Code: 6243

ENE TECHNOLOGY INC.

2021 Annual Report

http://mops.twse.com.tw
http://www.ene.com.tw

2022.May. 20th

Spokesperson:

Name: Sharon Jan
Title: Director, CEO Office
Tel: (03)666-2888 #3217
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Acting Spokesperson

Name: Dylan Chung
Title: CEO, CEO Office
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Tel: (03) 666-2888

ENE Technology Inc. Taipei Office

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Transfer Agent

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B1, No. 210, Sec. 3, Chen-de Rd, Taipei
Tel: (02) 2586-5859
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Independent Auditor

Company: KPMG Taiwan
Auditors: CPA Mei-Yu Tseng and CPA Chien-Hui Lu
Address: 68F, No. 7, Sec.5, Xinyi Rd., Taipei City (Taipei 101 Building)
Tel: (02)8101-6666
Website: http://www.kpmg.com.tw

ENE Technology Inc. Official Website:

http://www.ene.com.tw

1. Letter to Shareholders

Dear Shareholders,

Thank you all for attending 2022 Shareholders' General Meeting. I would like to briefly summarize ENE's 2021 business result and business plan for 2022 as follows:

2021 Financial and operation results

For fiscal year 2021, total revenue comes to NT$826,802 thousands, an increase of 29.90% (NT$190,289 thousands) over NT$636,513 thousands in 2020. Year 2021 Gross margin is 31.7%, higher than 22.9% of 2020.

Total operation expense in 2021 is NT$196,850 thousands, an increase of NT$25,358 thousands over NT$171,492 thousands in 2020. The increase of operation expenses is due to allocation of profits to employees and BOD compensations.

Net profit is NT$65,496 thousands, comparing to the net loss of NT$25,572 thousands in Year 2020. Other expenses is NT$8,487 thousands. It is mainly due to foreign exchange loss. Net profit before income tax is NT$57,009 thousands in comparison to net loss before income tax NT$61,358 thousands in 2020.

Budget execution

ENE TECHNOLOGY INC. did not announce financial forecast of 2021. However, the actual performance of 2021 is better than our original expectation.

Financial and profitability ratios:

Item	Consolidated		Parent Only	
	2021	**2020**	**2021**	**2020**
Return on Assets (%)	6.40%	-6.66%	6.42%	-6.68%
Return on Equity (%)	10.10%	-13.03%	10.10%	-13.03%
Return on Capital Employed (%)	12.86%	-8.18%	12.86%	-8.18%
Net income to sales	7.29%	-9.64%	7.31%	-9.65%
Earnings Per Share	1.60	(1.69)	1.60	(1.69)

Status on Research and Development

The focus of 2021 is on improving product performance and production yield. We have been making constant communication with customers to obtain the most updated specifications and successfully proceed to mass production. The strategic focus is to develop broader product offerings.

Business plan for 2022

1. Strategic focus: For Mobile computer products- continuous R&D on EC and related

applications for the NB, and further expand the NB customer bases. For Consumer and Peripheral products- continuous developing new products and explore niche applications to strengthen the collaboration with major customers.

2. Operational target: annual revenue growth target is set at least 5%.
3. Major logistic policy: To obtain sufficient wafer capacity is the prime operational goal as global OEMs are fully packed.

Future Development Strategy

The Company is continuously searching ways to improve its operation. In second half of 2021, the Company has introduced a strategic partner, Alcor Micro, to further strengthen its finance and operation. NB will still be the mainframe of our product strategy but with extra emphasis to increase the penetration rate. In addition, the Company is continuously working on shortening the product development schedule, improving the product quality and after sale services. Supply chain relationship has become one of the strategic emphasis. The goal is to build a stable and in-depth relationship with the supplier to obtain manufacturing capacity.

Impact of external competition, legislative environment and macro economics

Electronic industry and technology development change rapidly nowadays. ENE not only keeps close eyes on the industry trends but also emphasizes on strengthening the R&D capability. The Company works closely with customers, plans products and fabricates mid to long term strategies.

ENE Technology has persistently improving the internal workflow as well as adjusting the operation hoshin. The Company also introduced Alcro Micro as our latest strategic partner. These efforts gradually lead the Company into the positive direction with desirable outlook. The global pandemic, COVID-19 has brought many changes to people's life, in particular in education and work. As a result, dependence on personal computing devices such as NBs in particular is increasingly explicit. The Company is very optimistic towards the coming year and is aggressively preparing for growth.

ENE TECHNOLOGY INC

Chairman Jason Weng

2. Company Profile

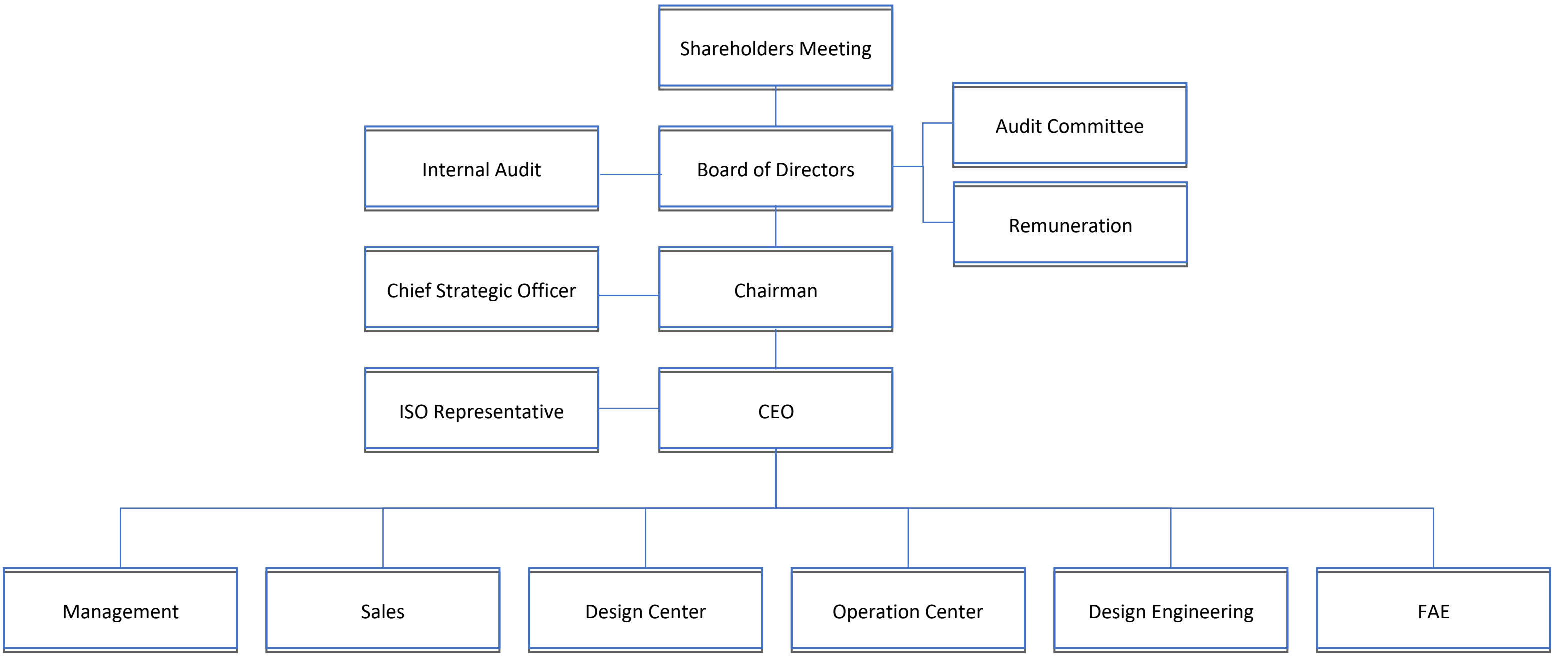
1. Establishment: May 20th, 1998
2. Milestones:

1998.05	Initial Capital NT$30 millions dollars
2000.11	Permission granted to operate in Hsinchu Science Industrial Park
2001.11	Pilot Run of first Keyboard Controller (KB3886）
2002.07	CardBus/MediaReader（CB710）certified by WindowsXP logo
2002.08	ISO9001 certified
2002.09	Enlisted on Emerging OTC market（Stock code R183）
2003.01	CardBus/MediaReader（CB720）certified by WindowsXP logo
2003.04	Listed on OTC market（Stock code 6243）
2003.10	Excellent Award of the Second National Business Start-up
2004.03	USB2.0 Chip certified by USB-IF and WHQL.
2004.10	11th Small and Medium Enterprise Innovation Research Award
2004.12	Award of Research and Development of Creative New Technologies, SBIP
2005.05	U.S. Patent granted “COMPENSATION CIRCUIT FOR CURRENT CONTROL OSCILLATOR”
2005.06	Taiwan Patent granted “Keyboard Controller”
2005.12	12th Small and Medium Enterprise Innovation Research Award
2006.08	9th Rising Star Award
2006.10	Chosen as the Major supplier for MIT OLPC project
2007.09	Won Deloitte Award for Tech Fast 50 Taiwan
2007.10	16th National Award of Outstanding Small & Medium Enterprises
2008.06	ISO/IECQ QC080000 certified
2008.08	Chinese Annual Top Ten Most Promising Golden Torch Award
2008.12	HSPM-RoHS certified
2009.10	Establishement of Shenzhen Office in China
2009.11	Award for Industrial Technology Advancement
2009.12	Listed on TWSE (6243)
2010.07	ISO 9001:2008 certified
2011.04	Establishment of Janus Power Technology Inc.
2014.11	WM6651 certified for WPC Qi standards
2015.12	IO361C PD E-Marker certified by USB-IF
2016.09	Enhanced MCU ene8K41 series
2016.11	New generation PD IC/PD E-Marker IC certified by USB-IF
2017.06	ISO 9001:2015 certified
2017.08	WM1511 certified for WPC Qi standards
2019.08	ENE Touch Technology Co. Ltd New generation PD 3.0 PPS IC certified by USB-IF
2020.01	MCU for gaming products
2021.10	Introduced strategic partner Alcor Micro via private placement

3. Corporate Governance

(1) Organizational

A. Organizational chart



B. Major functions

Department	Functions
CEO Office	Stipulate managerial objectives, set business targets, production planning and policies, investors communication and relations, legal affairs, new products evaluation, planning, evaluation, marketing, promotion and project management
Internal Audit	Internal audit affairs
R & Development Engineering Division	Logic circuit verification, related firmware, drivers and soft wares development
Sales	International and domestic activities relating to product marketing, sales, service and customer communications
Field Engineering Division	Post sales services and application related technical issues
Design Center	Logic circuit design, integration and verification, analog circuit design, system application analysis, system verification, product verification and testing, product certification
Operation Center	Supply chain management, procurement, production planning, quality and reliability management, process control, vendor management, chip layout engineering, IP management
Administration	Financial planning and risk management, BOD and shareholder related affairs, accounting affairs, taxation, budgeting, human resource management

2. Directors

2.1 Information Regarding Board Members

2022.04.10

Title	Nationality Registry	Name	Gender Age	Date Elected	Term (Yrs)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholdings		Shareholding by Nominee arrangement		Selected Education and Experiences	Current positions at the Company and other companies	Managers who are Spouses or Within Two Degrees of Kinship			Title
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Taiwan	Jason Weng	Male 61~70	2019.6.21	3	1998.4.20	1,630,010	2.17	562,666	1.24	24,632	0.05	-	-	Utah State University, Master of Electrical Engineering National Taiwan University, EMBA Product Manager Asean Pacific Division, Intel Corp. Marketing manager, SiS Manager, ASIC Center, TI Taipei Branch	The Company: NA Others: Janus Power, Chairman	-	-	-	
Director	Taiwan	Siguard Microelectronics		2019.6.13	3	2016.6.14	1,373,798	1.83	665,543	1.47	-	-	-	-						
	Taiwan	Siguard Microelectronics Representative: Chi Chan Chen	Male 51~60	2019.6.14	3	2020.6.14	-	-	-	-	-	-	-	-	Fengjia University Department of International Trade Director of Accounting Department of Meige Technology Co., Ltd. Deputy Manager of Finance Department of Hongyu Semiconductor Head of Accounting and Director of Accounting Department	ENE：NA Others：Supervisor of Sixing (Suzhou) Integrated Circuit Technology Co., Ltd.	-	-	-	
Director	Taiwan	ASUSTEK		2019.6.13	3	2007.9.11	917,247	1.22	444,364	0.98	-	-	-	-						

