

**ENE TECHNOLOGY INC AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL
STATEMENTS AND REVIEW
REPORT OF INDEPENDENT
ACCOUNTANTS**

June 30th, 2022 AND 2021

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Translated Independent Auditor’s Review Report

To the Board of Directors of ENE TECHNOLOGY INC.:

Introduction

We have reviewed the consolidated balance sheets of ENE TECHNOLOGY INC and subsidiaries as of June 30th, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flow for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of above said financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standards 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Stands No.65 “Review of Financial Information Performed by the Independent Auditor of the Equity”. A Review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to assure full awareness of all significant matters that might be identified in an audit. Thus, we are not able to express an audit opinion.

Qualified Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Company as of June 30th, 2022 and 2021, its consolidated

financial performance for the three months ending June 30th, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the six months ending June 30th, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed by and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG
Tseng, Mei-Yu
Lu, Chien-Hui

Aug 2nd, 2022

The Balance Sheet as of June 30th , 2022 and 2021 are reviewed, not audited
ENE TEHCNOLOGY INC. and Subsidiaries
Consolidated Balance Sheets

Unit: NT\$ thousands

Assets	2022.6.30		2021.12.31		2021.6.30		Liabilities and Equity	2022.6.30		2021.12.31		2021.6.30	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current Assets :							Current Liabilities:						
1100 Cash & cash equivalents (N6(1))	\$ 331,110	28	400,584	37	150,188	17	2100 Short term loan (N6(9) & 8)	\$ 150,000	12	162,272	15	259,103	29
1110 Financial assets measured by fair value through P&L-current (N6(2))	80,062	7	-	-	-	-	2120 Financial liabilities through P&L measured by fair value -current (N6(2))	-	-	-	-	72	-
1170 Notes and accounts receivables (N6(3) (17) & 8)	208,530	17	189,091	17	190,516	22	2170 Account payable	168,280	14	102,119	9	102,672	12
1180 Accounts receivables from related parties (N6(3) (17), 7 & 8)	15,662	1	29,163	3	22,901	3	2180 Related parties account payable (N7)	2,595	-	5,491	-	4,601	1
130X Inventories (N6(4))	274,303	23	176,969	16	168,764	19	2206 Salary and bonus payable	37,802	3	28,714	3	10,103	1
1470 Prepaid expenses & other current assets	16,585	1	18,654	2	16,998	2	2216 Dividends payable	53,187	4	-	-	-	-
1476 Other financial assets – current (N6(8) & 8)	229,608	19	225,106	21	289,420	33	2280 Lease liabilities – current (N6(11))	6,554	1	6,505	1	6,853	1
	<u>1,155,860</u>	<u>96</u>	<u>1,039,567</u>	<u>96</u>	<u>838,787</u>	<u>96</u>	2300 Other current liabilities (N6(5))	16,765	1	13,553	1	19,769	2
Non-Current Asset:							2322 Long term loan matured within one year (N6(10))	7,273	1	7,273	1	7,273	1
1600 Property, plant and equipment (N6(5))	21,534	2	19,846	2	19,400	2		<u>442,456</u>	<u>36</u>	<u>325,927</u>	<u>30</u>	<u>410,446</u>	<u>47</u>
1755 Right-of-use asset(N6(6))	14,503	1	8,658	1	12,025	1	Non-current liabilities:						
1780 Intangible asset(N6(7))	726	-	1,512	-	706	-	2541 Long term loan(N6(10))	-	-	3,636	-	7,273	1
1840 Deferred tax asset	6,871	1	6,871	1	3,573	-	2570 Deferred income tax liabilities	42	-	34	-	30	-
Net defined benefit asset – non-current (N6(12))	5,594	-	5,594	-	5,782	1	2580 Lease liabilities – non-current (N6(11))	8,271	1	2,580	-	5,667	1
1975								<u>8,313</u>	<u>1</u>	<u>6,250</u>	<u>-</u>	<u>12,970</u>	<u>2</u>
1980 Other financial asset – non-current (N6(8) & 8)	3,297	-	3,329	-	3,324	-	Total Liabilities	<u>450,769</u>	<u>37</u>	<u>332,177</u>	<u>30</u>	<u>423,416</u>	<u>49</u>
	<u>52,525</u>	<u>4</u>	<u>45,810</u>	<u>4</u>	<u>44,810</u>	<u>4</u>	Equity (N6(14)(15)) :						
Total Asset	<u>\$ 1,208,385</u>	<u>100</u>	<u>1,085,377</u>	<u>100</u>	<u>883,597</u>	<u>100</u>	3110 Ordinary share capital	453,228	37	443,228	41	749,767	84
							3200 Capital surplus	276,768	23	254,767	23	81,967	9
							3300 Retained earnings	67,058	6	60,069	6	(366,672)	(41)
							3400 Other equity	(39,438)	(3)	(4,864)	-	(4,881)	(1)
							Total Equity	<u>757,616</u>	<u>63</u>	<u>753,200</u>	<u>70</u>	<u>460,181</u>	<u>51</u>
							Total Liabilities & Equity	<u>\$ 1,208,385</u>	<u>100</u>	<u>1,085,377</u>	<u>100</u>	<u>883,597</u>	<u>100</u>

(Please refer to accompanying notes to consolidated financial statements)

Consolidated Statements of Comprehensive Income
as of June 30th 2022 are Reviewed, not Audited
ENE TECHNOLOGY INC and Subsidiaries
Consolidated Statements of Comprehensive Income

Unit: NTD\$ Thousands

	202204~202206		202104~202106		202201~202206		202101~202106	
	Amount	%	Amount	%	Amount	%	Amount	%
4110 Operating revenue (N6(15) & 7)	\$ 174,174	100	214,311	100	384,778	100	400,720	100
5000 Operating cost (N6(4) & 7)	113,963	65	148,980	70	260,953	68	285,716	71
Gross profit	<u>60,211</u>	<u>35</u>	<u>65,331</u>	<u>30</u>	<u>123,825</u>	<u>32</u>	<u>115,004</u>	<u>29</u>
Operating expenses (N6(3), (10) & 7):								
6100 Selling expenses	19,523	11	13,557	6	37,993	10	25,586	7
6200 General and admin expenses	20,456	12	15,811	6	41,302	11	33,742	8
6300 Research and development expenses	21,764	12	13,784	6	39,179	10	28,985	7
6450 Expected credit loss	(236)	-	1,383	1	153	-	1,598	-
Total operating expenses	<u>61,507</u>	<u>35</u>	<u>44,535</u>	<u>19</u>	<u>118,627</u>	<u>31</u>	<u>89,911</u>	<u>22</u>
Operating loss	<u>(1,296)</u>	<u>-</u>	<u>20,796</u>	<u>11</u>	<u>5,198</u>	<u>1</u>	<u>25,093</u>	<u>7</u>
Non-operating income & expenses:								
7020 Other gains and losses (N6(17))	23,465	13	(13,623)	(6)	46,250	12	(3,986)	(1)
7100 Interest income	684	-	188	-	847	-	381	-
7510 Interest expense (N6(10))	(538)	-	(781)	-	(983)	-	(1,621)	(1)
	<u>23,611</u>	<u>13</u>	<u>(14,216)</u>	<u>(6)</u>	<u>46,114</u>	<u>12</u>	<u>(5,226)</u>	<u>(2)</u>
Loss before income tax	<u>22,315</u>	<u>13</u>	<u>6,580</u>	<u>5</u>	<u>51,312</u>	<u>13</u>	<u>19,867</u>	<u>5</u>
7950 Income tax expenses (N6(12))	-	-	-	-	-	-	-	-
Net loss for the period	<u>22,315</u>	<u>13</u>	<u>6,580</u>	<u>5</u>	<u>51,312</u>	<u>13</u>	<u>19,867</u>	<u>5</u>
8300 Other comprehensive profit and loss:								
8360 Items may be reclassified to profit or loss								
8361 Cumulative translation differences of foreign operation	(17)	-	(47)	-	41	-	(49)	-
8399 Income tax relating to items may be reclassified (N6(12))	3	-	10	-	(8)	-	10	-
Total items that be reclassified to profit & loss	<u>(14)</u>	<u>-</u>	<u>(37)</u>	<u>-</u>	<u>33</u>	<u>-</u>	<u>(39)</u>	<u>-</u>
8300 Other comprehensive profit and loss	<u>(14)</u>	<u>-</u>	<u>(37)</u>	<u>-</u>	<u>33</u>	<u>-</u>	<u>(39)</u>	<u>-</u>
Total comprehensive income	<u>\$ 22,301</u>	<u>13</u>	<u>6,543</u>	<u>5</u>	<u>51,345</u>	<u>13</u>	<u>19,828</u>	<u>5</u>
Earnings per share (in dollar) (N6(14))								
9750 Basic earnings per share	<u>\$ 0.51</u>		<u>0.18</u>		<u>1.16</u>		<u>0.55</u>	
9850 Diluted earnings per share	<u>\$ 0.49</u>		<u>0.18</u>		<u>1.14</u>		<u>0.55</u>	

