liabilities: main due to the office lease contract renewal for 3 years, which increased lease liabilities.
6. Increase or decrease in current liabilities: mainly due to the decrease in accounts payable caused by the decrease in purchases this year.
7. Increase in share capital: mainly due to the surplus transfer to capital increase and the issuance of new shares in 2020.
8. Decreases in other shareholders' equity items: mainly caused by exchange differences arising from the translation of financial statements issued by foreign operating agencies due to exchange rate fluctuations.

2. Financial analysis - parent company only:

Unit: NT$ thousands

Year Item	2020	2021	Difference	
			Amount of increase (decrease)	Percentage of increase (decrease)
Current assets	3,412,241	2,783,431	(628,810)	(18%)
Property, plant, and equipment	128,771	190,251	61,480	48%
Intangible assets	18,551	24,934	6,383	34%
Other assets	101,645	302,602	177,943	202%
Total assets	3,661,208	3,301,218	(359,990)	(10%)
Current liabilities	1,455,059	872,960	(582,099)	(40%)
Non-current liabilities	20,863	30,394	9,531	46%
Total liabilities	1,475,922	903,354	(572,568)	(39%)
Share capital	631,921	884,689	252,768	40%
Capital reserve	415,180	416,354	1,174	0%
Retained earnings	1,139,285	1,098,194	(41,091)	(4%)
Other shareholders' equity	(1,100)	(1,373)	(273)	25%
Total shareholders' equity	2,185,286	2,397,864	212,578	10%

The main reasons for increase or decrease of more than 20% are provided below:

1. Increase in real estate, plant, and equipment: mainly due to R&D and testing equipment procurement this year.
2. Increase in intangible assets: mainly due to the additional procurement of R&D development software this year.
3. Increase in other assets: mainly due to the rise in the number of deposit certificates provided to customs as collateral for importing goods to be released before taxation and the increase in deferred income tax assets.
4. Decrease in current liabilities: mainly due to the reduction in accounts payable caused by the reduction of purchases this year.
5. Increase in non-current liabilities: main due to the office lease contract renewal for 3 years, which increased lease liabilities.
6. Increase or decrease in current liabilities: mainly due to the decrease in accounts payable caused by the decrease in purchases this year.
7. Increase in share capital: mainly due to the surplus transfer to capital increase and the issuance of new shares in 2020.
8. Decreases in other shareholders’ equity items: mainly caused by exchange differences arising from the translation of financial statements issued by foreign operating agencies due to exchange rate fluctuations.

II. Financial Performance

1. Financial performance analysis - consolidated:

Unit: NT$ thousands

Item/Year	2020	2021	Amount of increase (decrease)	Percentage of increase (decrease)
Net operating revenue	5,350,200	5,316,267	(33,933)	(1%)
Operating costs	3,451,573	3,770,235	318,662	9%
Gross operating profit	1,898,627	1,546,032	(352,595)	(19%)
Operating expenses	890,672	1,012,424	121,749	14%
Operating profit	1,007,951	533,608	(474,344)	(47%)
Non-operating income and expenses	9,155	(6,702)	(15,857)	(173%)
Net profit before tax	1,017,107	526,906	(490,201)	(48%)
Income tax expenses	150,891	61,389	(89,502)	(59%)
Current net profit	866,216	465,517	(400,699)	(46%)

The main reasons for increase or decrease of more than 20% are provided below:

1. Decrease in operating profit: mainly due to a slight decline of 1% in operating income this year and the differences in the product portfolio, 9% operating cost increase, active business expansion by the Company, and the operating expense increase of 14% compared to that of the previous year.
2. Increase in non-operating income and expenses: mainly due to an increase of approximately NT$15,887,000 in net foreign currency exchange losses this year compared to last year.
3. Net profit before tax: mainly due to a slight decrease in operating income this year and a slightly higher increase in operating costs and operating expenses.
4. Decrease in income tax expenses: mainly due to the decline in net profit before tax this year.
5. Decrease in net profit for the current period: mainly due to a slight decline in operating income this year and a slightly higher increase in operating costs and expenses.