Title	Nationality Registry	Name	Gender Age	Date Elected	Term (Yrs)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholdings		Shareholding by Nominee arrangement		Selected Education and Experiences	Current positions at the Company and other companies	Managers who are Spouses or Within Two Degrees of Kinship			Title
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
		Computer Inc																		
	Taiwan	ASUSTEK Computer Inc Representative: Chin Chi Wu	Male 71~80	2019.6.13	3	2008.5.12	-	-	-		-	-	-	-	UCLA PhD in Material Science Alitech GM, CTO of Asus	ENE：NA Others： please refer to ASUS annual report	-	-	-	
Director	Taiwan	Wen Huei, Tsai	Male 61~70	2019.6.13	3	2005.5.27	1,198,978	1.60	580,851	1.28	24,563	0.05	-	-	Bachelor of Accounting, National Chengchi University	The Company: Chief Strategy Officer Others: Director, Sino-American Silicon Products Inc, Director, Advanced Wireless Semiconductor Company	-	-	-	
Director	Taiwan	Dylan Chung	Male 51~60	2019.6.13	3	2007.5.22	204,904	0.27	223,489	0.49	24,618	0.05	-	-	National Taiwan University, Master of Accounting Taiwan CPA/ Internal Auditor	The Company: CEO Janus power: General manager、Independent Director, Magnate Technology Inc Supervisor of Premtek, PigModel Animal Technology	-	-	-	
Director	Taiwan	Leo Wu (Dismissed on 2022/1/21)	Male 51~60	2019.6.13	3	2016.6.14	50,208	0.07	-	-	-	-	-	-	Tamsui Institute of Business Administration, Industrial Engineering and Management	Special assistant to the CEO Supervisor of Janus Power	-	-	-	
Independent Director	Taiwan	Ming Jun Hou	Male 71~80	2019.6.13	3	2002.6.12	32,751	0.04	15,866	0.04	-	-	-	-	TBB manager	ENE:Member of Audit Committee & Remuneration	-	-	-	

Title	Nationality Registry	Name	Gender Age	Date Elected	Term (Yrs)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholdings		Shareholding by Nominee arrangement		Selected Education and Experiences	Current positions at the Company and other companies	Managers who are Spouses or Within Two Degrees of Kinship			Title
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
																Committee				
Independent Director	Taiwan	Yi Fong Lin	Male 61~70	2019.6.13	3	2002.6.12	-	-	-	-	-	-	-	-	NCKU EE Masters, NTU EMBA, Intel Taiwan senior employee Founder of Migo Corp	ENE:Member of Audit Committee & Remuneration Committee Others:Director of Yu Hsin Tech, Focus Tech Chairman	-	-	-	
Independent Director	Taiwan	Shen Yuan Chen (Dismissed on 2022/02/18)	Male 51~60	2019.6.13	3	2016.6.14	-	-	-	-	-	-	-	-	NTU Finance management Masters Professor at Taipei Business University	ENE:Member of Audit Committee & Remuneration Committee Others:Alcor microelectronic independent director, remuneration committee member, Audit Committee member	-	-	-	

Major Shareholders' of Institutional Investor

Name	Top-10 Shareholders of Institutional Investors	%
Asustek	Jonney Shih	4.05%
	Cathay United Bank managed Expert Union Limited Investment account	2.78%
	ASUS's Certificate of Depository with CitiBank (Taiwan)	2.65%
	New Labor Pension Fund Trust	1.88%
	Taiwan Bank managed Silchester International Investors International Value Equity Trust	1.88%
	Yunta high dividend fund account	1.67%
	JPMorgan Chase Bank N.A. Taipei Branch in Custody for Saudi Arabian Monetary agency	1.49%
	Vanguard emerging markets stock index fund, a series of Vanguard international equity index fund	1.35%
	JPMorgan Chase Bank in custody for JPMorgan securities Plc	1.34%
	JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.22%
Siguard Microelectronics	Yen Yuan Investment	3.14%
	Hsin Yan Huang	1.59%
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard FTSE Emerging Markets Index ETF investment fund	1.36%
	HSBC in custody for LSV emerging market investment fund	1.35%
	Ming Chun Chiu	1.28%
	JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.26%
	Taiwan Corporative Bank	0.98%
	Union Bank of Taiwan	0.89%
	Standard Chartered International Bank in custody for ISHARES core MSCI emerging market ETF investment fund	0.83%
	HSBC in custody of ENSIGNPEAK consultant company	0.77%

Major Shareholders of the Compnay's major institutional shareholders

Institutional Investor	Top 10 shareholders of the institutional investors	%
Fubon Life Insurance Co., Ltd	Fubon Financial Holding Co., Ltd.	100.00%
Yen Yuan Investment	Spil investment	29.45%
	UMC	28.22%

	King Yuan ELECTRONICS CO., LTD.	15.34%
	UNIMICRON TECHNOLOGY CORP	12.27%
	Coretronic Corporation	7.98%
	Siguard	4.29%
	Sheun Jay Investment	2.45%
Taiwan Corporative Bank	Taiwan Cooperative Financial Holding Co.,Ltd.	100.00%
Union Bank of Taiwan	Chunli Investment	7.47%
	Baishen Investment	5.00%
	Teinshen Investment	4.63%
	Chuanchen Investment	4.60%
	Cheinyuan Investment	4.31%
	Weichih Investment	4.13%
	Cheuhpao Investment	3.88%
	Kuencherh Investment	3.74%
	Chisheun Investment	3.47%
	Chengbun Investment	3.45%

Board of Directors

1.Professional qualifications and independence of independent directors

(1)Professional qualifications

Criteria / Name	Professional background and experiences (Note1)
Chairman Jason Weng	Master of electrical engineering from Utah State University, EMBA from National Taiwan University. Mr. Weng is the chairman of the BOD. Mr. Weng served as the product manager of Intel Asia Pacific region, the product marketing manager of SiS, with the necessary work experiences in commerce, legal, finance, accounting and corporate business, and is familiar with the development trend of the semiconductor industry. There are no matters as listed in Article 30 of the Company Act.
Director Siguard Representative: Chi Chan Chen	Bachelor of International Trade, Feng jia University. Mr. Chen is currently the Head of Accounting and Comptroller of Siguard, with the necessary work experiences in commerce, legal, finance, accounting and corporate business。 There are no matters as listed in Article 30 of the Company Act
Director Asustek Representative: Chin Chi Wu	PHD of Material Science of USC. Mr. Wu is the CTO of Asustek, with the necessary work experiences in commerce and sales. There are no matters as listed in Article 30 of the Company Act
Director Wen Huei Tsai	Bachelor of Accounting, NCCU. Mr. Tsai is the Director of SAS Products Inc., AWSC with necessary experiences in commerce, legal, finance, accounting and sales. There are no matters as listed in Article 30 of the Company Act
Director Dylan Chung	Master of Accounting, NTU. Mr. Chung is the CEO of ENE with necessary experiences in commerce, legal, finance, accounting and sales. Mr. Chung also holds CPA and Certificate for internal auditor. There are no matters as listed in Article 30 of the Company Act
Director Leo Wu (Dismissed on 2022.1.21)	Bachelor of I.E and management, Aletheia University. Mr. Wu is the special assistant to CEO with necessary work experiences in sales. There are no matters as listed in Article 30 of the Company Act
Independent Director Ming Kuen Hou	Bachelor of Business management, NUTC. Mr. Hou is the Head of Compensation Committee and member of Audit Committee. Mr. Hou was manager of TBB with necessary work experience of finance and sales. There are no matters as listed in Article 30 of the Company Act. Not elected as representative of government or institution
Independent Director Yi Fong Lin	Master of EE, NCKU, EMBA of NTU. Mr. Lin is the Head of Audit Committee and member of Compensation committee. Mr. Lin is the Chairman of Focus Ltd. Director of Yu-shin Technology Development Ltd. With necessary work experience in commerce, legal, finance accounting and sales. There are no matters as listed in Article 30 of the Company Act. Not elected as representative of government or institution
Independent Director Shen Yuan Chen (Dismissed on 2022.2.18)	PHD of Finance management, NTU. Mr. Chen is professor at NTUB with necessary work experiences in commerce, legal, finance, accounting and sales. There are no matters as listed in Article 30 of the Company Act. Not elected as representative of government or institution

(2)Independence of independent directors

Criteria / Name	Serve as independent director of other public companies	Status of independence (Note 2)
Independent Director Ming Kuen Hou	0	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. 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 of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. 6. Not a director, supervisor, or employee of the company which majority director seats or voting shares and those of any other company are controlled by the same person. 7. Not a director (or governor), supervisor, or employee of the company or institution which the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. 8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. 9. Not a professional individual who, or an owner, partner, director, supervisor, or officer 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 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
Independent Director Yi Fong Lin	0	
Independent Director Shen Yuan Chen (Dismissed on 2022.2.18)	2	

2.Diversity and independence:

（1）Diversity

In order to implement the diversity of board members, the company clearly stated in Article 19 of the "Code of Practice on Corporate Governance" that the composition of the board of directors should consider diversity, and formulated an appropriate diversity policy based on its own operation, operation type and long-term development needs. Board members should also possess the knowledge, skills and qualities necessary to perform their duties.

In order to achieve the ideal goals of corporate governance, the board of directors as a whole should have the following capabilities:

1. Operational judgment ability.
2. Accounting and financial analysis ability.
3. Operation and management ability.
4. Crisis handling capability.
5. Industrial knowledge.
6. The international market view.
7. Leadership.
8. Decision-making ability.

The Company also pays attention to the selection of board members according to the principle of meritocracy, with reference to gender, age, nationality and cultural diversity. The implementation is as follows:

Diversity / Name		Basic Composition							Professionalism			Knowledge and Skills							
		Nationality	Gender	Employee	Age			Term of Independent Director (less than 3 yrs)	Finance & Accounting	Industry experience	Technology	Operational judgement	Analysis of accounting & Finance	Business Management skills	Risk handling skills	Industry knowledge	International viewpoint	Leadership	Decision Making
					<60	61-70	>70												
Board Member	Jason Weng	Taiwan	M			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Chi Chan Chen		M		✓				✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
	Ching Chi Wu		M				✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Wen Huei Tsai		M	✓		✓			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
	Dylan Chung		M	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Leo Wu (Dismissed on 2022.1.21)		M	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Directors	Ming Kuen Hou		M				✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
	Yi Fong Lin		M			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Shen Yuan Chen (Dismissed on 2022.2.18)		M		✓				✓	✓		✓	✓	✓	✓	✓	✓	✓	✓

（2）Independency: The current board of directors consists of 9 directors, including 3 independent directors, accounting for 1/3 of the seats on the board of directors. The number of directors with employee status does not exceed 1/3 of the number of directors. All directors and independent directors do not have the family relationship stipulated in

Article 26-3, Paragraph 3 of the Securities and Exchange Law. All independent directors have issued a "Declaration of Independent Directors" when they are elected, confirming that they meet the independence qualifications stipulated by laws and regulations. Later, due to the introduction of strategic investors in the company's private placement, Shen Yuan Chen’s independent director's independence was insufficient, and he was naturally dismissed from the position.