(Please refer to accompanying notes to consolidated financial statements)

Consolidated Statements of Changes in Equity as of June 30th 2022 and 2021 are Reviewed, not Audited

**ENE TECHNOLOGY INC and Subsidiaries
Consolidated Statements of Changes in Equity**

Unit: NT\$ K

	Common shares Capital	Retained earnings (Accumulated Loss)				Other Equity Items			Total Equity	
		Capital Surplus	Legal surplus	Unappropriated profit (Acc. Loss)	Total	Cumulative translation differences of foreign operation	Unrealized P&L From financial assets measured at fair value through P&L	Unearned compensation		Total
Balance as of 20210101	\$ 749,767	81,967	-	(386,539)	(386,539)	158	(5,000)	-	(4,842)	440,353
Net profits of the period	-	-	-	19,867	19,867	-	-	-	-	19,867
Other income of the period	-	-	-	-	-	(39)	-	-	(39)	(39)
Total comprehensive income	-	-	-	19,867	19,867	(39)	-	-	(39)	19,828
Balance as of 20210630	<u>\$ 749,767</u>	<u>81,967</u>	<u>-</u>	<u>(366,672)</u>	<u>(366,672)</u>	<u>119</u>	<u>(5,000)</u>	<u>-</u>	<u>(4,881)</u>	<u>460,181</u>
Balance as of 20220101	\$ 443,228	254,767	-	60,069	60,069	136	(5,000)	-	(4,864)	753,200
Net profits of the period	-	-	-	51,312	51,312	-	-	-	-	51,312
Other income of the period	-	-	-	-	-	33	-	-	33	33
Total comprehensive income	-	-	-	51,312	51,312	33	-	-	33	51,345
Allotment and distribution of earnings										
Appropriation of statutory surplus reserve	-	-	6,007	(6,007)	-	-	-	-	-	-
Cash dividends	-	-	-	(44,323)	(44,323)	-	-	-	-	(44,323)
Cash dividends from capital surplus	-	(8,864)	-	-	-	-	-	-	-	(8,864)
Issuance of employee restricted stock	10,000	(10,000)	-	-	-	-	-	-	-	-
Allotment of employee restricted stock	-	40,865	-	-	-	-	-	(40,865)	(40,865)	-
Cost for employee restricted stock	-	-	-	-	-	-	-	6,258	6,258	6,258
Balance as of 20220630	<u>\$ 453,228</u>	<u>276,768</u>	<u>6,007</u>	<u>61,051</u>	<u>67,058</u>	<u>169</u>	<u>(5,000)</u>	<u>(34,607)</u>	<u>(39,438)</u>	<u>757,616</u>

(Please refer to accompanying notes to consolidated financial statements)

Consolidated Statements of Cash Flows
as of June 30th 2022 and 2021 are Reviewed, Not Audited
ENE TECHNOLOGY INC and Subsidiaries
Consolidated Statements of Cash Flows

Unit: NTD\$ Thousands

	<u>20220101-0630</u>	<u>20210101-0630</u>
Cash Flow from operating activities:		
Income before income tax	\$ 51,312	19,867
Adjustments:		
Income and expenses/loss items		
Depreciation	7,519	5,703
Amortization	1,361	58
Expected credit impairment loss	153	1,598
Allowance for inventory evaluation & obsolesce loss	2,939	3,050
Net loss of financial liabilities through P&L measured by fair value	(62)	72
Interest expense	983	1,621
Interest income	(847)	(381)
Share-based payment	6,258	-
Disposal/Scrapped of real estate, plant and equipment loss	207	-
Others	(16)	-
Total of income and expense/loss items	18,495	11,721
Changes in operating assets and liabilities:		
Increase of financial assets at fair value through profit and loss	(80,000)	-
Notes and account receivables	(19,592)	(23,700)
Account receivable from related parties	13,501	(1,721)
Inventory	(100,273)	(26,416)
Other operating asset	2,074	639
Total changes in operating assets and liabilities	(184,290)	(51,198)
Account payable	66,161	32,807
Account payable from related parties	(2,896)	681
Other operating liabilities	6,568	(1,577)
Total changes in operating liabilities	69,833	31,911
Net changes in operating assets and liabilities	(114,457)	(19,287)
Cash flows from operating activities	(44,650)	12,301
Interest received	668	393
Interest paid	(1,029)	(1,655)
Net cash flow from operating activities	(45,011)	11,039

(Continue)

(Please refer to accompanying notes to consolidated financial statements)

Consolidated Statements of Cash Flows
as of June 30th 2022 and 2021 are Reviewed, Not Audited
ENE TECHNOLOGY INC and Subsidiaries
Consolidated Statements of Cash Flows

Unit: NTD\$ Thousands

	<u>20220101~0630</u>	<u>20210101~0630</u>
Cash flows from investment activities:		
Acquisition of property, plant and equipment	(529)	(978)
Refundable deposits	37	-
Intangible asset	-	(764)
Decrease in other financial asset – current	(4,323)	2,233
Increase in other financial asset – non-current	(3)	(3)
Net Cash flow from investment activities	(4,818)	488
Cash flows from financing activities:		
Increase in short term loan	80,016	118,437
Decrease in short term loan	(92,288)	(160,783)
Long term loan repayment	(3,636)	(3,637)
Lease liabilities principle repayment	(3,773)	(3,376)
Net cash flows from financing activities	(19,681)	(49,359)
Effect of exchange rate to cash and cash equivalent	36	(39)
Net increase (decrease) in cash and cash equivalent	(69,474)	(37,871)
Cash and cash equivalent at beginning of period	400,584	188,059
Cash and cash equivalent at end of period	\$ 331,110	150,188

(Please refer to accompanying notes to consolidated financial statements)

ENE TECHNOLOGY INC and Subsidiaries
Notes to Consolidated Financial Statements

(REVIEWED,NOT AUDITED)

**(All amounts are expressed in Thousands of New Taiwan Dollars,
excepted otherwise indicated)**

ENE TECHNOLOGY INC. and Subsidiaries
Notes to the Consolidated Financial Statements
Six-Months Periods Ended JUNE 30th , 2022 and 2021

1. Company History

ENE TECHNOLOGY INC. (the “Company”) was incorporated as a company by shares on May 20th, 1998. The Company was inaugurated in Hsinchu Science Industrial Park on Aug 31st, 2001 with current registered address of 4F, No.21, Lixing Rd, Hsinchu Science Industrial Park. The Company was listed on Taipei Exchange on April 22nd, 2003 and listed on Taiwan Stock Exchange on December 17th, 2009.

The Company is focused on the R&D, design, development, production and sales of electronic components, information software and circuit design services.

The Company was merged with ENE International Investment Inc., a 100% own subsidiary by ENE TECHNOLOGY INC. on March 28th, 2017. ENE TECHNOLOGY INC. was the surviving company and ENE International Investment INC. was dissolved.

2. The date and procedure of authorization for issuance of the consolidated financial statements

These consolidated financial statements were approved and authorized by the Board of Directors on Aug 2nd , 2022.

3. Application of New Standards, Amendments, Principles and Interpretations

(1) Effects of the adoption of new issuances of or amendments to International Financial Reporting Standards (IFRS) as endorsed by the Financial Supervisory Commission (FSC)

The new standards, amendments, principles and interpretations endorsed by the FSC effective from 2022 adopted by the Company are as follows:

ENE TECHNOLOGY INC and Subsidiaries

Notes to Consolidated Financial Statements

New Standards/Amendments/Principles and Interpretations

Amendments to IAS 16 “Property, Plant and Equipment-Proceeds before Intended Use”

Amendments to IAS 37 “Onerous Contracts-Cost of Fulfilling a Contract”

Annual Improvements to IFRS Standards 2018-2021

Amendments to IFRS 3, “Reference to the conceptual framework”

After assessing the above standards and interpretations, the Company found no major impact on the consolidated financial report.

(2) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations

Amendments to IAS 1 “Disclosure of Accounting Policy”

Amendments to IAS 8 “Definition of Accounting Estimates”

Amendments to IAS 12 “Deferred tax related to Assets and Liabilities Arising from Single Transaction”

The Company is in the process of assessing the impact on financial position and results of operations of the above standards and interpretations. The Company will disclose the related results when the assessment is finalized.