2. Financial analysis - parent company only:

Unit: NT$ thousands

Item/Year	2020	2021	Amount of increase (decrease)	Percentage of increase (decrease)
Net operating revenue	5,350,200	5,316,267	(33,933)	(1%)
Operating costs	3,451,573	3,770,235	318,662	9%)
Gross operating profit	1,898,627	1,546,032	(352,595)	(19%)
Operating expenses	890,586	1,008,098	117,512	13%)
Operating profit	1,008,041	537,934	(470,107)	(47%)
Non-operating income and expenses	9,066	(11,028)	(20,094)	(222%)
Net profit before tax	1,017,107	526,906	(490,201)	(48%)
Income tax expenses	150,891	61,389	(89,502)	(59%)
Current net profit	866,216	465,517	(400,699)	(46%)

The main reasons for increase or decrease of more than 20% are provided below:

1. Decrease in operating profit: mainly due to a slight decline of 1% in operating income this year and the differences in the product portfolio, 9% operating cost increase, active business expansion by the Company, and the operating expense increase of 14% compared to that of the previous year.
2. Increase in non-operating income and expenses: mainly due to an increase of approximately NT$15,887,000 in net foreign currency exchange losses this year compared to last year.
3. Net profit before tax: mainly due to a slight decrease in operating income this year and a slightly higher increase in operating costs and operating expenses.
4. Decrease in income tax expenses: mainly due to the decline in net profit before tax this year.
5. Decrease in net profit for the current period: mainly due to a slight decline in operating income this year and a slightly higher increase in operating costs and expenses.

3. Expected sales, possible impact on the Company's future financial operations and response plans: No material impact expected based on evaluations.

III. Cash Flow Analysis

1. Cash flow analysis - consolidated:

Unit: NT$ thousands

Initial cash balance	Annual net cash flow from operating activities	Annual net cash outflow due to investing and financing activities	Cash balance	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
844,265	161,355	(364,280)	641,340	—	—

1. Analysis of annual cash flow changes in this year:
   (1) Operating activities: The changes are mainly due to the decrease in profitability this year.
   (2) Investing activities: The Company continues to invest in the purchase of R&D equipment and the cash outflow amounted approximately NT$274,458 thousand.
   (3) Financing activities: The repayment of short-term loans and distribution of cash dividends and employee stock options this year resulting in a cash outflow of approximately NT$84,771 thousand.
2. Remedy for cash shortage and liquidity analysis: Not applicable.
3. Cash liquidity analysis for the next year:
   (1) Cash inflow from operating activities of NT$200,000 thousand: Mainly due to net operating profit.
   (2) Cash outflow from investing activities of NT$70,000 thousand: Mainly due to increased capital expenditures.
   (3) Cash inflow from investing activities amounted to NT$300,000 thousand.

2. Cash flow analysis - parent company only:

Unit: NT$ thousands

Initial cash balance	Annual net cash flow from operating activities	Annual net cash outflow due to investing and financing activities	Cash balance	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
830,771	173,540	(385,768)	618,543	—	—

1. Analysis of annual cash flow changes in this year:
   (1) Operating activities: The changes are mainly due to the decrease in profitability this year.
   (2) Investing activities: The Company continues to invest in the purchase of R&D equipment and the cash outflow amounted approximately NT$299,978 thousand.
   (3) Financing activities: The repayment of short-term loans and distribution of cash dividends and employee stock options this year resulting in a cash outflow of approximately NT$80,740 thousand.
2. Remedy for cash shortage and liquidity analysis: Not applicable.
3. Cash liquidity analysis for the next year:
   (1) Cash inflow from operating activities of NT$200,000 thousand: Mainly due to net operating profit.
   (2) Cash outflow from investing activities of NT$130,000 thousand: Mainly due to increased capital expenditures.
   (3) Cash inflow from investing activities amounted to NT$300,000 thousand.

IV. Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year

None.

V. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for Coming Year

(1) Re-investment policy

The re-investment policy of the Company is based on its business operation and not to be engaged in business of other industries. The Company has established, “Investment cycle” and “Acquisition or Disposal of Assets”. If there are relevant investment plans, it will follow the above stipulations.

(2) The main reasons for the profits/losses generated thereby, the plan for improving reinvestment profitability

Unit: NT$ thousands

Name of reinvested	Ownership (%)	Investment Gain (Loss)	Mainly due to currency exchange loss and increase in valuation costs	Improvement plan
Minerva Technology Co . (Belize)	100%	(350)	Recognize the investment loss, accounted for using equity method	NA
AEGIS LINK CORP. (U.S.A)	100%	(350)	The business is not enough to support operating expenses	To develop new sales channels
YingHon Technology Corp. (Shenzhen)	100%	(4,203)	The business is not enough to support operating expenses	To develop new sales channels

(3) Investment plans for the coming year The Company does not have any concrete investment plan. If there is any investment plan, it will follow the stipulations.