General Manager, vice presidents, directors, functional heads

2021.04.30

Title	Nationality	Name	Gender	Date of Election	Share holding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
CEO	Taiwan	Dylan Chung	Male	2015. 08.07	223,489	0.49	24,618	0.05	-	-	National Taiwan University, Master of Accounting Taiwan CPA/ Internal Auditor	The Company: CEO Janus power: General manager、 Independent Director, Magnate Technology Inc Supervisor of Premtek, Pig Model Animal Technology	-	-	-
Staretgy Officer	Taiwan	Wen Hui Tsai	Male	2007. 12.26	580,851	1.28	24,563	0.05	-	-	National Chengchi University, Bachelor of Accounting	The Company: Chief Strategy Officer Others: Director, Sino-American Silicon Products Inc, Director, Chipwell Tech Corporation and Advanced Wireless Semiconductor Company	-	-	-
Senior Executive VP	Taiwan	Galen Chai	Male	2015. 11.06	64,222	0.14	-	-	-	-	University of Texas at Austin, Master of Electrical and Computer Engineering	Supervisor of Janus Power	-	-	-
FAE VP	Taiwan	Dennis Lee	Male	2014. 08.08	52,422	0.12	-	-	-	-	National Chiao Tung University, Bachelor of Computer Science	None	-	-	-
Design Center VP	Taiwan	Kasper Tsai	Male	2016. 03.18	63,564	0.14	-	-	-	-	NCTU, Master of Computer Science	None	-	-	-

Title	Nationality	Name	Gender	Date of Election	Share holding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Sales VP	Taiwan	Armingle Lee	Male	2020. 01.01	223,434	0.49	20,551	0.05	-	-	NTUT, masters of EE ITE Technical manager	None	-	-	-
R&D Senior Associate	Taiwan	SuWu Lo	Male	2020. 03.19	52,000	0.11	-	-	-	-	NCTU, Bachelor of EE Faraday Technology, SiS	None	-	-	-
Sales Associate	Taiwan	Vic Chou	Male	2022.03 .10	44,000	0.10					NTUT, Bachelor or Business Management Moai Green Power Corp. Scientro	None	-	-	-

3. Remunerations Paid to Directors and Key Managers

3.1 Remuneration Paid to Directors (Including Independent Directors)

Unit: Thousands

Title	Name	Remuneration for Directors								Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Relevant Compensation 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 Invested Company Other than the Company's Subsidiary or parent Company
		Salary (A)		Pension (B)		Remuneration (C)		Allowances (D)				Salary, Bonus and special allowance (E)		Pension (F)		Salary (G)						
																The Company		Consolidated Entities				
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	Cash	Stock	Cash	Stock	The Company	Consolidated Entities	
Chairman	Jason Weng	1,422	1,422	-	-	588	588	1,317	1,317	5.52	5.52	-	-	-	-	-	-	-	-	5.52	5.52	NA
Institutional Director	Siguard Microelectronics	-	-	-	-	294	294	-	-	0.49	0.49	-	-	-	-	-	-	-	-	0.49	0.49	NA
Representative of Institutional Director	Chi Chan Chen							40	40	0.07	0.07									0.07	0.07	NA
Institutional Director	ASUSTEK Computer Inc	-	-	-	-	294	294	-	-	0.49	0.49	-	-	-	-	-	-	-	-	0.49	0.49	NA
Representative of Institutional Director	Chin Chi Wu	-	-	-	-	-	-	25	25	0.04	0.04	-	-	-	-	-	-	-	-	0.04	0.04	NA
Director	Wen Hui Tsai	-	-	-	-	294	294	40	40	0.55	0.55	1,240	1,240	-	-	-	-	-	-	2.61	2.61	NA
Director	Dylan Chung	-	-	-	-	294	294	40	40	0.55	0.55	4,595	4,595	108	108	-	-	-	-	8.35	8.35	NA
Director	Leo Wu (Dismissed on 2022.01.21)	-	-	-	-	294	294	40	40	0.55	0.55	874	874	44	44	-	-	-	-	2.08	2.08	NA
Independent Director	Ming Kuen Hou	600	600	-	-	54	54	40	40	1.15	1.15	-	-	-	-	-	-	-	-	1.15	1.15	NA
Independent Director	Yi Fong Lin	600	600	-	-	54	54	40	40	1.15	1.15	-	-	-	-	-	-	-	-	1.15	1.15	NA
Independent Director	Shen Yuan Chen (Dismissed on 2022.2.18)	500	500	-	-	54	54	35	35	0.98	0.98	-	-	-	-	-	-	-	-	0.98	0.98	NA

Remuneration Paid to Key managers and others

2021.12.31

Unit：NT$ Thousands

	Title	Name	Stock	Cash	Total	% to the profit after tax
Managers	CEO	Dylan Chung	N.A.	14,808	14,808	24.55%
	Chief Strategy Officer	Wen Huei Tsai				
	Executive VP	Galen Chai				
	VP	Dennis Lee				
	VP	Kasper Tsai				
	VP	Armingle Lee				
	Senior Associate	Shu Wu Lo				
	Associate	Vic Chou				
	Accounting & Finance head	Cynthia CHou				
Others						

Note1：Based on the amount of employee compensation approved by the board of directors of the company on March 10, 2022, the proposed distribution amount for this year cannot be calculated proportionally because no employee compensation was distributed last year.

Note2：The scope of application of managers is stipulated in the order of the Association on March 27, 2003, executive finance order No. 0920001301, and its scope is as follows：

(1)General manager and equivalent
(2)VP and equivalent
(3)Associate and equivalent
(4)Finance head
(5)Accounting head
(6)Other people with key managerial responsibilities

3.3 Remuneration Paid to General Manager and Vice Presidents

Unit: Thousands

Title	Name	Salary(A)		Pension (B)		Bonus & Allowances (C)		Remuneration (D)				Ratio of Total Compensation (A+B+C+D) to Net Income		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or parent Company
								The Company		**Consolidated Entities**				
		The Company	**Consolidated Entities**	**The Company**	**Consolidated Entities**	**The Company**	**Consolidated Entities**	Cash	Stock	Cash	Stock	**The Company**	**Consolidated Entities**	
CEO	Dylan Chung	1,891	1,891	108	108	2,744	2,744	-	-	-	-	7.86	7.86	-
Chief Strategy Officer	Wen Hui Tsai	1,240	1,240	-	-	-	-	-	-	-	-	2.06	2.06	-
Executive Vice President	Galen Chai	1,991	1,991	108	108	924	924	-	-	-	-	5.01	5.01	-
Vice President	Dennis Lee	1,785	1,785	108	108	852	852	-	-	-	-	4.55	4.55	-
Vice President	Kasper Tsai	1,701	1,701	108	108	891	891	-	-	-	-	4.48	4.48	-
Vice President	Armingle Lee	1,616	1,616	105	105	916	916	-	-	-	-	4.37	4.37	

3.4 Top five remuneration paid to the managers

Unit: Thousands

Title	Name	Salary(A)		Pension (B)		Bonus & Allowances (C)		Remuneration (D)				Ratio of Total Compensation (A+B+C+D) to Net Income		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or parent Company
								The Company		**Consolidated Entities**				
		The Company	**Consolidated Entities**	**The Company**	**Consolidated Entities**	**The Company**	**Consolidated Entities**	Cash	Stock	Cash	Stock	**The Company**	**Consolidated Entities**	
CEO	Dylan Chung	1,891	1,891	108	108	2,744	2,744	-	-	-	-	7.86	7.86	-
Executive VP	Galen Chai	1,991	1,991	108	108	924	924	-	-	-	-	5.01	5.01	-
Vice President	Dennis Lee	1,785	1,785	108	108	852	852	-	-	-	-	4.55	4.55	-
Vice President	Kasper Tsai	1,701	1,701	108	108	891	891	-	-	-	-	4.48	4.48	-
Vice President	Armingle Lee	1,616	1,616	105	105	916	916	-	-	-	-	4.37	4.37	-

3.5 Comparison of compensation for Directors, supervisors, CEO and VPs in the most recent two fiscal years and compensation

1. Directors', Supervisors', CEO's, VPs' compensation paid in the last two years as a percentage to net income:

Item	2020		2019	
	The Company	Consolidated Entities	The Company	Consolidated Entities
Net income（Thousands）	60,307	60,307	(61,237)	(61,237)
% of Compensation to Directors to Net income	11.54%	11.54%	(5.40%)	(5.40%)
% of Compensation to CEO and VPs to Net income	28.33%	28.33%	(21.31%)	(21.31%)

2. Policies, standards and combinations of remuneration payments, procedures for determining remuneration, and their relationship to business performance and future risks:

(1) Policy, standard and combination:

Directors:

1. Salary: in according to Article 32 of the articles of Incorporations, 3% of the net profit as compensations to the directors and supervisors. The BOD will decide how much the compensation will be paid in according to the contribution.
2. Remuneration: In according to Article 28, monthly remuneration shall be paid to the natural directors and supervisors that are not employees of the company.
3. Allowances: paid as resolution of the Remuneration and Compensation Committee, including company car, special allowances and service fee.

CEO, President and VPs:

1. Regular salary: paid in according to the standards set by the Remuneration and Compensation Committee.
2. Flexible remuneration: including MBO, quarterly bonus, employee remuneration. MBO bonus shall be paid in accordance to the personal performance, department performance and overall revenue achievement rate. Quarterly bonus shall be paid in accordance to the quarterly revenue achievement. Employee remuneration shall be paid in according to the Article 32 of Articles of Incorporations.

(2) Procedure for determining remuneration: The Company has established Remuneration and Compensation Committee on December 6th, 2011. The committee review directors, supervisors, and managers' compensation and related policies. Compensation to the Directors and Managers of the subsidiaries will be proposed at the parent Remuneration and Compensation Committee then submit to BOD for discussions.

(3) Correlation between operating performance and future risks: The performance evaluation and remuneration of the directors and managers of the company shall not only refer to the usual level of payment in the industry, but also consider the operating results and their contribution to departmental performance and company performance, and comprehensively

consider the amount of remuneration, payment method and the company's future risks and other matters, which are highly related to the company's operating responsibilities and overall performance

4. Status of corporate governance:

4.1 Board meeting attendance

The Board meetings were held 9 times in 2021 (A)

Title	Name(Note1)	Attendance in Person (B)	Attendance by Proxy	Rate of attendance in person (%)	Note
Chairman	Jason Weng	9	0	100%	
Director	Wen Hui Tsai	9	0	100%	
Director	ASUSTEK Computer Inc. Representative: Ching Chi Wu	5	0	56%	
Director	Siguard Microelectronics Representative: Chi Chan Chen	9	0	100%	
Director	Dylan Chung	9	0	100%	
Director	Leo Wu	9	0	100%	Dismissed on 2022.01.21
Independent Director	Ming Kuen Hou	9	0	100%	
Independent Director	Yi Fong Lin	8	0	100%	
Independent Director	Shen Yuan Chen	9	0	100%	Dismissed on 2022.02.18

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified: (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: please refer to the following section on Opinions or resolution of Independent Directors towards significant issues.

BOD	Agenda	Independent Directors' opinions or objections
2021/03/11 8th Committee 8th Meeting	Appointment and remuneration for 2020 independent auditors	NA
	Discussion on Directors and Officers Liability Insurance for Directors and eligible employees.	NA
2021/04/21 8th Committee 9th Meeting	Proposal for capital reduction to compensate accumulated losses	NA
	Proposal to issue Restricted Employee Stock	NA
	Proposal to increase capital by cash through private placement	NA
2021/09/14 8th Committee 13th Meeting	Set record date for capital reduction	NA
2021/10/12 8th Committee 14th Meeting	Price setting and related affairs for the 1st private placement in 2021	NA
	Price setting and related affairs for the 2nd private placement in 2021	NA
2021/11/02 8th Committee 15th Meeting	Amendments for Internal Control Regulations	NA
	Appointment and remuneration for 2021 independent auditors	NA

Title	Name(Note1)	Attendance in Person (B)	Attendance by Proxy	Rate of attendance in person (%)	Note

	Invite private placement party to sit in the BOD meeting	NA
Opinions of independent directors: NA		
Subsequent actions for Independent Directors opinion: NA		

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors : None

2. If there are any concerns of conflict of interests in the motions, the directors' names, contents of motion, causes for avoidance and voting should be specified:

BOD	Agenda
2021/10/12 8th Committee 14th Meeting	Price setting and related affairs for the 1st private placement in 2021
	Price setting and related affairs for the 2nd private placement in 2021
2021/11/02 8th Committee 15th Meeting	Invite private placement party to sit in the BOD meeting
When discussing the above proposal, Mr. Shen Yuan Chen has expressed his concern of conflict of interest thus excused himself from the discussion and the voting.	