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

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations

Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”

IFRS 17 “Insurance Contracts” and Amendments to IFRS 17

Amendments to IAS 1 “To classify debt as current or non-current”

Amendments to IFRS 17 “Initial application of IFRS 17 and IFRS 9 – Comparative information”

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and IAS 34, Interim Financial Reporting, as endorsed and issued

ENE TECHNOLOGY INC and Subsidiaries
Notes to Consolidated Financial Statements

into effect by the FSC.

Other than the below described, the significant accounting policies applied in the consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended Dec 31st, 2021 and have been applied consistently to all periods presented in the consolidated financial statements. Please refer to Note 4 of the consolidated financial statements dated Dec.31st 2021 for details.

(2) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiaries	Business	Percentage of Ownership		
			2022.6.30	2021.12.31	2021.6.30
ENE	Janus Power Electronics Pty Ltd. (Janus Power)	Electronic components	100%	100%	100%
ENE	ENE Touch Technology Co., Ltd (ENE Touch)	Electronic materials distributor	100%	100%	100%

Janus power was eliminated after simple merger with the Company on 2022.03.16.

2. List of subsidiaries which are not included in the consolidated financial statement: None.

(3) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the reporting date of the prior fiscal year, adjusted for significant market fluctuations subsequent to the end of prior fiscal year and for significant curtailments, settlements, or other significant one-time events.

(4) Income tax

The Company measures and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34, Interim Financial Reporting.

Income tax expense is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate and is recognized as current tax expense.

Income taxes that are recognized directly in equity or other comprehensive income are measured in respect of temporary differences between the carrying amounts of assets and

ENE TECHNOLOGY INC and Subsidiaries
Notes to Consolidated Financial Statements

liabilities for financial reporting purposes and the corresponding tax bases at the rates that are expected to be applied in the year in which the asset is realized or the liability is settled.

(5) Share-based payment transaction

The share-based compensation for equity is based on the fair value on the date of payment. During the vesting period of the compensation, the expenses are recognized and the relative equity is increased. The recognized expenses is adjusted for the amount of rewards expected to meet the service conditions and the non-market acquired conditions. The final recognized amount is measured on the basis of the amount of rewards that meet the service conditions and non-market acquired conditions on the vesting date.

5. Major Sources of Accounting Judgements, Estimations and Assumptions of Uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34, Interim Financial Reporting, as endorsed and issued into effect by the FSC requires management to make judgements estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparation of the consolidated financial statements, critical accounting judgements and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in Note 5 of the consolidated financial statements dated December 31st, 2021.

6. Descriptions on Significant Accounts

Other than items described below, the descriptions of significant accounts in the accompanying consolidated financial statement is not materially different from those described in Note 6 of the consolidated financial statement dated December 31st, 2021.

(1) Cash and Cash Equivalent

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Cash	\$ 203	200	186
Cash in Bank and Cheque	158,879	311,702	123,602
Term Deposit	172,028	88,682	26,400
	<u>\$ 331,110</u>	<u>400,584</u>	<u>150,188</u>

Please refer to N6(20) for interest risk and sensitivity analysis on financial assets and liabilities.

ENE TECHNOLOGY INC and Subsidiaries
Notes to Consolidated Financial Statements

(2) Financial Assets

1. Financial assets and liabilities at fair value through profit and loss- current:

	2022.6.30	2021.12.31	2021.6.30
Financial assets at fair value through profit and loss			
Benefit certificates- open-end fund	<u>\$ 80,062</u>	<u>-</u>	<u>-</u>
Financial liabilities for trading:			
Foreign exchange swap	<u>\$ -</u>	<u>-</u>	<u>72</u>

2. Financial assets at fair value through profit and loss- non-current:

On the basis of long-term strategic goals instead of trading purposes, the fair value of the shareholdings of Touchsens Ltd have been evaluated through other comprehensive income.

The Company holds Touchsens shares at the equivalent of NT5,000 thousands have been recognized as loss in prior year.

The Company has not sold any strategic investment for the period ending June 30th 2022 and 2021, thus there was no transfer of equity gain or loss during the period

3. Please refer to note 6(20) for information on the credit risks and market risks.

4. The above said financial assets were not pledged for collateral.

(3) Notes and account receivable (including related parties)

	2022.6.30	2021.12.31	2021.6.30
Notes receivable	\$ 191	-	-
Account receivable	210,828	191,427	194,940
Receivables from related parties	<u>15,662</u>	<u>29,163</u>	<u>22,901</u>
	226,681	220,590	217,841
Less: allowance for doubtful accounts	<u>(2,489)</u>	<u>(2,336)</u>	<u>(4,424)</u>
	<u>\$ 224,192</u>	<u>218,254</u>	<u>213,417</u>

The Company applies the simplified approach to provide for its loss allowance used for ECL, which permit the use of lifetime expected loss provision for notes and accounts receivables. The ECL on notes and accounts receivable by reference to past default experience of the customers and credit risk characteristics, as well as forward looking information.

1. Loss allowances for customers with credit rating A (including related parties) are as following:

ENE TECHNOLOGY INC and Subsidiaries
Notes to Consolidated Financial Statements

	2022.6.30		
	Notes & account receivables carrying amount	Weighted average loss rate	Loss Allowance
Not past due	\$ 211,253	0.00%	-
Past due 0~30 days	7,165	0.00%	-
Past due over 121 days	-	100.00%	-
Total	\$ 218,418		-

	2021.12.31		
	Notes & account receivables carrying amount	Weighted average loss rate	Loss Allowance
Not past due	\$ 206,208	0.00%	-
Past due 0~30 days	4,319	0.00%	-
Past due over 121 days	-	100.00%	-
Total	\$ 210,527		-

	2021.6.30		
	Notes & account receivables carrying amount	Weighted average loss rate	Loss Allowance
Not past due	\$ 185,215	0.00%	-
Past due 0~30 days	1,510	0.00%	-
Past due 31~60 days	7	0.00%	-
Past due 91~120 days	1	16,16%	-
Past due over 121 days	-	100.00%	-
Total	\$ 186,733		-

ENE TECHNOLOGY INC and Subsidiaries
Notes to Consolidated Financial Statements

2. Loss allowances for customers with credit rating B are as following:

	2022.6.30		
	Notes & account receivables carrying amount	Weighted average loss rate	Loss Allowance
Not past due	\$ 4,546	0.73%	33
Past due 0~30 days	1,393	9.44%	132
Past due over 121 days	2,324	100.00%	2,324
Total	\$ 8,263		2,489

	2021.12.31		
	Notes & account receivables carrying amount	Weighted average loss rate	Loss Allowance
Not past due	\$ 7,298	0.73%	53
Past due 0~30 days	532	9.44%	50
Past due over 121 days	2,233	100.00%	2,233
Total	\$ 10,063		2,336

	2021.6.30		
	Notes & account receivables carrying amount	Weighted average loss rate	Loss Allowance
Not past due	\$ 26,205	2.46%	645
Past due 0~30 days	751	28.42%	213
Past due 31~60 days	1,909	71.03%	1,356
Past due 61~90 days	82	83.82%	69
Past due 91~120 days	295	93.12%	275
Past due over 121 days	1,866	100.00%	1,866
Total	\$ 31,108		4,424

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Notes to Consolidated Financial Statements

Changes for loss allowances:

	2022 0101~0630	2021 0101~0630
Balance of January 1 st	\$ 2,336	2,826
Recognized loss	153	1,598
Balance of June 30 th	\$ 2,489	4,424

Please refer to Note 6(20) for other credit risks.

3. The company entered separate factoring agreement with financial institutions to sell its account receivables. Under the agreement, the company is liable for the losses incurred on any business dispute and has the responsibility to assume the default risk of the transferred account receivables. Therefore, these financial assets is not qualified for derecognition. Relevant information on account receivables and notes factored but not yet derecognized as of June 30th , 2022 were as follows:

2022.06.30

Purchaser	Amount transferred	Quota	Amount advanced (recognized in short term loan)	Interest rate collar	Collateral
CTBC Bank	\$ - (USD-K)	80,000	- (USD-K)	-	Account receivables and Bank note \$80,000

2021.12.31

Purchaser	Amount transferred	Quota	Amount advanced (recognized in short term loan)	Interest rate collar	Collateral
CTBC Bank	\$ 51,122 (USD1,847K)	80,000	11,072 (USD400K)	1.42%	Account receivables and Bank note \$80,000

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2021.06.30

<u>Purchaser</u>	<u>Amount transferred</u>	<u>Quota</u>	<u>Amount advanced (recognized in short term loan)</u>	<u>Interest rate collar</u>	<u>Collateral</u>
CTBC Bank	\$ 47,184 (USD1,692K)	80,000	13,103 (USD470K)	1.5%	Account receivables and Bank note \$80,000

Please refer to Note 8 for details on notes receivables and account receivables (including related parties) for the period ending June 30th, 2022, December 31st and June 30th of 2021.