VI. Risk Analysis and Assessment

(I) Effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. Impact of changes in interest rates:

The Company readily observes the effects of changes in financial market interest rates on cash flow and takes response measures based on actual requirements.

2. Impact of changes in exchange rates:

The Company's sales revenue and procurement expenditures are mostly denominated in USD and we use foreign-currency assets to offset foreign-currency liabilities to achieve natural hedging. The Company also closely monitors information on exchange rate changes and exchange rate developments in order to adjust foreign-currency assets and liabilities in accordance with developments in the global macroeconomic environment, exchange rates, and future capital demand. These measures are taken to evade exchange rate risks and reduce the impact of exchange rate changes on the Company's profit and loss.

3. Inflation:

The Company closely monitors the fluctuations in the materials market and product prices and has not experienced any immediate major impact from inflation at home or abroad.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

The Company has established the "Procedures for Acquisition and Disposal of Assets", "Procedures for Loans and Making Endorsements and Guarantees", and "Procedures for Engaging in Transactions of Derivative Products" as the standards for related operations and these regulations have been passed in resolutions of the shareholders' meeting. The Company has not engaged in any high-risk, high-leverage investment, loans to other parties, endorsements and guarantees, or transaction in derivative products in the past year and as of the publication date of the Annual Report.

(III) Future R&D plans and expected R&D expenditures:

(1) Future R&D projects:

Item	Main Functions and Specifications
RFIC FEMs for WiFi and LTE applications	● RF components include LNAs, PAs, and switches. ● Front-end module.
FEM systems for mobile phone applications	● Power amplifier module. ● Front-end module. ● B. Digital chips for FM radio applications.
SOC and tuner for wireless video and audio applications	● Low-power and high-performance video and audio compression SOC and high-speed digital radio transceiver chips for high-resolution wireless video and audio applications. ● Digital radio RF front-end components.
Chips for applications related to hand-held systems.	● Short-distance, low power consumption, and interference-resistant wireless communication chips and chips for applications related to hand-held systems.

(2) Estimated R&D expenditures:

The Company plans to invest approximately NT$650,000 thousand in R&D expenditures in 2022 and we shall continue to maintain growth in R&D expenditures based on the development progress of new products and new technologies to maintain our competitive advantages.

(IV) The impacts of changes of important domestic and foreign policies and laws on the Company's finances and business, and the measures to be taken in response:

1. The Company complies with all related domestic and foreign laws and regulations in day-to-day operations and continuously pays close attention to domestic and foreign policy development trends and changes in legislation to fully understand changes in the market environment. Therefore, the Company's finance and business have not been affected by major changes in government policies and laws at home and abroad in the most recent year.
2. IFRS implementation schedule and measures to be taken in response: The Company has prepared the financial statements in accordance with the International Financial Reporting Standards (IFRS) since 2013.

(V) Effect on the company's financial operations of developments in science and technology (including cybersecurity), as well as industrial change, and measures to be taken in response:

The Company continuously monitors technological changes and developments in the industry and quickly gains information on industry developments.

RichWave continuously enhances its R&D capabilities, applies for patent protection for various innovative concepts and design developments, and actively expands future market applications to counter the impact of technological changes and industry changes on the Company.

The Company has established a cross-departmental information security management team to enhance information security management, with the president as the convener, the information department and the administration department as the leader and planner, and each business-related unit as the executor. The information security team holds regular meetings to review the implementation status of the Company’s information security system. It is required to report to the Board of Directors at least once a year on the implementation status of the Company’s information security affairs to obtain advice and guidance from the highest level of the Company, thereby ensuring the effectiveness of the Company’s information security management operations.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

Since the establishment of the Company, we have complied with related regulations, actively enhanced internal management, improved management quality and performance, and maintained harmonious employer-employee relations to maintain a good corporate image. There has been no incident that affected our corporate image.

(VII) Expected benefits and possible risks of merger and acquisition, and measures to be taken in response: Not applicable.

(VIII) Expected benefits and possible risks of facilities expansion, and measures to be taken in response: Not applicable.

(IX) Risks associated with over-concentration in purchase or sale and response measures:

The Company's procurement is concentrated due to concerns in product quality and preferred purchasing price, though the Company maintains at least two suppliers for its main materials avoid risks resulting from over-concentration in purchasing. In addition, the concentration of the Company's sales is mainly due to the distributors' sales to customers in Taiwan and China. To mitigate the risks of over-concentration of sales, the Company also actively develops customers with long-term cooperation and carefully selects customers of excellent financial background to lower the risks of over-concentration of sales.