3. A TWSE listed company should disclose information such as the evaluation cycle and period, evaluated scope, methodology, and content of the board's self (or peer) evaluation. The company has completed the evaluate for the period of 2021.01.01~2021.12.31. The result was Marked "exceptional". The aforementioned result has been reported to the Board on March 10th, 2022 and the Remuneration Committee on February 22nd , 2022.
4. The objectives of strengthening the functionality of the Board of Directors for the present year and the most recent year and assessment on the implementation:
   (1) The company has followed the regulation to stipulate BOD operation policy and disclose related information on MOPS.
   (2) The Company has arranged directors to attend training sessions which covered commerce, legal, finance, accounting and governance related topics and disclosed the results in annual report and MOPS.
   (3) The company has taken out Directors and Officers Liability Insurance for Director and Key Managers.
   (4) Remuneration Committee was established and a charter was stipulated on December 6th, 2011. The main responsibilities of the committee are to review and assess the performance of directors and managers and their remuneration packages.
   (5) Audit Committee was established to replace supervisors on the Board on June 13th, 2019. Audit committee is responsible for reviewing financial reports, the appointment and remuneration of certified accountants, the effectiveness of internal control systems, etc. The Audit Committee held 6 meetings in 2021. During the meetings, all relevant personnel attended the meeting for inquiries and discussions, and the operation and communication were in good condition.

Evaluation of BOD

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methods	Evaluation Content
Once a year	2021/01/01 to 2021/12/31	Performance evaluations on BOD, individual directors, audit committee members, Remuneration Committee members	1. Performance of BOD 2. Self -evaluation of Board members 3. Performance of Audit committee 4. Performance of Remuneration Committee	A. The performance of the board of directors covered the following five aspects: 1.Participation in the operation of the company; 2.Improvement of the quality of the board of directors' decision making; 3.Composition and structure of the board of directors; 4.Election and continuing education of the directors; and 5.Internal control. B. The criteria for self-evaluation of the Board members includes the following six aspects: 1.Familiarity with the goals and missions of the company; 2.Awareness of the duties of a director; 3.Participation in the operation of the company; 4.Management of internal relationship and communication; 5.The director's professionalism and continuing education; and 6.Internal control. C. The criteria for evaluating Audit Committee: 1.Participation in the operation of the Company, 2.Awareness on the responsibilities of the functional committees, 3.Improvement on the quality of decisions, 4.Composition and election of the committee members, 5.Internal audit D. The criteria for evaluating Remuneration Committee: 1.Participation in the operation of the Company, 2.Awareness on the responsibilities of the functional committees, 3.Improvement on the quality of decisions, 4.Composition and election of the committee members, 5.Internal audit

4.2 Audit Committee

Six meetings were held in 2021: attendance rate of independent directors are as follows:

Title	Name	Attendance in Person	By Proxy	Attendance rate in person	Note
Convener	Shen Yuan Chen	6	0	100%	Dismissed on 2022.02.18
Member	Ming Kun Hou	6	0	100%	
Member	Yi Fong Lin	6	0	100%	

Other noteworthy items:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act: Please refer to the Major Resolutions of Board Meetings in the following table

Title	Name	Attendance in Person	By Proxy	Attendance rate in person	Note

Audit committee	Agenda	Items approved by 2/3 of BOD but not yet approved by Audit Committee
2021/03/11 1st Committee 8th meeting	2020 Internal Control Report	NA
	2020 Business report, independent and consolidated financial reports	NA
	Appointment and remuneration of independent auditor 2020	NA
2021/04/21 1st Committee 9th meeting	Proposal for capital reduction to compensate accumulated losses	NA
	Proposal to issue employee restricted stock	NA
	Proposal to increase capital by cash through private placement	NA
2021/08/03 1st Committee 11th meeting	2021Q2 Consolidated Financial Report	NA
2021/10/12 1st Committee 12th meeting	Price setting and related affairs for the 1st private placement in 2021	NA
	Price setting and related affairs for the 2nd private placement in 2021	NA
2021/11/02 1st Committee 13th meeting	Proposal to amend internal control regulation	NA
	Appointment and remuneration of independent auditor 2021	NA
	Proposal to invite private placement representative to attend BOD meeting	NA
Resolution: other than item II below, others were approved unanimously.		
Subsequent action towards opinions of independent directors: approved unanimously		

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

Title	Name	Attendance in Person	By Proxy	Attendance rate in person	Note

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

BOD	Agenda
2021/10/12 1st Committee 12th Meeting	Price setting and related affairs for the 1st private placement in 2021
	Price setting and related affairs for the 2nd private placement in 2021
2021/11/02 1st Committee 13th Meeting	Invite private placement party to sit in the BOD meeting
When discussing the above proposal, Mr. Shen Yuan Chen has expressed his concern of conflict of interest thus excused himself from the discussion and the voting.	

3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

(1) Internal auditor presents audit report to independent directors within one month after the audit is completed. Abstract of communications:

Date	Contents
2021/03/11	Communication between accountants, independent directors and internal audit. Internal auditor present Audit report to independent directors Internal auditor present internal self-evaluation of each function
2021/04/21	Internal auditor present Audit report to independent directors
2021/05/04	Internal auditor present Audit report to independent directors
2021/06/25	Internal auditor present Audit report to independent directors
2021/08/03	Internal auditor present Audit report to independent directors
2021/09/14	Internal auditor present Audit report to independent directors
2021/10/12	Internal auditor present Audit report to independent directors
2021/11/02	Internal auditor present Audit report to independent directors Internal auditor present amendments of internal audit regulations to independent directors Internal auditor present 2022 internal audit plan
2021/12/23	Internal auditor present Audit report to independent directors

(2) Internal auditor sits in BOD meetings and present audit reports

(3) Accountant shall communicate with the Audit committee on financial report audit result, key auditing matters and material legislation amendments at least once a year

4.3 Corporate Governance Status and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons

Items of Evaluation	Implementation			Deviations from " the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Summaries	
1. Does Company follow "Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies" to establish and disclose its corporate governance practices?	✓		The company has not yet stipulated Corporate Governance Charter, but has incorporate corporate governance principles into its daily operation.	Related affairs shall be handled when necessary.
2. Shareholding Structure & Shareholders' Rights (1) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly? (2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders? (3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓ ✓ ✓ ✓		(1) The company has designed Investor Relationship Window and Spokesperson system to be responsible for shareholder related affairs. (2) There is no single shareholder with 10% or above shareholding. The company has sufficient knowledge of major shareholders. (3) ENE and its subsidiaries and affiliates have established an effective internal risk management system on the important internal control regulations. (4) The company has stipulated Rules for Handling Material Information to prohibit insider trading. Any violation against the rules leads to damages of company property and interests shall be brought to the legal authority.	No discrepancy
3. Composition and Responsibilities of the Board of Directors (1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly? (2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up the Board committees? (3) Has the Company established a methodology for evaluating the performance of its Board of Directors, performed evaluations on an annual basis, submitted the results of the performance evaluation to the board, and use it as a reference for individual directors' remuneration and renomination? (4) Does the Company regularly evaluate its external auditors'	✓ ✓ ✓ ✓		(1) There are 7 BOD members including 2 independent directors. Please refer to credentials of directors and supervisors. (2) Remuneration Committee and Audit Committee has established. (3) Performance Evaluation of the Board of Directors was stipulated. The 2020 evaluation result was "outstanding" and has been reported to the BOD on March 10th, 2021. It will be the future reference when determining remuneration and nomination of directors. (4) The finance department evaluates the eligibility and individuality of CPA once a year. The result has been reported to the BOD on 2022.11.02. Independent auditors Mei-Yu Tseng and Chien Hui Lu were both eligible.	(1) (3) (4) No discrepancy (2) Other functional committees will be established when required.

Items of Evaluation	Implementation			Deviations from " the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Summaries	
independence?				
4. Has a TWSE/TPEx listed company appointed an appropriate number of suitable corporate governance personnel, and designated a corporate governance officer to be in charge of corporate governance affairs (including, but not limited to, providing directors and supervisors with the information necessary to execute business, assisting directors and supervisors in complying with laws, handling matters related to board meetings and shareholders meetings in accordance with the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings)?	✓		The Company has not yet set up a corporate governance department but has assigned an administrator to handle related affairs on board meetings and shareholders meetings in accordance with the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings.	
5. Whether the company has established channels of communication with Stakeholders (including but not limited to shareholders, employees, customers and suppliers), and open the Stakeholders section on the company's website, and respond appropriately to Stakeholders' interests/ concerns regarding corporate social responsibility.	✓		The company has established channels of communication with stakeholders including bi-lingual company website with Stakeholder Section and contact window.	No discrepancy
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	✓		The company has appointed Yuanta Securities for its Shareholder's Meeting.	No discrepancy
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status? (2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	 ✓ ✓		(1) The company has set up a website containing the information regarding financials, business and corporate governance status. www.ene.com.tw (2) The company has a spokesperson and an acting spokesperson responsible for gathering and disclosing the information. Investors Seminars will be publicized on company website as well as on MOPS. (3) The company announces and reports the annual financial reports within the regulated deadline.	No discrepancy

Items of Evaluation	Implementation			Deviations from " the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Summaries	
(3) Does the Company announce and report the annual financial report within two months of the fiscal year end, and announce and report the financial reports for the first, second and third quarter and each month's operating performance ahead of the required deadline?		✓		
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	✓		1. Employee benefits and rights: Employees are able to express opinions and defend its right through email and quarterly employee meetings. 2. Employment relationship: human resource regulations are complete and efficient. Employee Welfare Committee was established to enhance employee benefits and welfare. 3. Investor relationship: the company sets up multi-lingual company website, emails and spokesperson system as investors communication channel. 4. Supplier relationship: the company maintains good relationship with vendors and endeavors to achieve better CSR and ensure products comply with RoHS and REACH regulations. 5. Stakeholder's right: the company has established company website with information on contact window and spokesperson system as stakeholder's communication channel. 6. Continuing education of Directors and managers: please refer table below for details. 7. Implementation of risk management policy risk evaluation measure: please refer to Section 7 item 6 Risk items for details. 8. The implementation of customer relations policies: the company is in a good relationship to be responsive to the market change. 9. Insurance for directors: the company has purchased Director and Officer Liability Insurance since April 21st, 2003.	No discrepancy
9. Please indicate the improvement of the results of the corporate governance evaluation issued by the Company's Center for Corporate Governance in the last year of the TWSE and provide priority measures and measures for those who have not yet improved. Result of 2021 evaluation: in the bracket of 36%~50%				

Items of Evaluation	Implementation			Deviations from " the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Summaries	
(1) Improved: 1.Increasing the transparency of company related information: English annual report and English financial reports with complete notes are provided from 2020Q1 onwards. 2.Increasing the transparency of company related information: quarterly financial reports were submitted to BOD for approval 7 days prior to the regulated deadline and announced within one day after the BOD meeting. 3.Enhancement of BOD structure and operation: establish Information security and risk framework and disclosed in company website. 4.Enhance the transparency of company related information: at least one investor seminar each quarter (2) Future improvement plan: 1. Improvement of information transparency: to disclose product introduction in Chinese 2. Improvement of information transparency: to disclose the relations between remuneration and performance of the directors and manager 3. Enhancement of BOD structure and operation: quarterly financial reports are approved by Audit Committee before sent to BOD for approval				

2021 evaluation of eligibility and independency of CPA:

Item	Evaluation	Results
1	Do the accountants have direct or indirect financial interest with the Company?	No
2	Do the accountants have no fund lending with the Company?	No
3	Do the accountants have close commercial relationships or potential employment relationship?	No
4	Do the accountants serve the Company within two years before the practice?	No
5	Do the accountants provide non-audit services that may affect the auditing activities for the company?	No
6	Do the accountants and the members of audit team have shares of the Company?	No
7	Do the accountant represent the company to arbitrate conflict with others?	No
8	Do the accountants are spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the Company?	No
9	Whether the accountants have being the audit accountants of the Company over 7 years?	No
10	Do the accountants permit others to practice under their name?	No
11	Do the accountants have relationship of collective investment or profit sharing with the company?	No

2021 continuing education of Directors and Managers:

Title	Name	Date	Hosted by	Course Content	Hours
Director	Jason Weng	2021/09/01	Accounting Research and Development Foundation Taiwan Association of Board Governance Taiwan Institute of Directors Securities and Futures Institutes	Please refer to Chinese version for details or contact IR contact window for details.	3
Director	Jason Weng	2021/05/07			3
Representative of institutional director	Chi Chan Chen	2021/02/25~26			12
Independent Director	Shen Yuan Chen	2021/03/11			3
Independent Director	Shen Yuan Chen	2021/05/12			3
Director	Dylan Chung	2021/09/01			3
Director	Dylan Chung	2021/05/07			3
Independent Director	Ming Kuen Hou	2021/09/01			3
Independent Director	Ming Kuen Hou	2021/06/10			3
Director (Dismissed 2022.01.21)	Leo Wu	2021/09/01			3
Director (Dismissed 2022.01.21)	Leo Wu	2021/01/14			3
Representative of institutional director	Ching Chi Wu	2021/09/01			3
Representative of institutional director	Ching Chi Wu	2021/08/26			3
Director	Wen Hui Tsai	2021/09/01			6
Independent Director	Yi Fong Lin	2021/08/18			3
Independent Director	Yi Fong Lin	2021/03/11			3