(4) Inventory

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Raw materials	\$ 23,841	6,124	38,285
Work in Process	83,555	131,213	103,524
Finished product	166,907	39,632	26,955
	<u>\$ 274,303</u>	<u>176,969</u>	<u>168,764</u>

Details of operating cost are :

	<u>2022 Apr~June</u>	<u>2021 Apr~June</u>	<u>2022 Jan~June</u>	<u>2021 Jan~June</u>
Cost of goods sold	\$ 105,699	148,228	232,529	282,606
Allowance for inventory valuation loss	1,751	706	2,939	3,050
Cost to secure capacity	6,513	-	25,485	-
Other operating cost	-	46	-	60
	<u>\$ 113,963</u>	<u>148,980</u>	<u>260,953</u>	<u>285,716</u>

For the period ending 2022 June 30th, 2021 December 31st and 2021 June 30th, the inventories were not pledged for collateral.

(5) Property, plant and equipment

- Information on cost and amortization of the property, plant and equipment of the Company is:

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	<u>R&D equipment</u>	<u>Improvement on lease</u>	<u>Office and other equipment</u>	<u>Total</u>	<u>R&D equipment</u>
Carrying amount:					
January 1 st 2022	\$ -	1,400	18,446	-	19,846
June 30th 2022	<u>\$ -</u>	<u>2,093</u>	<u>14,983</u>	<u>4,458</u>	<u>21,534</u>
January 1 st 2021	<u>\$ -</u>	<u>1,699</u>	<u>10,810</u>	<u>-</u>	<u>12,509</u>
June 30th 2021	<u>\$ -</u>	<u>1,550</u>	<u>13,728</u>	<u>4,122</u>	<u>19,400</u>

2. Due to acquisition of property, plant and equipment for the period January 1st to June 30th 2022 and 2021, changes to the related account payables for equipment (listed as other current liabilities) are NT\$5,203 thousands and 8,244 thousands.
3. Property, plant and equipment of the Company dated on June 30th of 2022 and 2021 were not pledged for collateral.

(6) Right-of-use asset

Changes in cost and depreciation of rent and building, transportation vehicles and other equipment of the Company are:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance at 2022.01.01	\$ 22,127	5,049	451	27,627
	10,697	-	-	10,697
	(6,398)	-	-	(6,398)
Effects of foreign exchange	25	-	-	25
Balance at 2022.06.30	<u>\$ 26,451</u>	<u>5,049</u>	<u>451</u>	<u>31,951</u>
Balance at 2021.01.01	\$ 22,136	5,049	451	27,636
Effects of foreign exchange	(18)	-	-	(18)
Balance at 2021.06.30	<u>\$ 22,118</u>	<u>5,049</u>	<u>451</u>	<u>27,618</u>
	\$ -	-	-	-

ENE TECHNOLOGY INC and Subsidiaries
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	<u>Buildings</u>	<u>Vehicles</u>	<u>Other equipment</u>	<u>Total</u>
Accumulated depreciation and loss:				
Balance at 2022.01.01	\$ 14,981	3,537	451	18,969
Depreciation of the period	3,083	599	-	3,682
Disposal	(5,223)	-	-	(5,223)
Effects of foreign exchange	20	-	-	20
Balance of 2022.06.30	<u>\$ 12,861</u>	<u>4,136</u>	<u>451</u>	<u>17,448</u>
Balance at 2021.01.01	\$ 9,439	2,338	451	12,228
Depreciation of the period	2,772	600	-	3,372
Effects of foreign exchange	(7)	-	-	(7)
Balance of 2021.06.30	<u>\$ 12,204</u>	<u>2,938</u>	<u>451</u>	<u>15,593</u>
Carrying amount:				
Balance at 2022.01.01	<u>\$ 7,146</u>	<u>1,512</u>	<u>-</u>	<u>8,658</u>
Balance of 2022.06.30	<u>\$ 13,590</u>	<u>913</u>	<u>-</u>	<u>14,503</u>
Balance at 2021.01.01	<u>\$ 12,697</u>	<u>2,711</u>	<u>-</u>	<u>15,408</u>
Balance of 2021.06.30	<u>\$ 9,914</u>	<u>2,111</u>	<u>-</u>	<u>12,025</u>

(7) Intangible assets

	<u>Computer Software</u>
Carry amount:	
Balance at 2022.01.01	<u>\$ 1,512</u>
Balance of 2022.06.30	<u>\$ 726</u>
Balance at 2021.01.01	<u>\$ -</u>
Balance of 2021.06.30	<u>\$ 706</u>

There was no significant acquisition, disposal, allowances for impairment or reversal. Please refer to N12 for amortization for actual amounts and N6(7) of 2021 consolidated financial report for other details.

Intangible assets of the Company dated on June 30th of 2022 and 2021 were not pledged for collateral.

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(8) Other financial assets - current and non-current

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Current:			
Restricted cash in bank	\$ 206,579	203,479	284,400
Term deposit (> 3 months)	22,832	21,609	5,000
Others	<u>197</u>	<u>18</u>	<u>20</u>
	<u>\$ 229,608</u>	<u>225,106</u>	<u>289,420</u>
Non-Current			
Refundable deposit	\$ 2,256	2,291	2,289
Restricted cash in bank	<u>1,041</u>	<u>1,038</u>	<u>1,035</u>
	<u>\$ 3,297</u>	<u>3,329</u>	<u>3,324</u>

There is no loss in other financial assets – current and non-current (excluding other receivables) for the period ended 2022.06.30, 2021.12.31 and 2021.06.30.

Restricted cash in bank is deemed as a collateral for short term loan, purchase and tariff. Please see Note 8 for details.

Please refer to Note 6(20) for other credit risks.

(9) Short term loan

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Guarantee bank loan	\$ 150,000	151,200	246,000
Financing on AR	<u>-</u>	<u>11,072</u>	<u>13,103</u>
	<u>\$ 150,000</u>	<u>162,272</u>	<u>259,103</u>
Unused quota	<u>\$ 309,720</u>	<u>297,711</u>	<u>248,776</u>
Range of interests	<u>0.89%~</u> <u>1.64%</u>	<u>0.89%~</u> <u>1.42%</u>	<u>0.89%~</u> <u>1.5%</u>
Period of loan	<u>2022.9~</u> <u>2022.12</u>	<u>2022.1~</u> <u>2022.6</u>	<u>2021.7~</u> <u>2021.12</u>

For the period ending June 30th 2022 and 2021, new loan amount is NT\$80,016 thousands and NT\$118,437 thousands. Amounts due are NT\$92,288 thousands and NT\$160,783 thousands.

Please refer to N8 for details on assets pledged as collaterals for bank loan.

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(10) Long Term Liabilities

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Guarantee bank loan	\$ 6,182	9,273	12,364
Non-guarantee bank loan	<u>1,091</u>	<u>1,636</u>	<u>2,182</u>
	7,273	10,909	14,546
less : maturity within one year	<u>(7,273)</u>	<u>(7,273)</u>	<u>(7,273)</u>
Total	<u>\$ -</u>	<u>3,636</u>	<u>7,273</u>
Unused quota	<u>\$ -</u>	<u>-</u>	<u>-</u>
Range of interests	<u>1.2685%~</u>	<u>1.2685%~</u>	<u>1.2685%~</u>
	<u>2.4260%</u>	<u>2.1617%</u>	<u>2.1617%</u>

The long-term loan is guaranteed by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG).

(11) Lease Liabilities

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Current	<u>\$ 6,554</u>	<u>6,505</u>	<u>6,853</u>
Non-current	<u>\$ 8,271</u>	<u>2,580</u>	<u>5,667</u>

Please refer to Note 6(20) for maturity analysis.

Amount recognized in comprehensive income statement:

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>Apr~June</u>	<u>Apr~June</u>	<u>Jan~June</u>	<u>Jan~June</u>
Interest expenses from lease liabilities	<u>\$ 50</u>	<u>59</u>	<u>84</u>	<u>126</u>
Expenses of short term lease	<u>\$ 49</u>	<u>30</u>	<u>83</u>	<u>64</u>
Expenses of low-value lease liabilities (excluding short term low value lease)	<u>\$ 40</u>	<u>25</u>	<u>65</u>	<u>50</u>

Amount recognized in cash flow statement:

	<u>2022</u>	<u>2021</u>
	<u>Jan-June</u>	<u>Jan-June</u>
Total cash outflow for lease	<u>\$ 4,005</u>	<u>3,616</u>

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1. Housing and building leases

The office lease contract is normally 3~5 years.