(X) Impact and risk associated with large share transfers or changes in shareholdings of directors, supervisors, or shareholders who hold more than 10% of the Company's shares, and response measures: None.

(XI) Impact and risk associated with changes in management rights, and response measures: Not applicable.

(XII) Litigation or non-litigation events: None.

(XIII) Other significant risks and response measures:

1. Risk Management Organization Framework

Richwave Technology Corp. has established a cross-unit Business Continuity Planning (BCP) team with representatives from each business unit as the team members and the general manager serving as the general convener of the team. The BCP team had conducted rigorous risk assessments for the major risks that the Company may encounter to formulate response strategies, arranges emergency response measures, and conduct irregular drills to continue to improve and prevent potential major risk events from causing damage to the Company.

2. Risk Policy and Management Process

The Company has established the “Risk Management Policy and Procedures,” which was approved by the board of directors on December 23, 2021. The goals are to enable Richwave’s management team to operate proactively and cost-effectively; integrate and manage all potential strategy, operation, financial, and hazard-related risks that may affect operation integration and profits; and strengthen the board’s function directors to implement risk management supervision. The Company has assessed and managed various risk factors through risk identification, analysis, assessment, response, control, and supervision procedures. We will continue to regularly observe the impact that emerging risks may have on the Company to fully grasp the scope of each risk, take appropriate measures, and allocate resources appropriately to ensure that the relevant risks are properly managed.

3. Risk item identification and management

By analyzing the global atmosphere, industry pulse, regulatory trends, and the Company's current status, Richwave has identified risk items under 5 major orientations: strategy, operation, finance, hazard events, and regulatory compliance. The items are as follows:

Strategic Aspect	Operation Aspect	Financial Aspect	Hazardous Incident Aspect	Regulation Compliance Aspect
1. Industrial change and technological innovation 2. Short-range technology R&D and competition status 3. Policy or law changes 4. Global political and economic development	1. Market demands 2. Continual operation risks for the enterprise (i.e., operation interruption, supply chain interruption, production chain interruption risks) 3. Information security 4. Supplier management 5. Intellectual property rights 6. Credit risk (including clients and suppliers) 7. Corporate image 8. Capital loan to others & endorsement guarantee 9. Strategic investment	1. Interest rates, exchange rates, & inflation 2. Funding liquidity 3. High-risk/high-leverage financial investment, derivative financial commodity trading	1. Climate change, sudden natural disasters 2. Occupational safety and hygiene 3. Fire or other man-made disasters (i.e., use of hazardous substances in products and processes) 4. Impacts by pandemic infectious diseases 5 Water & electricity supplier	1. Company Act, Securities and Exchange Act, Business Entity Accounting Act, insider trading 2. Financial Reporting Process 3. Personal Data Protection Act