4.4 Remuneration Committee

4.4.1.Composition of Remuneration Committee

Name \ Criteria		Qualification & Experience (Note 2)	Independence (Note 3)	Serve as Remuneration committee member in other listed company
Independent Director	Yi Fong Lin	Master of EE, NCKU, EMBA NTU, Chairman of Focus Ltd with necessary experience in commerce, legal, finance, accounting and sales.	1. Oneself, one's spouse or relative within the second degree of kinship, does not hold position as director, supervisors or employee of ENE。 2. One, one's spouse or lineal relative within second degree of kinship hold any shares of the company. 3. One does not hold position as director, supervisor or employee of companies that has specific relations to the company. 4. One does not obtain remuneration (commerce, legal, finance, accounting or other services) from the company or related companies.	0
Convenor Independent Director	Ming Kuen Hou	Bachelor of Business management, NUTC. Mr. Hou was manager of TBB with necessary work experience of finance and sales.	1. Oneself, one's spouse or relative within the second degree of kinship, does not hold position as director, supervisors or employee of ENE. 2. One holds ENE 15,866 shares (0.04%). One's spouse or relative within second degree of kinship does not hold any shares of the company. 3. One does not hold position as director, supervisor or employee of companies that has specific relations to the company 4. One does not obtain remuneration (commerce, legal, finance, accounting or other services) from the company or related companies.	0
Independent Director	Shen Yuan Chen (Dismissed on 2022.02.18)	PHD of Finance management, NTU. Mr. Chen is professor at NTUB with necessary work experiences in commerce, legal, finance, accounting and sales.	1. Oneself, one's spouse or relative within the second degree of kinship, does not hold position as director, supervisors or employee of ENE 2. One's spouse holds 1,108 shares (0.002%). One or relative within second degree of kinship does not hold any shares of the Company. 3. Two years prior to being elected, one did not serve as director, supervisor or employee of companies having specific relations to the Company. As the Company introduced strategic partner through private placement that lead to insufficient independency of Mr. Chen, thus dismissed as independent director. 4. One does not obtain remuneration (commerce, legal, finance, accounting or other services) from the company or related companies.	2

4.4.2.Operation of Remuneration Committee

(1) The committee consists of three members.

(2) Tenure of the Committee: 2019.06.21 to 2022.06.12. The Committee convened 2 times in 2021:

Title	Name	Attendance in person	By Proxy	Attendance Rate (%)	Note
Convener	Ming Kuen Hou	2	0	100%	
Member	Shen Yuan Chen	2	0	100%	Dismissed on 2022.02.18
Member	Yi Fong Lin	2	0	100%	

1. If the board of directors declines to adopt or modifies a recommendation of the compensation committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the compensation committee's opinion (eg., the compensation passed by the Board of Directors exceeds the recommendation of the compensation committee, the circumstances and cause for the difference shall be specified):None.
2. Resolutions of the compensation committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
3. Discussion items and resolutions are listed in the table below.
4. Responsibilities of the Remuneration Committee:
   Pursuant to Article 6 of the Company's "Compensation Committee Charter" the Compensation Committee has the following responsibilities:
   (1) Design and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers.
   (2) Periodically evaluate and determine the remuneration of directors, supervisors, and managerial officers.

Discussion, resolutions and implantation from Remuneration Committee:

Remuneration Committee	Discussion	Resolution	Follow up actions from the Company	Implementation
2021/04/08 4th Committee 5th Meeting	Review eligibility of managers	Approved unanimously	NA	Reported to and approved by the BOD on 2021/05/04
2021/10/12 4th Committee 6th Meeting	Proposal for 2022 employee compensation adjustments	Approved unanimously	NA	Reported to and approved by the BOD on 2021/11/02
2022/02/22 4th Committee 7th Meeting	1.Review eligibility of managers 2.Proposal for issuing employee restricted stock 3.Proposal for 2021 annual remuneration for employees and directors 4.Structural adjustments to RD personnel remuneration	Approved unanimously	NA	Reported to and approved by the BOD on 2022/03/10
2022/04/21 4th Committee 8th Meeting	Review eligibility of managers Proposal for issuing employee restricted stock	Approved unanimously	NA	Reported to and approved by the BOD on 2022/05/03

4.5 Social responsibility performance and deviations from “corporate social responsibility best practice principles for TWSE/TPEX Listed Companies” and reasons

Item	Implementation			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Summary	
1. Whether the company has established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and the supervision of the board of directors		✓	Although the company has not yet established a sustainable development governance structure, the company operates in accordance with the spirit of the listed OTC sustainable development code of practice	In the future, it will be handled according to the company's development needs and laws and regulations
2. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the company’s operations and formulate relevant risk management policies or strategies in accordance with the materiality principle?	✓		The highest unit responsible of risk management is BOD.	No discrepancy
3. Environmental Issues (1) Has the Company set an Environmental management system designed to industry characteristics? (2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact? (3) Does the Company assess the current and future potential risks and opportunities of climate change for the company, and take measures in reaction to climate-related issues? (4) Has the Company counted greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption or other waste management?	✓ ✓ ✓ ✓		(1) An Environmental management system has been established. (2) The company has been certified with ISO9001:2015 and is complied with RoHS Directive, REACH,China RoHS Packaging Directive regulations. The Company also complies with the restrictions on harmful materials to decrease the impact on environment. (3) The company has assessed the potential risks and opportunities of climate change to the company now and in the future, and formulated and implemented various strategies, such as resource waste classification, sanitary consumables control, reduction in the use of disposable tableware and paper cups, air conditioning temperature limit control, automatic Induction lighting and inspection, electric power factor adjustment, using rechargeable batteries for more than 80%, and through the renewal of LED lamps and the use of frequency conversion operating equipment and other measures. (4) (4) The company has collected relevant information. Because the company does not have a factory building, only administrative office	No discrepancy

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>space, and the above management policy has been formulated to respond. In the future, it is expected to maintain the same carbon emissions every year as the goal of energy conservation, carbon reduction and greenhouse gas reduction.
<table><tr><th></th><th>2021</th><th>2020</th></tr><tr><td>CO2</td><td>131,185 Kg</td><td>101,621 Kg</td></tr><tr><td>Water usage</td><td>690,000 liters</td><td>899,000 liters</td></tr><tr><td>Wasted materials</td><td>0 Kg</td><td>0 Kg</td></tr></table></td><td></td></tr>
<tr><td>4. Social Issues
(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?
(2) Has the Company established and implemented a reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.) where operating performance or results are appropriately reflected in employee compensation?
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?
(4) Has the Company established effective career development training plans?
(5) Does the Company comply with relevant laws, regulations and international standards regarding customer health and safety, customer privacy, and marketing and labeling of products and services, and develop relevant consumer protection policies and complaint procedures?
(6) Has the Company formulated a supplier management policy that requires suppliers to follow relevant guidelines on issues such as environmental protection, occupational safety and health or labor rights, and their implementation?</td><td>✓
✓
✓
✓
✓
✓</td><td></td><td>(1) The company respect the variety of human resource compositions. All appointment policies abide by the international human rights conventions, including the International Human Rights Code, the International Labor Organization-Declaration of Fundamental Principles and Rights at Work, and the Ten Principles of the United Nations Global Covenant. The Company has stipulated a Human Rights Policy stating regardless of the following but not limited to factors such as race, color, gender, sexual orientation, age, language, marital status, political stance, religious belief, physical and mental disability, socioeconomic class, etc., all employees, contract and temporary personnel, interns, etc. shall be treated equally.
(2)
2.1 The company stipulates renumeration policy and states clearly in the article 32 of Articles of Corporation that no less than 20% of the profits after offsetting the accumulated deficit shall be allocated as employee compensation.
2.2 In accordance with the Regulations of Compensation, the average salary adjustment for 2021 is 1~3%.</td><td>No discrepancy</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>2.3 Please refer to Section 5 Labor relations for details on the employee benefits.
(3) The company endeavors to provide safe and comfortable working environment. The offices are equipped with access controls and monitoring system, conducts annual fire inspections, and convenes labor safety and hazards prevention seminars. Daily cleaning and tidying up of the offices as well as quarterly sanitization are performed. New employees are provided with basic medical examinations. Annual health examinations are also conducted to all employees. In addition, the Company stipulates female protection plan to ensure safety at work and physical/psychological wellbeing for female employees.
(4) Human resource development plan is established.
(5) The company has established a system of customer services to serve our customers.
(6) The company has formulated a solid supplier management and communicate with our supplier on regular basis to ensure the regulations are followed.</td><td></td></tr>
<tr><td>5. Does the Company refer to internationally accepted reporting standards or guidelines for compiling reports on corporate non-financial information such as corporate social responsibility reports? Has the aforementioned report obtained an assurance opinion of a third-party verification organization?</td><td></td><td>✓</td><td>The company has not prepared CSR report.</td><td>The company incorporated the principles of CSR in the daily operation and report the CSR related affairs to BOD periodically.</td></tr>
<tr><td colspan="5">6. If the Company has established its corporate social responsibility code of practice according to “Code of Practice for Listed Companies Sustainable Development,” please describe the operational status and differences.
The company has not prepared the Code of Practice for Sustainable Development but has incorporated the principles into the daily operation.</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the company’s implementation of corporate social responsibility:
(1) Environment: certified with ISO9001:2015 and is complied with RoHS Directive, REACH, China RoHS, and Packaging Directive regulations.
(2) Customer rights: the company frequently communicates with customers and create task force to tackle major RMA issues.
(3)Human resource development: cooperate with National Taipei University of Business on business project, donation to</td></tr>
</table>

Item	Implementation			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Y	N	Summary	
NCKU to set up a scholarship.				

4.6 Ethic management performance and deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons

Item	Implementation			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Y	N	Summary	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (1) Has the Company formulated a policy of ethical management approved by the board of directors, and clearly state, in the bylaw and external documents, the policies and practices of ethical management and the commitment of the board and senior management to actively implement the operating policy? (2) Has the Company established a mechanism for evaluating the risk of unethical behavior, regularly analyzed and evaluated business activities with a higher risk of unethical behavior in the business scope, and formulated a plan, which covers at least the precautionary measures in the second paragraph of Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", to prevent unethical behavior? (3) Has the Company clearly defined the operating procedures, behavior guidelines, punishment and appeal systems for violations in the unethical conduct prevention plan, and does it implement and regularly review and revise the aforementioned plan?	✓ ✓ ✓		1. Codes of Ethics and Conduct has been established on November 7th, 2014 and released in the Company website. 2. The company has clearly states the codes of ethics and conducts in various documents and manuals. 3. The company periodically reviews and evaluates operations that might incur unethical behavior as well as emphasis the importance of ethical conduct to employees whenever necessary.	No Discrepancy
2. Ethic Management Practice (1) Does the Company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts? (2) Has the Company established a unit affiliated with the board to promote corporate ethical management, and regularly (at least once a year) report to the board its ethical management policies and plans to prevent unethical conduct and monitor implementation? (3) Does the Company establish policies to	✓ ✓	✓	(1) Trading partners are able to follow the code of ethics of the company. (2) HR and legal departments are assigned as the responsible units and prepares quarterly reports to BOD. (3) Directors comply with the codes carefully and avoid conflict of interests whenever necessary. (4) The company has established an effective accounting system and internal control system, internal	(1) The company has not signed official documents with trading partners. (2) (3) (4) (5) No discrepancy

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Summary</th></tr>
<tr><td>prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?
(4) Has the Company established an effective accounting system and internal control system for the implementation of ethical management, where the internal audit unit prepared relevant audit plans based on the result of risk assessment of unethical conducts, and checked the compliance with the plan to prevent unethical conducts, or delegated an accountant to perform the verification?
(5) Does the Company provide internal and external ethical conduct training programs on any regular basis?</td><td>✓
✓</td><td></td><td>auditor checks the internal systems periodically.
(5) Directors participate ethic related training course to enforce the related knowledge and practice. Employees also participate internal training regarding ethics. Total number of employees participate in the internal ethical training course is 67 in 2021. Total number of employees participate in the internal anti-insider trading course is 67 in 2021.</td><td></td></tr>
<tr><td>3. Implementation of Complaint Procedures.
(1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?
(2) Has the Company established standard operating procedures for investigating the complaints received, take corresponding measures after investigation, and ensuring such complaints are handled in a confidential manner?
(3) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?</td><td>✓
✓
✓</td><td></td><td>(1) The company has stipulated work regulation that includes codes of ethics. Any violation shall be punished.
(2) The company has established SOP for investigating the complaints received, HR and legal are responsible for taking corresponding measures after investigation.
(3) The company shall adopt proper measures to prevent complainant from retaliation for filing a complaint.</td><td>No discrepancy</td></tr>
<tr><td>4. Information Disclosure
Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (“MOPS”)?</td><td>✓</td><td></td><td>The company prepares quarterly reports for the BOD as well disclose related information on the company websites and MOPS.</td><td>No discrepancy</td></tr>
<tr><td colspan="5">5. If the Company has established corporate governance policies based on TSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancy between the policies and their implementation.
No discrepancy.</td></tr>
<tr><td colspan="5">6. Other important information to facilitate better understanding of the company’s corporate conduct and ethics compliance practices (e.g., review the company’s corporate conduct and ethics policy).
(1) The company follows all the related legislations and incorporated into daily operation.
(2) The company “Regulations for Board of Directors Meeting” has outlined clauses for conflicts of interests and related behavioral obligations.</td></tr>
</table>

4.7 Inquiry on corporate governance principles and related regulations of the company:

Please refer to the Company official website (www.ene.com.tw > CSR > Corporate Regulations) or MOPS for more details.