2. Other lease

Lease contracts for transportation vehicles and other equipment are 2 to 5 years.

Some of the transportation vehicle and equipment contracts are 1 to 2 years. These contracts are recognized as short-term or low-value lease, the Company decide to exempt the related right-to-use assets and lease liabilities.

(12) Employee benefits

There were no significant market fluctuations, significant curtailments, settlements or other significant one-off event in the prior fiscal year, pension costs in the financial statements are measured and disclosed according to the actuarial results determined on December 31st, 2021 and 2020.

Please refer to N12 for information related to the Company pension costs for the period ending June 30th 2022 and 2021.

(13) Income tax

1. The amount of income tax expenses was:

	2022	2021	2022	2021
	Apr~June	Apr~June	Jan~June	Jan~June
Current income tax expense	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

2. The amount of income tax expense (benefit) recognized in other comprehensive income:

	2022	2021	2022	2021
	Apr~June	Apr~June	Jan~June	Jan~June
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of financial statements of foreign affiliates	<u>\$ (3)</u>	<u>(10)</u>	<u>8</u>	<u>(10)</u>

3. Approval of income tax return

The company's tax returns for the years through 2020 were examined and approved by the Taiwan National Tax Administration.

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(14) Capital and other equity interest

Other than items described in the following, there were no significant changes in the Company capital and other equity interest for the three months ended June 30th, 2022 and 2021. Please refer to Note 6(14) of the consolidated financial statements for the year ended December 31st, 2021 for related information about the shareholder's equity.

Audit Committee has approved to issue restricted employee shares of 980 thousands shares on 2022.03.10 and set 2022.03.16 as the base date for capital increase. All legislation procedures have been completed.

Audit Committee has approved to issue restricted employee shares of 20 thousands shares on 2022.05.03 and set 2022.05.10 as the base date for capital increase. All legislation procedures have been completed.

1. Capital reservation

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Issue stock premium	\$ 232,219	241,083	68,283
Treasury stock trading	11,534	11,534	11,534
Long term investment	2,150	2,150	2,150
Restricted employee shares	<u>30,865</u>	<u>-</u>	<u>-</u>
	<u>\$ 276,768</u>	<u>254,767</u>	<u>81,967</u>

The Shareholders' Meeting has decided to distribute cash dividends total of NT\$8,864 thousands (NT\$0.195587). Please refer to MOPS or company website for details.

2. Retained earnings

According to the Articles of Incorporation of the Company, when the Company has profit as a result of the accounting year the Company shall pay taxes first, then offset its losses in previous years and set aside a legal reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled the total capital of the Company, followed by setting aside special capital reserve in accordance with relevant laws or regulations or as requested by business. Any remaining balance added together to the accumulated undistributed earnings in previous years, shall be allocated by the Board of Directors and be approved in shareholders meeting.

The dividends policy of the Company is stipulated in accordance with the Company Law and the Articles of Incorporations of the Company, and take into account of the capital and

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financial structure, business performance, earnings and related industrial elements. The amount of dividends distributed to shareholders shall be no less than 50% of the distributable earnings of the year and no less than 50% of the shareholder's dividends shall be in the form of cash.

The calculation basis for the share dividends is depending on the closing price one day prior to the shareholder meeting and take into account of the impact of dividends effects. If there is any differences between the actual dividend amount and the estimation, it will be regarded as accounting estimation change and recognized as loss of the year.

There were no differences between the 2021 and 2020 Loss Appropriation Statement proposed by the Board of the Directors and the ones approved in the shareholder meeting on 2022.08.03rd. Related details can be found in MOPS website.

	2021
Dividends for common share holders	
Cash (NT\$0.977936 per share)	\$ 44,323

3. Other equity interest (earnings after tax)

	Exchange differences on translation of financial statements of foreign affiliates	Unrealized profit and loss through other complicated profit and loss through fair value of financial assets	Employee compensation unearned	Total
Balance on 2022.01.01	\$ 136	(5,000)	-	(4,864)
Exchange differences on translation of financial statements of foreign affiliates	33	-	-	33
Distribution of restricted employee shares	-	-	(40,865)	(40,865)
Cost for RES	-	-	6,258	6,258
Balance on 2022.06.30	\$ 169	(5,000)	(34,607)	(39,438)
Balance on 2021.01.01	\$ 158	(5,000)	-	(4,842)
Exchange differences on translation of financial statements of foreign affiliates	(39)	-		(39)
Balance on 2021.06.30	\$ 119	(5,000)		(4,881)

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(15) Share-based payments

1. Share-based payments for the equity settlements for period ending 2022.06.30:

	Restricted employee stocks 2022 issuance	Restricted employee stocks 2022 issuance
Allotment date	2022.05.10	2022.03.16
Allotted quantity (thousand shares)	20	980
Period of contract	1~3 years	1~3 years
Criteria	Note	Note
Subscription price per share (NT\$)	0	0
Price after adjustment	0	0

Note: For those who meet the service years and performance conditions stipulated in the Regulations on Employee Restricted Shares, the conditions are as follows:

Service with one year: 20%, Service with two years: 30%, Service with three years: 50%

2. The Company adopts the closing share price on the date of payment as the fair value of the share-based payment.
3. Employee restricted shares:

The BOD of the company decided on 2022.03.10 to issue 980,000 new shares with restricted employee rights. The recipients of the grants were those who met the service requirements and performance conditions stipulated in the Regulations on Employee Restricted Shares. It has been reported to the Securities and Futures Bureau and must be issued within one year. 2022.03.16 is set as the base date for the new shares. This capital increase has been registered in accordance with the legislation. Before the vested conditions are met, all restricted shares allocated to employees must be kept with a designated institution for trust and custody. The restricted shares shall not be sold, pledged, transferred, given to others or disposed of in any ways. The rights are the same as the issued ordinary shares of the company, except for the rights that are delivered to the trustee for safekeeping and restricted before the vested conditions are met. Also, for those whom do not fulfill the conditions, the company will retrieve and cancel all the shares from the employees free of charge.

Information on employee restricted shares:

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	Unit: Thousand shares
	2022
	Jan~Mar
Balance on 2022.01.01	-
Allotment	<u>1000</u>
Balance on 2022.06.30	<u><u>1000</u></u>

The company issued 1000,000 new employee restricted shares which are recognized as ordinary share capital of NT\$10,000 thousands, capital reserve-employee restricted shares of NT\$30,865 thousands, and other equity deductions-unearned employee remuneration of \$40,865 thousands. The remuneration cost recognized by the Company for the period of 2022.01.01~2022.06.30 was NT\$6,258 thousands

(16) Earnings per share

The calculation of basic earnings per share was as following:

	<u>2022</u> <u>Apr~June</u>	<u>2021</u> <u>Apr~June</u>	<u>2022</u> <u>Jan~June</u>	<u>2021</u> <u>Jan~June</u>
Basic earnings per share:				
Net income for the period	<u>\$ 22,315</u>	<u>6,580</u>	<u>51,312</u>	<u>19,867</u>
Weighted average number of ordinary shares outstanding during the year (in thousands)	<u>44,323</u>	<u>74,977</u>	<u>44,323</u>	<u>74,977</u>
Basic earnings per share (NT dollars)	<u>\$ 0.51</u>	<u>0.09</u>	<u>1.16</u>	<u>0.26</u>
Basic earnings per share (NT dollars)-retrospective adjustments		<u>\$ 0.18</u>		<u>0.55</u>
Diluted earnings per share:				
Net profits belong to ordinary shares equity holder	<u>22,315</u>	<u>6,580</u>	<u>51,312</u>	<u>19,867</u>
Weighted average number of ordinary shares outstanding during the year (basic) (in thousands)	44,323	74,977	44,323	74,977
Effect on potential diluted ordinary shares:				
--employee remuneration by shares (thousand shares)	<u>1</u>	<u>-</u>	<u>102</u>	<u>-</u>

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--restricted employee shares not yet acquired (thousand shares)	<u>44,690</u>	<u>74,977</u>	<u>44,925</u>	<u>74,977</u>
Weighted average number of ordinary shares outstanding during the year (diluted) (in thousands)	<u>\$ 0.49</u>	<u>0.09</u>	<u>1.14</u>	<u>0.26</u>
Diluted earnings per share (NT dollars)		<u>\$ 0.18</u>		<u>0.55</u>