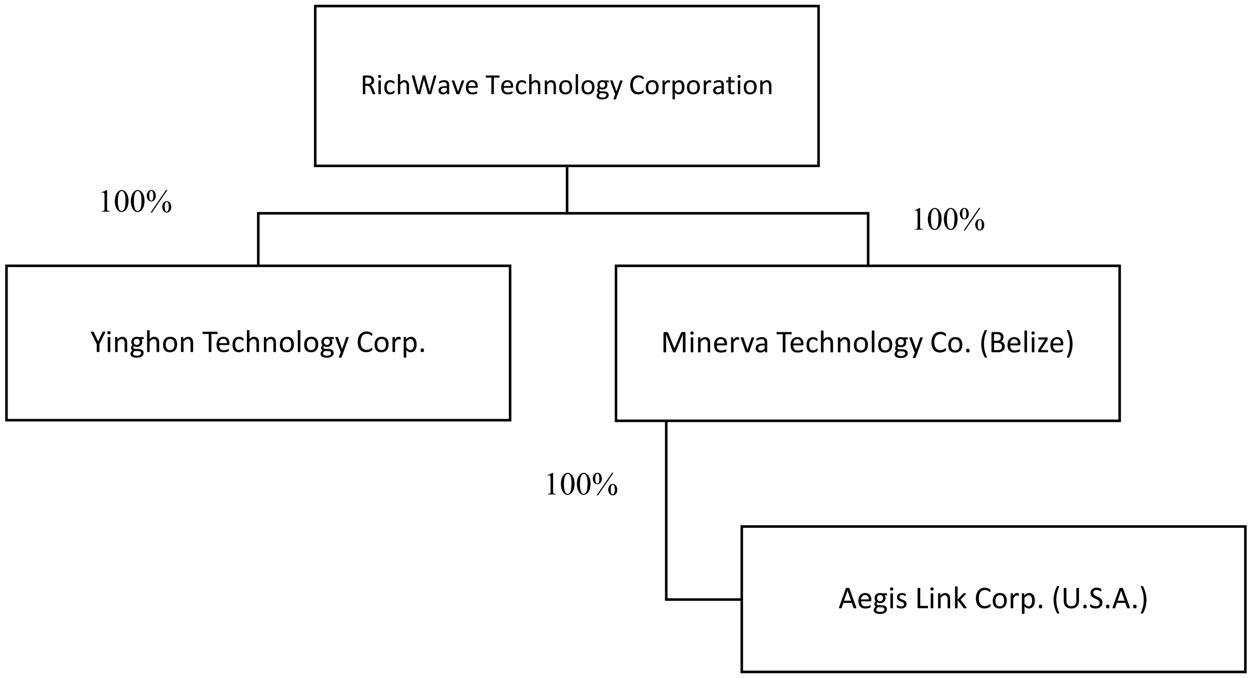
VII. Other Important Matters

Chapter IX. Special Disclosure

I. Information on the Company Affiliates

(I) Consolidated business report of affiliates:

1. Organization chart of affiliates: Dec. 31, 2021



2. Basic information of affiliates:

Dec. 31, 2021; Unit: foreign currency

Enterprise name	Date established	Address	Paid-in capital	Main business or products
Minerva Technology Co. (Belize)	Dec. 2018	Belize	USD 550,000	Investment holding company
Aegis Link Corp. (U.S.A.)	Jan. 2019	United States	USD 500,000	Business promotion
Yinghon Technology Corp. (Shenzhen)(Note1)	May. 2021	Mainland China	USD1,000,000	Dsign and sale of integrated circuits (ICs)

Note1:In May 2021, the Company established Shenzhen Richwave Technology Co. Ltd. in Shen Zhen with an investment of USD1,000 thousand. Shenzhen Richwave Technology Co. Ltd. was renamed to Yinghon Technology Co. in September 2021.

2. The Company does not have affiliates for which it is presumed as having control and subordinate relationships specified in Article 369-3 of the Company Act.

4. Industries covered by the business operations of affiliates:

The business operations of the Company and affiliates include the design, sales, and business promotion of integrated circuits (ICs) for wireless telecommunication products. The main business operations of the Company's affiliates mainly include R&D and sales of RFIC front-end modules (FEMs) for WiFi connectivity solutions (including power amplifiers, low noise amplifiers, switches, and integrated FEMs) and 2.4GHz wireless video and audio transmission RFIC and SOC and general investment.

5. Information on directors, supervisors, and general managers of affiliates:

Enterprise name	Title	Name or representative	Shareholding	
			Shares	Shareholding ratio
Minerva Technology Co. (Belize)	Director	Dye-Jyun Ma	0	0%
Aegis Link Corp. (U.S.A.)	Director	Dye-Jyun Ma	0	0%
Yinghon Technology Corp. (Shenzhen)	Legal representative	Dye-Jyun Ma	0	0%

6. Overview of the operations of affiliates:

As of Dec. 31, 2021; Unit: in thousand NTD except for EPS

Enterprise name	Capital	Total value of assets	Total value of liabilities	Net worth	Operating revenue	Operating profit	Current profit and loss (after tax)	EPS (NT$) (after tax)
Minerva Technology Co. (Belize)	16,940	13,494	0	13,494	0	0	(350)	0
Aegis Link Corp. (U.S.A.)	15,428	12,059	0	12,059	0	0	(350)	0
Yinghon Technology Corp (Shenzhen)	27,840	33,282	10,089	23,739	11,151	4,326	(4,203)	0

(II) Consolidated financial statement of affiliates:

For the year 2021 (from Jan. 1 to Dec. 31, 2021), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Consolidated Business Report of Affiliated Enterprises, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports" are the same as those required to be included in the parent-subsidiary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliates has been fully disclosed in the aforementioned parent-subsidiary consolidated financial statements. Consequently, a separate set of consolidated financial statements of affiliated enterprises is not prepared (refer to page 112 to 163).

(III) Affiliation Report: Not applicable.

II. Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

None

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

None.

IV. Other Supplementary Information

None.

Chapter X. Situations Listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

None.