4.8 Other information material to the understanding of corporate governance within the company: None

4.9 Internal Control System Execution Status

A. Statement on Internal Control:

ENE TECHNOLOGY INC.

Statement on Internal Control

Date: March 10th, 2022

Based on the findings of a self-assessment, ENE TEHCNOLOGY INC. states the following with regards to its internal control system during the year 2021:

1. ENE TECHNOLOGY INC’s board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and ENE TECHNOLOGY INC takes immediate remedial actions in response to any identified deficiencies.
3. ENE TECHNOLOGY INC evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. ENE TECHNOLOGY INC has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, ENE TECHNOLOGY INC believes that, as of December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of ENE TECHNOLOGY INC’s annual report for the year 2020 and Prospectus, and is publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was approved by the board of directors in their meeting held on March 10th, 2022, with none of the seven attending directors expressing dissenting opinions. All attending directors have affirmed the content of this Statement.

ENE TECHNOLOGY INC

Chairman: Jason Weng

CEO: Dylan Chung

B. If CPA was retained to conduct a special audit of the internal control system, disclose the audit report: None.

4.10 Legal penalties by competent authority to the Company or its employees, and the Company's punishment on its employees for violation of internal control system, major deficiencies and improvement measures in the most recent year and as of the publishment of this annual report: None

4.11 Major Resolutions of Shareholder's Meeting and Board Meetings

1.Resolutions for shareholder's Meeting on August 3rd , 2021:

Item	Resolutions	Implementation Status
To adopt 2020 Business Report and Financial Statements	Approved as proposed	Implemented accordingly
To approve the Proposal for 2020 Deficit Appropriation	Approved as proposed	Implemented accordingly
Proposal for capital reduction to compensate accumulated losses	Approved as proposed	Implemented accordingly
Proposal for issuing employee restricted stocks	Approved as proposed	Implemented accordingly
Proposal for increase capital by cash through private placement	Approved as proposed	Implemented accordingly. Shares were fully paid by 2021.10.26

2.Major Resolutions of the BOD Meetings in 2021:

Dates	Important Resolutions	Implementation
2021/03/11 8th Committee 8th meeting	1. 2020 Internal Control declaration 2. 2020 Business report, Parent only financial report and Consolidated Financial Report. 3. 2020 appropriation of loss 4. 2021 business plan 5. 2021 Shareholder's meeting arrangements. 6. Related affairs regarding accepting shareholders' proposal 7. 2020 appointment of independent auditor and audit team 8. Insurance of Liabilities for Director, supervisor and managers. 9. Proposal for personnel arrangement 10. Cathay Bank short term loan 11. Taipei Fubon Bank short term loan.	Approved unanimously

Dates	Important Resolutions	Implementation
2021/04/21 8th Committee 9th meeting	1. Proposal for capital reduction to compensate accumulated losses 2. Proposal for issuing employee restricted stock 3. Proposal to increase capital by cash through private placement 4. Amend shareholder's meeting agenda	Approved unanimously
2021/05/04 8th Committee 10th meeting	1. Remuneration Committee reviews lists of managers and compensation proposal	Approved unanimously
2021/06/25 8th Committee 11th meeting	1. Proposal to change date of shareholder's meeting	Approved unanimously
2021/08/03 8th Committee 12th meeting	1. Proposal to add Corporate Governance Regulations	Approved unanimously
2021/09/14 8th Committee 13th meeting	1. Set record date for capital reduction	Approved unanimously
2021/10/12 8th Committee 14th meeting	1. Set capital reduction record date and stock swap procedures. 2. Related affairs regarding price setting for the 1st private placement issuance 3. Related affairs regarding price setting for the 2nd private placement issuance	
2021/11/02 8th Committee 15th meeting	1. Remuneration Committee review eligibility of managers and remuneration packages 2. Amendment for Internal Control Regulations 3. Amendment for Internal Auditing Regulations 4. 2022 Internal Audit Plan 5. 2021 appointment of independent auditors and remuneration 6. Invite 2021 private placement representative to attend BOD meeting 7. China Trust Bank quota application	Approved unanimously
2021/12/23 8th Committee 16th meeting	Amendments to employee restricted stock issuing principles	

Dates	Important Resolutions	Implementation
2022/03/10 8th Committee 17th meeting	1. 2021 internal audit declaration 2. Amendments of Articles of Incorporations 3. Amendments of 2021 Employee Restricted Stock Regulations 4. Remuneration Committee to review eligibility of managers and remuneration packages 5. Proposal for 2021 Employees bonus and Directors' remuneration 6. 2021 Business report, independent financial report and consolidated financial report 7. 2021 appropriation of profits 8. Cash distribution from capital reserve 9. 2022 Business Plan 10. Issuance of employee restricted stock 11. Simple merger of the Company with its subsidiary Janus Power 12. Election of new BOD 13. Release new BOD from the non-competition clauses 14. Related matters on 2022 shareholders' meeting 15. Related affairs on accepting shareholders' proposal 16. Related matters on nomination of directors and independent directors 17. Related affairs on eligibility review of nominated directors and independent directors 18. Liability insurance for Directors and specific employees 19. Proposal for personnel arrangement 20. Cathay Bank short term loan	Approved unanimously
2022/05/03 8th Committee 18th meeting	1. Amendments of Corporate Governance Regulations 2. 2022 Q1 consolidated financial report 3. Issuance of employee restricted stock 4. Personnel arrangement for subsidiary ENE Touch Technology (Shenzhen) 5. Taipei Fubon bank short term loan	Approved unanimously

4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate governance officer and R&D : None

5. Information Regarding the Company's Audit Fee and Independence

(1) Audit fee details

Unit: NTD Thousands

Accounting Firm	Name of CPA	Period	Audit Fee (Note 1)	Non-audit Fee (Note 2)	Total	Note
KPMG	Mei Yu Tseng Chien Hui Lu	2021/01/01 ～ 2021/12/31	2,000	225	2,225	

Note 1: Audit fee for annual consolidated and independent financial reports and income tax auditing.
Note 2: Fees for capital reduction $100 thousands, issuance of employee restricted stock $75 thousands and registration fee $50 thousands.

(2) Change of Accounting firm and the Audit fee paid is less than previous year, please disclose the former audit fee paid and the reason for change: NA

(3) Decrease ratio of audit fee is more than 10%, please disclose the amount decreased, ration and reason: NA

6. Replacement of CPA:

Replacement of CPA within 2 years:

(1)Former CPA

<table>
<tr><td>Replacement date</td><td colspan="4">2019.03.20</td></tr>
<tr><td>Reason and descriptions</td><td colspan="4">Internal job rotation of KPMG</td></tr>
<tr><td rowspan="3">Termination by the Company or appointment declined by CPA</td><td colspan="2">Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td colspan="2">Termination by Company</td><td>NA</td><td>NA</td></tr>
<tr><td colspan="2">Declined by CPA</td><td>NA</td><td>NA</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Opinions differ from the Company</td><td rowspan="5">Y</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of Financial Statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>N</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other disclosures</td><td colspan="4">None</td></tr>
</table>

(2)Successor CPA

Name of accounting firm	KPMG
Name of CPA	Chien Hui Lu, Mei Yu Tsang
Date of appointment	2019.03. 20

Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA’s written opinion of disagreement toward the former CPA	None

7. The Company’s Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company’s independent auditing firm or its affiliates during 2021.

8. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

(1) Changes in shareholdings

Title	Name	2021		As of Apr. 10, 2022	
		Holding increase (decrease)	Pledged holding increase (decrease)	Holding increase (Decrease)	Pledged holding increase (decrease)
Chairman	Jason Weng	(1,001,344)	-	(66,000)	-
Director	Asustek	(472,883)	-	-	-
Director	Asustek Representative Chin Chi Wu	-	-	-	-
Director	Siguard	(708,255)	-	-	-
Director	Siguard Representative Chi Chan Chen	-	-	-	-
Director/CSO	Wen Huei Tsai	(618,127)	-	-	-
Director/CEO	Dylan Chung	(81,415)	-	100,000	-
Director/Special assistant to CEO	Leo Wu (Dismissed on 2022.1.21)	(43,885)	-	-	-
Independent Director	Ming Kuen Hou	(16,885)	-	-	-
Independent Director	Yi Fong Lin	-	-	-	-
Independent Director	Shen Yuan Chen (Dismissed on 2022.2.18)	-	-	-	-
VP	Galen Chai	(25,778)	-	40,000	-
VP	Dennis Lee	(2,578)	-	50,000	-
VP	Kasper Tsai	(18,436)	-	50,000	-
VP	Armingle Lee	(184,566)	-	50,000	-
Senior Associate	Su Wu Lo	(43,000)	-	50,000	-
Associate	Vic Chou (Appointed 2022.3.10)	-	-	44,000	
Major Shareholder	Alcor Micro	8,000,000	-	-	-

Note: The Company has reduced the capital and eliminated 38,653,852 shares (decrease of 51.55449%) on 2021.09.15. The table only discloses the changes occurred during the period of employment.

(2) Transfer of shareholdings and changes in pledges: none

9. Relationship among the top ten shareholders

2022.04.10

NAME	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company Top Ten Shareholders, or Spouses or kinship Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Alcor Micro	8,000,000	17.66%				-	NA	NA
Siguard	665,543	1.47%	-	-	-	-	NA	NA
Siguard representative-Chi Chan Chen	0	0.00%	-	-	-	-	NA	NA
Wen Huei Tsai	580,851	1.28%	24,563	0.05%	-	-	NA	NA
Jason Weng	562,666	1.24%	24,632	0.05%			NA	NA
Asustek	444,364	0.98%	-	-	-	-	NA	NA
Asustek representative-Chin Chi Wu	0	0.00%	-	-	-	-	NA	NA
Shu Hwa Tung	330,178	0.73%	-	-	-	-	NA	NA
Chi Lang Yang	250,000	0.55%	-	-	-	-	NA	NA
Mei Chun Yang	250,000	0.55%	-	-	-	-	NA	NA
Shin Kai Chen	250,000	0.55%	-	-	-	-	NA	NA
Dylan Chung	223,489	0.49%	24,618	0.05%		-	NA	NA

10. Ownership of Shares in Affiliated Enterprises

2022.04.30 (Unit: Thousand shares; %)

Investment (Note)	Ownership by the Company		Direct or indirect ownership by Directors, Supervisors, Manager		Total Ownership	
	Shares	%	Shares	%	Shares	%
ENE Touch Technology	-	100%	-	-	-	100%

Note: Equity Method

4. Fund Raising

4.1 Capital and Shares

(1) Changes in share capital

1.Issued Shares

Month/Year	Par Value NT$	Authorized Capital		Actual Capital		Remark		
		Shares (K)	Amount (K $)	Shares (K)	Amount (K $)	Source of Capital	Capital increased by assets other than cash	Other
2016. 06	10	95,000	950,000	74,977	749,767	Cancellation of treasury stock NT$ 3,210 ,000	None	Note 1
2021.09	10	95,000	950,000	36,323	363,228	Capital reduction to compensate accumulated losses 38,654 thousand shares	None	Note 2
2021.11	31.6	95,000	950,000	44,323	443,228	Private placement new shares 8,000 thousands shares	None	Note 3
2022.04	10	95,000	950,000	45,303	453,028	Employee restricted shares 980 thousands shares	None	Note 4

Note 1: 2016.06.30 #1050017515
Note 2: 2021.09.28 #1100027912
Note 3: 2021.11.03 #1100032074
Note 4: 2022.04.08 #1110011416

2.Type of Stock

Shares / Category	Authorized Capital (Thousands)			Note
	Issued Shares（note）	Non-Issued	Total	
Common Shares	45,303	49,697	95,000	-

Note: the company shares are listed shares.