When calculating earnings per share, capital reduction to compensate for losses has been retrospectively adjusted. The base date for capital reduction is 2021.09.15. As a result, the basic and diluted EPS are:

	<u>2021 Jan-Mar Before retrospective adjustment</u>	<u>2021 Jan-Mar After retrospective adjustment</u>	<u>2021 Jan-Mar After retrospective adjustment</u>	<u>2021 Jan-Mar After retrospective adjustment</u>
Net profits belong to ordinary shares equity holder	<u>\$ 6,580</u>	<u>6,580</u>	<u>19,867</u>	<u>19,867</u>
Weighted average number of ordinary shares outstanding during the year (basic) (in thousands)	<u>74,977</u>	<u>36,323</u>	<u>74,977</u>	<u>36,323</u>
Basic EPS	<u>\$ 0.09</u>	<u>0.18</u>	<u>0.26</u>	<u>0.55</u>
Diluted EPS	<u>\$ 0.09</u>	<u>0.18</u>	<u>0.26</u>	<u>0.55</u>

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(17) Revenue from Contracts with Customers

1. Segmentation of revenue

	2022	2021	2022	2021
	Apr~June	Apr~June	Jan~June	Jan~June
Major regional markets				
China	\$ 124,959	125,789	263,197	225,057
Taiwan	45,138	86,404	117,492	171,473
Others	4,077	2,118	4,089	4,190
	\$ 174,174	214,311	384,778	400,720
Major products				
Computer & peripheral consumer products IC	\$ 161,703	201,789	362,517	375,850
Others	12,471	12,522	22,261	24,870
	\$ 174,174	214,311	384,778	400,720

2. Contract Balance

	2022.6.30	2021.12.31	2021.6.30
Notes and account receivables (including related parties)	\$ 226,681	220,590	217,841
Less: allowances for loss	(2,489)	(2,336)	(4,424)
Total	\$ 224,192	218,254	213,417
Contract liabilities-current (other current liabilities)	\$ 1,114	-	-

Please refer to Note 6(3) for details.

The contract liabilities mainly arise from the contractual advanced receipts from the customers of the consolidated company, and will be recognized as revenue when the control of the product is transferred to the customer.

(18) Remuneration to employee & directors

According to the Articles of Incorporations of the Company, the allocation for employee remuneration shall be no less than 20% of distributable profit of the current year.

Remuneration of directors shall be no more than 3% of distributable profit of the current year.

However, the Company shall firstly compensate the accumulated loss.

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The Company has not allocated any remuneration to employees and directors as the Company was at loss for the period January 1st - March31st 2021. For 202204~202206 and 202201~202206, estimated remuneration for employees is NT\$5,796 thousands, and 13,328 thousands; remuneration for BOD is NT\$869 thousands and 1,999 thousands. The amount is estimated based on the amount of the company's pre-tax net profit deducting the remuneration of employees and directors for the period multiplied by the proportion of employees and directors' remuneration as stipulated in the company's articles of association, and is reported as operating costs or operating expenses for the period. If there is a difference between the actual distribution amount in the next year and the estimated amount, it will be handled according to the change in the accounting estimate, and the difference will be recognized as the profit and loss of the next year. If the board of directors decides to pay employee compensation in stock, the basis for calculating the number of shares for stock compensation is based on the closing price of ordinary shares on the day before the decision of the board of directors. Relevant information can be found at the MOPS.

In 2020, the company was a loss after tax, there was no allocation for employee and directors' remuneration.

On March 10, 2022, the BOD decided to distribute the remuneration of NT\$14,808 thousands to employees and the remuneration of directors of NT\$2,221 thousands in cash in the form of cash. There is no difference in the amount included in the account, relevant information can be found at the MOPS.

(19) Non-operating income and expenses

The details of other gains and losses were as follows:

	2022	2021	2022	2021
	Apr~June	Apr~June	Jan~June	Jan~June
Foreign exchange gains (losses) \$	23,693	(13,547)	46,378	(3,906)
Net loss of financial liabilities through P&L at fair value	62	(72)	62	(72)
Net loss of disposal of property, plant and equipment	(207)	-	(207)	-
Miscellaneous income and expenses	(83)	(4)	17	(8)
	\$ 23,465	(13,623)	46,250	(3,986)

ENE TECHNOLOGY INC and Subsidiaries
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(20) Financial instruments

1. Credit risk

(1) Concentration of credit risk

The customer base is concentrated in NB industry. The credit risk is relatively high as 5 customers are taking up 96%, 92.68% and 90% of the balance for account receivables (including related parties) on June 30th, 2022, December 31st, 2021 and June 30th, 2021 respectively. To decrease the credit risk, the Company continuously evaluate financial status of customers and conduct periodical review on the recovery possibility of A/R. Currently, the recovery of account receivables has been successful and has no concern for major loss.

(2) Credit risks on account receivables and debt securities

A. Please refer to Note 6(3) for details on credit risk exposure of notes and trade receivables.

B. Other financial assets at amortized cost include other receivables and term deposits.

2022.6.30			
Evaluation after amortized cost			
Credit Rating	12 months expected loss	Impairment provision during the period – not impaired	Impairment provision during the period – impaired
BBB ~ AAA	\$ 232,905	-	-
Carrying amount	\$ 232,905	-	-
2021.12.31			
Evaluation after amortized cost			
Credit Rating	12 months expected loss	Impairment provision during the period – not impaired	Impairment provision during the period – impaired
BBB ~ AAA	\$ 228,435	-	-
Carrying amount	\$ 228,435	-	-
2021.6.30			
Evaluation after amortized cost			
Credit Rating	12 months expected loss	Impairment provision during the period – not impaired	Impairment provision during the period – impaired
BBB ~ AAA	\$ 292,744	-	-
Carrying amount	\$ 292,744	-	-

There is no impairment provision or reversal after amortized cost of financial assets for the period January 1st to June 30th, 2022 and 2021.

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2. Liquidity risk

Other than account payables (including related parties) and other current liabilities will be paid within one year, the following table shows the contractual maturities of financial liabilities:

	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>Over 1 year</u>
2022.06.30				
Non-derivative financial liabilities				
Bank Loan	\$ (150,665)	(150,665)	-	-
Lease liabilities (current and non-current)	(15,268)	(3,375)	(3,375)	(8,518)
Long term loan (matured within 1 yr)	(7,368)	(3,706)	(3,662)	-
	<u>\$ (173,301)</u>	<u>(157,746)</u>	<u>(7,037)</u>	<u>(8,518)</u>
2021.12.31				
Non-derivative financial liabilities				
Bank Loan	\$ (162,736)	(162,736)	-	-
Lease liabilities (current and non-current)	(9,193)	(3,298)	(3,298)	(2,597)
Long term loan (matured within 1 yr)	(11,093)	(3,736)	(3,698)	(3,659)
	<u>\$ (183,022)</u>	<u>(169,770)</u>	<u>(6,996)</u>	<u>(6,256)</u>
2021.06.30				
Non-derivative financial liabilities				
Bank Loan	\$ (261,359)	(261,359)	-	-
Lease liabilities (current and non-current)	(12,719)	(3,502)	(3,502)	(5,715)
Long term loan (matured within 1 yr)	(14,869)	(3,775)	(3,737)	(7,357)
Derivatives				
FX exchange contract				
Inflow	(27,940)	(27,940)	-	-
outflow	27,868	27,868	-	-
	<u>\$ (289,019)</u>	<u>(268,708)</u>	<u>(7,239)</u>	<u>(13,072)</u>

There is no expectation that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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3. Market risk

(1) Exposure to currency risk

The Company financial assets and liabilities exposed to exchange rate risk were as following:

Unit: FX in thousands

	2022.6.30			2021.12.31			2021.6.30		
	FX	Ex. rate	NTD	FX	Ex. rate	NTD	FX	Ex. rate	NTD
<u>Financial assets</u>									
Monetary items									
USD	\$ 23,879	29.720	709,695	25,039	27.681	693,109	21,044	27.88	586,712
RMD	363	4.439	1,612	552	4.346	2,397	465	4.318	2,008
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	3,556	29.720	105,689	2,314	27.681	64,064	3,384	27.88	94,360
<u>Non-Monetary</u>									
USD	-			-			1,000	27.87	Note

Note: Fair value of the foreign exchange swap as of June 30th, 2022. Please refer to Note 6(2) for details.

(2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, account receivables (including related parties), other financial assets (current and non-current), account payables and other current liabilities that are denominated in foreign currency.

A strengthening (weakening) 5 % of the TWD against the USD and the RMB as of June 30th 2022 and 2021, would change the net profit after tax by NTD\$30,281 thousands and NTD\$24,718 thousands respectively. The analysis assumes that all other variables remain constant.

(3) Foreign exchange gain (losses) on monetary items

The Company foreign exchange gains (losses), including realized and unrealized, on monetary items are:

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	2022.01.01~2022.06.30		2021.01.01~2021.06.30	
	FX gain/loss	Ave FX rate	FX gain/loss	Ave FX rate
USD	\$ 46,320	28.755	(3,933)	28.181
RMB	58	4.428	27	4.354

(4) Interest risk

Please refer to the note on Liquidity Risk management for details on the financial asset and financial liability risk of the Company.

The sensitivity analysis was determined by the interest risk of the non-derivative on the reporting date. When reporting to the management, the interest rate has a range plus or minus 0.25%, which also represents the evaluation made by the management for the possible interest rate fluctuation.

If the interest rate changes by 0.25%, with other factors remain constant, the net profit/loss after tax would change by NTD\$85 thousands or NTD\$294 thousands respectively for the period January 1st to June 30th 2022 and 2021. This is due to the cash and cash equivalent, short term loan, other current financial assets-current and long term loan (including long term loan matured within one year).

4. Fair value of financial instruments

(1) Categories of financial instruments and fair value

The fair value of financial assets and liabilities at fair value through profit or loss and fair value through other comprehensive income is measured on a recurring basis. The carrying amount and the fair value of financial assets and liabilities (including information for fair value rating scale, but excluding financial instrument with fair value close to the carrying amounts and equity investments which cannot be estimated reliably in an active market) are:

	Carrying Amount	2022.6.30			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 331,110	-	-	-	-
Net account receivables (including related parties)	224,275	-	-	-	-
Other financial assets (current and non-current)	<u>232,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	<u>\$ 788,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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Financial liabilities measured at amortized cost

Short term loan	\$ 150,000	-	-	-	-
Account payable (including related parties)	170,875	-	-	-	-
Lease liabilities (current and non-current)	14,825	-	-	-	-
	37,802	-	-	-	-
Long term loan (matured in 1 yr)	<u>7,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	<u>\$ 380,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2021.12.31

	<u>Carrying Amount</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 400,584	-	-	-	-
Net account receivables (including related parties)	218,254	-	-	-	-
Other financial assets (current and non-current)	<u>228,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	<u>\$ 847,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial liabilities measured at amortized cost

Short term loan	\$ 162,272	-	-	-	-
Account payable (including related parties)	107,610	-	-	-	-
Lease liabilities (current and non-current)	9,085	-	-	-	-
Salary and bonus payable	28,714	-	-	-	-
Long term loan (matured within 1 yr)	<u>10,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	<u>\$ 318,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2021.6.30

	<u>Carrying Amount</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 150,188	-	-	-	-
Net account receivables (including related parties)	213,417	-	-	-	-

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Other financial assets (current and non-current)	292,744	-	-	-	-
Sub-total	\$ 656,349	-	-	-	-
Financial liabilities measured at amortized cost					
Short term loan	\$ 259,103	-	-	-	-
Account payable (including related parties)	107,273	-	-	-	-
Lease liabilities (current and non-current)	12,520	-	-	-	-
Long term loan (matured within 1 yr)	14,546	-	-	-	-
Sub-total	\$ 393,442	-	-	-	-
Financial liabilities through P&L at fair value					
Foreign exchange swap	\$ 72	-	72	-	72

When the Company is evaluating assets and liabilities, observable market information/inputs are preferable. Hierarchy of inputs used to measure fair value are:

- A. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- B. Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability (directly or indirectly).
- C. Level 3: Assets or liabilities that are not observable market information (unobservable parameters).

(2) Valuation techniques for financial instruments measured at fair value

If financial instrument has quoted prices available in the active market, the quote in the active market shall be used as fair value. Both the market prices announced by significant exchanges and those of Central Government bonds determined as popular securities announced by the TPEX are basis of fair value for equity instruments booked in the Exchange (Taipei Exchange).

If public quoted prices can be timely obtained from the exchanges, brokers, underwriters or the competent authority, and the prices can represent actual and frequent transactions in the market, the financial instruments are considered to have public quoted prices in the active market. If the above condition is not met, the market is considered inactive. Generally speaking, if there is great differences between the sales price and purchase price, or there is significant increase in such difference or the transactions are not

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frequent, there is indication that the market is not active.

If the financial instruments held by the consolidated company are in the non-active market, they are deemed as equity instruments without public quotation, the fair value will be booked as its net asset value.

- (3) There was no transfer of levels during January 1st to June 30th, 2022 and 2021.
- (4) Quantitative information on the fair value measurement of significant unobservable inputs (Level 3)

The fair value measurement of the consolidated company classified as Level 3 are mainly equity investment, financial assets measured at fair value through other comprehensive gain or loss.

The significance of the consolidated company's fair value classified as Level 3 has only a single significant unobservable input value, and only an equity instrument investment without an active market has multiple significant unobservable inputs.

The significant unobservable inputs of equity instrument investments in an inactive market are independent of each other and therefore are not interrelated. The list of quantitative information for significant unobservable inputs is as follows:

<u>Item</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Relationship between inputs and fair value measurement</u>
Financial assets at FVOCI- equity investments without an active market	Net Asset Value Method	Net Asset Value	Not applicable

(21) Financial risk management

There were no significant changes in the objectives and policies in the financial risk management from N6(20) outlined in the consolidated financial statement for the year ended December 31st 2021.

(22) Capital management

The objective, policies and processes for capital management were consistent with the consolidated financial statements for the year ended December 31st 2021. There were no significant changes in quantified factors of capital management from information disclosed in the

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consolidated financial statement for the year ended December 31st 2021. Please refer to N6(21) of the consolidated financial statement dated December 31st 2021 for details.

(23) Financing activities not affecting current cash flow

The financing activities not affecting current cash flow in the 6 months ended June 30th 2022 and 2021 were:

1. Please refer to N6(5) for recognized related liabilities on property, plant and equipment.
2. Please refer to N6(6) for Acquisition of right-of-use assets at leases.

Reconciliation of liabilities arising from financing activities were as follows:

	<u>Short term loan</u>	<u>Lease liabilities</u>	<u>Long term loan</u>
Balancing at January 1 st 2022	\$ 162,272	9,085	10,909
Changes in cash flow from financing activities			
New loan	80,016	-	-
Loan repayments	(92,288)	-	(3,636)
Payment on lease liabilities	-	(3,773)	-
Sub-total cash flow from financing activities	<u>(12,272)</u>	<u>(3,773)</u>	<u>(3,636)</u>
Other changes in liabilities related items			
Interest expense	-	84	-
Interest paid	-	(84)	-
Acquire of right-of-use asset	-	10,697	
Disposal of right-of-use asset	-	(1,191)	
Effects on foreign exchanges	-	7	-
Sub-total other changes in liabilities related items	<u>-</u>	<u>9,513</u>	<u>-</u>
Balance at June 30th 2022	<u>\$ 150,000</u>	<u>14,825</u>	<u>7,273</u>

	<u>Short term loan</u>	<u>Lease liabilities</u>	<u>Long term loan</u>
Balancing at January 1 st 2021	\$ 301,449	15,906	18,183
Changes in cash flow from financing activities			
New loan	118,437	-	-
Loan repayments	(160,783)	-	(3,637)
Payment on lease liabilities	-	(3,376)	-
Sub-total cash flow from financing activities	<u>(42,346)</u>	<u>(3,376)</u>	<u>(3,637)</u>
Other changes in liabilities related items			
Interest expense	-	126	-
Interest paid	-	(126)	-

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Effects on foreign exchanges	-	(10)	-
Sub-total other changes in liabilities related items	-	(10)	-
Balance at June 30th 2021	<u>\$ 259,103</u>	<u>12,520</u>	<u>14,546</u>

7. Related-Party Transactions

(1) Parent company and the ultimate controlling party

Due to the re-election of BOD on 2022.06.09, Alcor Micro Corp. (Alcor) has acquired 2 seats of BOD and appointed the Chairman of the Board. Alcor has held 17.5% of ENE outstanding shares dated on 2022.06.30 and is the Parent company and the ultimate controlling party of the Company.

On 2022.07.11 Egis Technology Inc. has acquired the control of Alcor, thus Egis has become the ultimate controlling party of the Company.