(2) Shareholder Structure

2022.04.10

Category	Government Institution	Financial Institution	Other Institution	Individual	FINI	Total
No. of Shareholders	1	0	148	25,487	32	25,668
Shareholding (shares)	67	0	9,169,388	35,807,394	325,992	45,302,841
%	0%	0%	20.24%	79.04%	0.72%	100%

(3) Distribution of Shareholdings

2022.04.10

Category by shareholdings	No. of Shareholders	No. of Shares	%
1 ~ 999	17,697	1,942,982	4.29
1,000 ~ 5,000	6,783	13,153,750	29.03
5,000 ~ 10,000	691	5,172,722	11.42
10,001 ~ 15,000	165	2,074,944	4.58
15,001 ~ 20,000	114	2,095,037	4.62
20,001 ~ 30,000	102	2,633,263	5.81
30,001 ~ 40,000	31	1,095,642	2.42
40,001 ~ 50,000	27	1,241,171	2.74
50,001 ~ 100,000	33	2,254,439	4.98
100,001 ~ 200,000	14	1,858,366	4.10
200,001 ~ 400,000	6	1,527,101	3.37
400,001 ~ 600,000	3	1,587,881	3.51
600,001 ~ 800,000	1	665,543	1.47
800,001 ~ 1,000,000	0	0	0.00
1,000,001 and above	1	8,000,000	17.66
Total	25,668	45,302,841	100.00

(4)List of major shareholders

Shareholdings more than 5 % of total capital and top ten shareholders:

2022.04.10

Major Shareholders	Shareholdings	%
Alcor Micro	8,000,000	17.66%
Siguard	665,543	1.47%
Wen Huei Tsai	580,851	1.28%
Jason Weng	562,666	1.24%
Asustek	444,364	0.98%
Shu Hwa Tung	330,178	0.73%
Chi Lang Yang	250,000	0.55%
Mei Chun Yang	250,000	0.55%
Shin Kai Chen	250,000	0.55%
Dylan Chung	223,489	0.49%
Total	11,557,091	25.51%

(5) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NTD$

Item \ Year		2020	2021	Q1/2022
Market Price per share	Highest	15.05	76.70	58.90
	Lowest	5.05	13.35	40.80
	Average	10.47	25.26	50.17
Net Worth per share	Before distribution	5.87	16.99	17.30
	After distribution	5.87	15.79	—

Item \ Year			2020	2021	Q1/2022
Earning per share	Weighted Average Shares (thousand shares)		74,977	44,323	44,323
	Diluted Earnings Per Share		(0.82)	1.60	0.65
	Adjusted Diluted Earnings Per Share		(0.82)	1.59	—
Divideds per share	Cash		—	1.0	—
	Stock dividends	Earning	—	—	-
		Capital surplus	—	—	-
	Accumulated Undistributed Dividends		—	—	—
ROI	Price/Earning Ratio		—	15.79	—
	Price/Dividends Ratio		—	25.26	—
	Cash Dividends Yield Rate		—	3.96%	—

(6) Dividend Policy and Implementation Status

1.Dividend Policy:

Article 33 of Articles of Company: No less than 50% of net earnings shall be allocated to the dividends. No less than 50% shall be cash dividends, rest shall be stock dividends. The proposal shall be prepared by the BOD and sent to Shareholder’s Meeting for approval.

It is proposed to 2022 shareholders' meeting on the 2021 cash dividend accounted for 73.49% of the current year's net profit

2.Proposed Distribution of Dividends:

On 2022.03.10, the BOD decided to distribute cash dividend of NT$44,322,841 to shareholders for the 2021, with a cash dividend of NT$1 per share, and a capital reserve of NT$8,864,569 in excess of the nominal value of the issue of ordinary shares (allotment of $0.2 in cash per share). After the resolution of this shareholders' meeting, it is proposed to request the shareholders' meeting to authorize the chairman to set the base date, and calculate and adjust the distribution based on the number of outstanding shares on the day.

(7) Impact of company operation and earnings per shares from the proposed bonus shares issuance: none

(8) Remuneration of employees, directors and supervisors

1. Remuneration of employees, directors and supervisors as regulated in Articles of Corporation: if there is profit, no less than 20% shall be allocated for employees and no more than 3 % for directors as remuneration. The remuneration can be in form of stocks or cash. Eligibility for the allocation shall be decided by the BOD. BOD remunerations shall be in form of cash and employees remuneration can be in stock or cash. 2/3 of BOD shall be present and the decision shall be approved by 50% of the presenting directors and report at the shareholder’s meeting.

2. The estimated basis for the remuneration of employees, directors and supervisors in the current period, the calculation basis for the number of shares of employee remuneration

distributed by stocks, and the accounting treatment if the actual distribution amount is different from the estimated amount:

2.1 The company did not distribute employee compensation in stock for 2021

2.2 If the company calculates the basis for the distribution of employee compensation by shares and the actual distribution amount is different from the estimated amount, the difference is the change in accounting estimates, which will be included in the profit and loss of the actual distribution year

3.Remunerations approved by BOD:

3.1 BOD 2022.03.10 has approved to distribute employees' remuneration of $14,807,511 and directors' remuneration of $2,221,127. It is the same as estimation.

3.2 The amount of employee compensation distributed by stocks and its proportion to the total amount of individual or individual financial report after-tax net profit and employee compensation in the current period: not applicable

4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year, and the difference between the remuneration of recognized employees, directors and supervisors, and the number of differences, reasons and handling circumstances should be stated: not applicable

(9) Buy-back of treasury stock: None.

4.2 Corporate Bonds: None

4.3 Special Shares: None

4.4 Global Depository Receipts: None

4.5 Employee Stock Option: None

4.6 Issuance of new restricted stock awards for employees:

(1) Disclosure of restricted shares impact on shareholder's equity

2022.03.31

Type of restricted stock	1st employee restricted stock
Effective date	2022.01.05
Issuance date	2022.03.16
No. of shares issued	980,000 shares
Issuance price	NT$ 0
% of New restricted shares to total shares issued	2.16％
Criteria and eligibility	1. Those who have met both employment and performance conditions: (1) Those who are still employed after the expiration of the new shares with restricted rights of employees, and the employees' personal performance reaches 70% of the overall operating goals and department performance set by the company, or the employees have other special contributions approved by the Remuneration Committee, may acquire 20% of the shares. (2) Those who are still employed two years after the expiry of the new shares with restricted employee rights, and the employee's personal performance reaches

	70% of the overall operating goals and department performance set by the company, or the employee has other special contributions approved by the Remuneration Committee shall acquire 30% of the shares. (3) Those who are still employed three years after the expiry of the allotted new shares with restricted employee rights, and the employee's personal performance reaches 70% of the overall operating goals and departmental performance set by the company, or the employee has other special contributions approved by the Remuneration Committee shall acquire 50% shares 2. After one has been allocated new shares with restricted employee stock, if there is any negligence such as violating the labor contract or work rules, the company has the right to withdraw and cancel the new restricted employee shares. 3. The starting date of the allocation and expiry schedule mentioned shall be the record date of the current capital increase。
Restricted rights of the employee restricted stock	1. After the employees are allotted new shares, they shall not sell, transfer, donate, pledge, or dispose of them in other ways except for inheritance before the acquired conditions are met.。 2. The company's new employee restricted shares are intended to be managed by the trust. Therefore, the attendance, proposal, speech and voting rights of the shareholders' meeting shall be implemented in accordance with the trust custody contract. New shares allocated to employees, other rights before the acquired conditions are met, including but not limited to: dividends, bonuses and allocation rights to statutory surplus reserves and capital reserves, stock options and voting rights for cash capital increase, etc. The common shares issued are the same。
Custody of employee restricted shares	Restricted employee shares shall be handled by trust once it is issued
Handle of employees who fail to meet the vested conditions after being allotted or subscribed for new shares	The company will withdraw and cancel its shares for free according to law.
No. of shares withdraw	0 shares
Shares released from restriction	0 shares
Shares not released from restriction	980,000 shares
% Restricted shares to the total issued shares	2.16%
Impact to the shareholders' equity	No significant impact on shareholders' equity

Note: up till 2022.03.31, total shares issued 45,302,841 shares

(2)List of Mangers and top ten employees acquired restricted shares:

	Title	Name	No. of shares allotted	% of restricted shares to the total shares issued	Shares released from restriction				Shares not released from restriction			
					No. shares released from restriction	Issuance price	amount	% to the total shares issued	No. shares not released from restriction	Issuance price	amount	% to the total shares issued
Manager	CEO	Dylan Chung	380,000	0.8%	0	0	0	0%	380,000	0	0	0.8%
	Senior VP	Galen Chai										
	VP	Dennis Lee										

	VP	Kasper Tsai										
	VP	Armingle Lee										
	Senior Associate	Su Wu Lo										
	Associate	Vic Chou										
Employee	Director	W L Lee	265,000	0.6%	0	0	0	0%	265,000	0	0	0.6%
	Director	H Y Chen										
	Director	Nick Hsieh										
	Director	Sharon Jan										
	Senior Manager	Jerry Peng										
	Senior Manager	Kage Su										
	Senior Manager	Cynthia Chao										
	Senior Technical Manager	S C Lee										
	Technical Manager	B R Wang										
	Assistant Technical Manager	Nick Huang										

Note: up till 2022.3.31, total shares issued 45,302,841 shares

4.7 New Shares Issuance relating to Mergers and Acquisitions: None

4.8 Financing Plans and Implementation:

4.8.1 2021 private placement

1. Content: The shareholders' meeting on 2021.08.03 has approved the proposal for private placement. The purpose is to enrich the company's future operating capital, to repay bank loans, to meet the needs for future development, to strengthen the company's financial structure, to improve operating efficiency and to enhance long-term competitiveness. It is estimated that 8,000 thousand shares of common stock will be privately offered. The BOD has approved the proposal on 2021.10.12, and the shares were fully paid on 2021.10.26.

Source of fund:

Private Placement	No. of Shares	$ per share	Total amount
Alcor Micro Corporation Ltd.	8,000 thousands shares	NT$31.60	NT$252,800 thousands

2.Items and Schedule:

Unit: NT$ thousands

Term	Purpose	Estimated completion date	Fund required	Estimated Schedule	
				2021Q4	2022Q1
1st stage	Enrich operation fund	2022Q1	158,000	116,433	41,567
2nd stage	Bank loan repayments	2021Q4	94,800	94,800	–
Total			252,800	211,233	41,567

3.Execution:

Unit: NT$ thousands

Item	Estimated completion date	Total required	Status		Up till 2022Q1	Rationale on discrepancy
Enrich operational fund	2022Q1	158,000	Amount	estimation	158,000	NA
				Actual	158,000	
			Status	estimation	100%	
				Actual	100%	
Bank loan repayments	2021Q4	94,800	Amount	estimation	94,800	NA
				Actual	94,800	
			Status	estimation	100%	
				Actual	100%	
Total		252,800	Amount	estimation	252,800	NA
				Actual	252,800	
			Status	estimation	100%	
				Actual	100%	

4.Result assessments

The purpose of this private placement is to enrich working capital and repay bank loans. After the cash injection, the current ratio, quick ratio and the ratio of long-term funds to real estate, plant and equipment have all increased compared with those before the cash injection, while the debt-to-asset ratio has decreased compared with that before the cash injection (please refer to the table below for details). It has a positive effect on improving the financial structure:

Item \ Year		2021Q3 (before P.P.)	2021 (after P.P.)
Financial structure	Debt to asset ratio(%)	45.73	30.60
	Long term fund to real estate, plant and equipment(%)	2,418.86	3,826.72
Solvency	Liquidity(%)	212.82	318.96
	Quick Ratio(%)	168.96	258.94

5. Operation Highlights

A. Business Activities

(1) Business Scope

1.Distribution of Revenue

Major Division	%
Computer peripheral and consumer electronics related IC	93.35%
Others	6.65%
Total	100.00%

2.Products and services

(1) NB related IC

(2) Computer peripherals and consumer electronics ICs

(3) ASICs

3.New products in planning

Two major product lines are namely the Mobile Computing (embedded controller, EC) product line and Consumer and Peripheral Products. EC is highly correlated to NB products, and the Company aims to continuously working closely with NB customers. The research and development of Consumer and Peripheral products focuses on providing application platforms that meet customer needs and broaden product portfolios.