(2) Names and relationship

Related parties had transactions with the Company during the period covered:

Names	Relationship
ASUSTek Computer Inc. (Asus)	Key personnel of the Company (Institutional Director)
Siguard Microelectronic Corp. (Siguard)	Key personnel of the Company (Institutional Director)

(3) Significant transactions with related parties

1. Sales

The amounts of significant sales were:

	Sales			
	2022	2021	2022	2021
	Apr~June	Apr~June	Jan~June	Jan~June
Key personnel of the Company-ASUSTek	<u>\$ 7,141</u>	<u>22,483</u>	<u>38,384</u>	<u>46,920</u>

	Related parties account receivables		
	2022.6.30	2021.12.31	2021.6.30
	Key personnel of the Company-ASUSTek	<u>\$ 15,662</u>	<u>29,163</u>

Product prices quoted to the related parties were determined by the product specification. Some discounts were given depending on the total sales quantity. Therefore, prices

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quoted to the related parties were of no big difference to other customers. Payment term for the related parties were 60 days while the payment terms for other customers can be varied from advance payment, T/T on demand, or 30 to 90 days on open account depending on the experiences and the result from the credit valuation.

2. Purchasing and OEM

Amounts relating to purchase and OEM from the related parties were:

Purchase and OEM				
	2022 Apr~June	2021 Apr~June	2022 Jan~June	2021 Jan~June
Key personnel of the Company—Siguard	<u>\$ 3,769</u>	<u>5,954</u>	<u>7,855</u>	<u>12,835</u>
Related parties account payables				
	2022.6.30	2021.12.31	2021.6.30	
Key personnel of the Company—Siguard	<u>\$ 2,595</u>	<u>5,491</u>	<u>4,598</u>	

The trading conditions between the Company and related parties are no different to those with general suppliers.

3. Other transactions

The Company signed technical contracts and paid royalties to related parties accordingly. Amounts to be balanced were:

		Amount			
	Trading items	2022 Apr~June	2021 Apr~June	2022 Jan~June	2021 Jan~June
Key personnel of the Company	Machines rentals	<u>\$ -</u>	<u>3</u>	<u>-</u>	<u>4</u>

Due to the unsettled balance of the aforesaid transaction on the reporting date, the Company recorded an amount due to the related party of 3,000 on June 30, 2021.

(4) Transactions with key personnel

Compensation of the key personnel were:

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	2022 Apr~June	2021 Apr~June	2022 Jan~June	2021 Jan~June
Short term employee benefits \$	8,735	5,498	16,284	11,549
Post-employment benefits	184	159	353	318
Share-based payment	608	-	1,210	-
	<u>\$ 9,527</u>	<u>5,657</u>	<u>17,847</u>	<u>11,867</u>

8. Pledged Assets

Assets	Purpose	20220630	20211231	20210630
Term deposit (other financial assets-non-current)	Purchase and Guarantee deposits of customs duty – non-current)	\$ 1,041	1,038	1,035
Term deposit (other financial assets-current)	Guarantee for short term loan	206,579	203,479	284,400
Account Receivables	Guarantee for short term loan	-	51,122	47,184
		<u>\$ 207,620</u>	<u>255,639</u>	<u>332,619</u>

9. Significant Commitments and Contingencies

Other than items described in Note 6 (11) & Note 7, the significant commitments of the Company for the period ending June 30th, 2022 and 2021 were as following:

- (1) According to the technical authorization contracts signed with other companies, the Company pays technical royalties and royalties by designated production quantity.
- (2) The Company has signed agreements with Taipei Fubon Commercial Bank Co Ltd, Cathay United Bank and CTBC Bank Co Ltd to provide promised note as guarantee for account receivables:

	2022.6.30	2021.12.31	2021.6.30
Guarantee Notes	<u>\$ 489,720</u>	<u>487,681</u>	<u>537,880</u>

- (3) The Company signs production capacity guarantee contracts with several suppliers, stipulating the relevant years and the minimum quantity or minimum amount to be purchased.

10. Losses due to major disasters: None

11. Significant subsequent events: None

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12. Other

- (1) Current summary statement of employee benefits, depreciation and amortization expenses by functions:

By Function Classification	20220401~20220630			20210401~20210630		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	-	35,897	35,897	-	22,550	22,550
Labor and health insurance	-	1,917	1,917	-	1,836	1,836
Pension	-	1,151	1,151	-	1,046	1,046
Others	-	505	505	-	578	578
Depreciations	-	3,901	3,901	-	2,922	2,922
Amortizations	-	478	478	-	58	58

By Function Classification	20220101~20220630			20210101~20210630		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	-	68,982	68,982	-	44,542	44,542
Labor and health insurance	-	3,806	3,806	-	3,531	3,531
Pension	-	2,300	2,300	-	2,946	2,946
Others	-	1,011	1,011	-	1,079	1,079
Depreciations	-	7,519	7,519	-	5,703	5,703
Amortizations	-	1,361	1,361	-	58	58

13. Other disclosures

- (1) Information on significant transactions

Information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the period ending June 30th, 2022:

1. Loans to other parties: none
2. Guarantees and endorsements for other parties: none
3. Securities held as of June 30th 2021 (other than investments in subsidiaries, associates and JVs):

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Unit: NTD\$ thousands/ thousand shares

Name of Holder	Category & Name of Security	Relationship with The Company	Account title	Ending balance				Note
				Shares	Book Value	Ownership %	Fair Value	
The Company	Benefit certificates-open end fund		Financial assets measured at fair value through other comprehensive profit and loss – current	5,334	80,062	- %	80,062	
The Company	Shares of Touchsens Ltd	-	Financial assets measured at fair value through other comprehensive profit and loss – non-current	250	-	7.59 %	Note	

Note1: the shares are not traded in open market. The evaluation was made by Net Asset Valuation Method. Please refer to note 6(20) for details.

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: none
5. Acquisition of individual property with amount exceeding the lower of NT\$300 million or 20% of the capital stock: none
6. Disposal of individual property with amount exceeding the lower of NT\$300 million or 20% of the capital stock: none
7. Related party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: none
8. Receivables from related parties with amount exceeding the lower of NT\$100 million or 20% of capital stock: none
9. Trading in derivative instruments: none
10. Business relationship and significant intercompany transactions: none

(2) Investment

Investment information for the period 20220101~20220630 (excluding investees in China)

Investor Company	Investee Company	Location	Business scope and products	Original Investment amount		Balance as of 20220630			Net income (loss) of investee	Share of P/L of investee	Note
				20220630	20211231	Shares	Ownership %	Book value			
The Company	Janus Power	New Taipei City	Electronic components	-	6,798	-	-%	-	-	-	Note

NOTE: Janus Power was eliminated after the simplified merger with the Company on 2022.03.16.

(3) Investment in China

1. Information on investment in Mainland China :

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Unit: NTD\$ thousands

Investee	Business Scope	Capital Surplus	Method	Accumulated outflow from TW as of 20220101	Investment Flow		Accumulated outflow from TW As of 2022331	Net Income/loss %	Ownership %	Gain/loss (Note4)	Book Value	Accumulated remittance of Earnings
					Outflow	Inflow						
ENE Touch Technology Inc	Distribution of electronic parts	9,047 (USD300)	(Note1)	9,047 (USD300)	-	-	9,047 (USD300)	(1,105)	100.00%	(1,105)	1,051	-

2. Limitation on investment in Mainland China :

Accumulated Investment in Mainland China as of 20210630 (Note2)	Investment amount Authorized by MOEA (Note2)	Maximum limit on Investment (Note3)
9,047 (USD300 Thousands)	8,916 (USD300 Thousands)	454,570

Note1 : Direct investment in China

Note2 : Accumulated investment in Mainland China were calculated in NTD using exchange rate on the remitting date. Investment amounts authorized by Investment Commission MOEA are calculated in NTD using exchange rate on the reporting date.

Note3 : According to “Principles of investment or Technical Cooperation in Mainland China”, the accumulated investment in mainland China of the Company does not exceed the maximum limit.

Note4 : Financial statements were reviewed by the certificated auditors of the Company.

3. Significant transactions between investees in China:

Please refer to “Information on significant transactions” for details.

(4) Major shareholders: single shareholding exceeding 5% of total capital.

Major Shareholder	Shareholding	No. of Holdings	% of holding
Alcor Micor Corporation Ltd.		8,000,000	17.65%

14. Segment Information

The Company is focus on the research and development, design, manufacture and sales of NB related application ICs. The Company operates as a single operation entity. The segment financial information is consistent with the consolidated financial statements. Please refer to the consolidated statements of comprehensive income for sales and income before income tax. Please refer to the consolidated balance sheets for information on assets.