(1) eSPI EC series cost down version

(2) Chromebook EC series ARM M4

(3) DDR5 SPD Hub IC

(4) Capacitive touch controller IC with LCD display and multi channel PWM MCU

(5) Capacitive touch controller IC with 12 bit ADC MCU

(2) Industry Overview

1.Current Status and development

According to the statistics of the market research agency, the total shipment volume of NB in 2021 is about 240 to 260 million units, showing double-digit growth compared with 2020. At present, due to the uncertainties brought by the COVID-19 epidemic and the Russian-Ukrainian war that occurred at the beginning of the year, the industry is still cautiously observing market changes, responding to supply chain conditions, as well as rising freight and manufacturing costs.

With the change of work and lifestyle, and the deepening of mobilization and digitalization, more and more contents of electronic products and various services have become cloud-based. In addition to the importance of NB portability and operation efficiency, the integration of devices and information security issues are also becoming more and more essential. All of these will become the future emphasis of the NB development trend.

2.Correlation of the industry supply chain

Please refer to the Chinese version for information.

3.Product development trend and competition

NB can be mainly divided into commercial notebooks, consumer notebooks, educational notebooks and gaming notebooks. In the past two years, gaming laptops have attracted more attention, and vendors have strived to provide even more powerful models to meet the needs of gaming players. With new innovative designs and various gaming models, the future growth of gaming NB is very much expected. In addition, 2-in-1 NB also has its own position in the PC market due to the flexibility and convenience and it is worthwhile watching its development in the NB market.

2021 Market share information:

<table>
<tr><th>Product</th><th>Vendor</th><th>Nationality</th><th>Market share</th></tr>
<tr><td rowspan="4">Keyboard Controller</td><td>ENE</td><td>Taiwan</td><td>20%~30%</td></tr>
<tr><td>ITE</td><td>Taiwan</td><td rowspan="3">70%~80%</td></tr>
<tr><td>Nuvoton</td><td>Taiwan</td></tr>
<tr><td>Others</td><td>Japan, USA</td></tr>
</table>

(consolidated by ENE)

(3)Technology and RD development

1.R&D expenses

Unit: NTD thousands

	2021	Q1/2022 (Reviewed by CPA)
R&D expenses	64,025	17,415
Consolidated Revenue	826,802	210,604
%	7.74%	8.27%

2.Recent products development

<table>
<tr><th></th><th>Result</th></tr>
<tr><td rowspan="3">Mobile Products</td><td>eSPI EC series power saving features</td></tr>
<tr><td>eSPI EC series ARM M3</td></tr>
<tr><td>USB Type-C single port IC</td></tr>
<tr><td>Peripherals and consumer products</td><td>DDR5 Gaming ambient light MCU</td></tr>
</table>

(4)Mid to long term sales development plan

<u>Mid Term sales development plan:</u>

1. To fulfill the demand requested by NB customers as much as possible
2. To accelerate development of gaming related products
3. To expand customer base of consumer related products and aiming for more design-in with branded customers

<u>Long term sales development plan:</u>

1. Cultivate core technology and provide customers with competitive solutions
2. Adjust the organization and improve the operating efficiency

B. Market and Sales Overview

（1）Market analysis

1.Sales Region

Unit: Thousand dollars; %

Region \ Year	2021		2020	
	Revenue	%	Revenue	%
China	454,022	54.91	387,429	60.87
Taiwan	362,934	43.90	245,393	38.55
Others	9,846	1.19	3,691	0.58
Total	826,802	100.00	636,513	100.00

2.Market share

Product	2021	2020
NB shipment	Approx..240~260 million units	Approx. 200 million units
NB Market share of the Consolidated Company	20%~30%	20%~30%

Source: consolidated estimation of market research institutes and the Company

3.Market analysis and future outlook

COVID-19 epidemic has brought structural changes in consumer markets, and the US-China trade war, the Russian-Ukrainian war, etc. even triggered the urgent needs for diversified NB applications. Regardless of new purchase or replacement, it is expected that future NB demand is still expectable.

4.Competitive factors

(1) The management team has accumulated many years of product research and development experience and can master the performance and schedule of product development, and fully grasp the market opportunities.

(2) Maintain a good cooperative relationship with customers, endeavor to provide good product quality, yield, delivery and after-sales service.

5.Advantages and unfavorable factors to long run development and responding measures

A.Advantages

(1)The eco system of semiconductor industry is complete, and the effect of industrial clustering is conducive to shortening the product launch time.

(2)The fabs are committed to expanding production capacity and upgrading processes, which is conducive to improving product quality and reducing costs.

(3)Ability to design and research and develop products tailored to customer needs.

B.Unfavorable factors

(1)Short product life cycle, fierce competition

(2) High concentration of application markets and customer base.

C.Responding measures

(1) Enhancing personnel training, improve product development capabilities and respond to rapid product changes。

(2) Seek market opportunities, plan and develop products that fits customer needs.

(3) Expand non-NB related products and applications.

（2）Core applications of major products and manufacturing processes:

2.1Core applications of major products

Major products	Core application
Embedded controller IC	For personal computers (NB, AIO PC, Industrial PC), consumer electronic products, personal mobile devices

2.2Manufacturing process

Market demand > Stipulate specification > IC design > IC manufacturing > IC Packaging > IC testing

（3）Supply status of major materials

The main material is wafer. The company continues to cooperate closely with wafer manufacturing partners to secure stable supply of wafer.

（4）Major accounts in the last two years

1.Key customers

thousands; %

	2020				2021				2022Q1			
	Name	Amount	%	Relation with Issuer	Name	Amount	%	Relation with Issuer	Name	Amount	%	Relation with Issuer
1	C	283,276	44	NA	C	338,064	41	NA	C	102,970	49	NA
2	Asus	83,227	13	Related Party	Asus	98,874	12	Related Party	Asus	31,243	15	Related Party
3	B	28,927	5	NA	M	46,872	6	NA	S	16,284	8	NA
4	Others	241,083	38		Others	342,992	41		Others	60,107	28	
	Total	636,513	100		Total	826,802	100		Total	210,604	100	

2.Major suppliers

thousands; %

	2020				2021				2022Q1			
	Name	Amount	%	Relation with Issuer	Name	Amount	%	Relation with Issuer	Name	Amount	%	Relation with Issuer
1	SA	179,174	96	NA	SA	274,483	99	NA	SA	79,619	99	NA
2	SC	5,004	3	NA	SC	1,694	1	NA	SC	449	1	NA
3	Others	2,610	1	NA	Others	1,286	0	NA	Others			
	Total	186,788	100		Total	277,463	100		Total	80,068	100	

（5）Production information in the last two years

thousand unit; thousand dollars

Year / Production / Major products	2021			2020		
	Capacity	Quantity	Value	Capacity	Quantity	Value
NB related products	-	69,624	572,927	-	58,249	478,308
Others	-	0	0	-	0	0
Total	-	69,625	572,927	-	58,249	478,308

（6）Sales amount in the last two years

thousand unit; thousand dollars

Year / Sales Value / Major Products	2021				2020			
	Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
NB related products and others	15,735	173,694	51,740	653,108	11,011	108,228	47,887	528,285
Total	15,735	173,694	51,740	653,108	11,011	108,228	47,887	528,285

C.Employee Data

Year		As of March 31st, 2022	2021	2020
Employee Number	Direct	-	-	-
	Indirect	68	68	66
	Total	68	68	66
Average age		45.43	44.98	44.46
Average seniority		9.69	9.42	9.27
Academic demographic	PHD	–	–	-
	Master	43%	41%	41%
	Bachelor	54%	56%	56%
	High school	3%	3%	3%
	Others	–	–	-

D.Environmental related information

(1) The loss or penalty caused by environmental pollution during the latest year and up to the printing date of this annual report: None

(2) Countermeasures and possible disbursements to be made in the future: Major expenses relating to environment is for domestic waste cleaning fee and IC scrap disposal fee. Total of NTD$220 thousands in 2021. It is estimated to be NT$220 thousands every year hereinafter.

E.Labor relations

(1) Detailed descriptions of employee benefits, training and development, retirement plan and each of the implementation, as well as the labor management agreement and employee rights protection policies are listed in the following:

A. Employee benefits: please refer to company website for information.

B. Training and development:

The company has formulated the "Employee Training Regulations" as the basis for planning employee development and implementing training operations. In order to enable the employees of the company to understand the company's history and goals, and to be familiar with the working environment and related rules and regulations, the company provides orientation training for new employees. In addition to formulating an annual education and training plan and implementing internal training according to the company's development goals, and sending staff to participate in-person courses, there are also online courses and foreign language learning subsidies, providing employees with rich and diverse learning opportunities

2021 training information for the employees are:

Type	No. of employees	Hours	Amount $
Job related	36	215	40,600
Common category	235	259	6,440
Total	271	474	47,040

C. Retirement

The company has set up "Retirement Management Measures", and established the Labor Retirement Reserve Supervision Committee, and held one meetings in 2021. If a colleague meets the retirement conditions stipulated in Article 53 of the Labor Standards Law, one can apply for retirement according to the relevant regulations. The outstanding part of the pension is deposited in the Taiwan Bank retirement pension account for 2% of the total salary. 6% of the employee salaries are allocated to the Labor Insurance Bureau ’s personal pension account for employees according to the insurance coverage set by the Labor Insurance Bureau to ensure labor rights.

Subsidiaries in China participate in a social insurance plan managed and coordinated by local government agencies in China. This plan is a definite allocation system and is paid to the government-managed social insurance plan for pension insurance premiums.

D. Labor relations：

Quarter Labor Meetings were held for communications between the management and employees. no major disputes.

(2) At the time of printing this publication, loss incurred by labor dispute and the amounts of anticipated losses and countermeasures: none.

F. Information security management

(A) Information security risk management framework, Information security policy, specific management plan and resources invested in Information security management：

1. Information security risk management framework

The company established the information security committee in 2019, which is responsible for the formulation of information security policies and the promotion of information security measures, and performs regular reviews. The Information Security Committee assigns one information security supervisor, who is concurrently held by the head of the information department; the committee also has information security personnel, who, when any information security incident occurs, will work with the relevant departments to handle crisis management.

The Information Security Committee reports to the BOD on a regular basis on the establishment and maintenance of the information security management system.

The internal auditor also reviews the information securities items on regular basis and submits the report to BOD.

2. Information security policy

   The information security policy clearly defines the regulations, standards and specifications for information security management operations, including but not limited to electronic hardware equipment security management, operating system and application software installation, e-mail management and control, firewall settings, Internet user authorization settings, wireless network usage specifications, antivirus software settings, system program data access control, internal server update and maintenance, and system development security monitoring, etc.

3. specific management plan

   (1) Equipment safety management:

   A. Servers and other major equipment are placed in a designated computer room. The computer room is equipped with strict access control.

   B. Computer equipment is installed with constantly updated protection software to ensure that viruses can be effectively detected. 。

   (2) Installation, management and control of operating system and application softwares:

   A. The user applies for the required software. After the approval from user department head and the MIS head, MIS will set the requested softwares.

   B. In case of personnel change or departure, MIS will immediately modify their account and access accordingly to ensure information security。

   (3) Internet authorization：

   A. Firewall control for external network, install endpoint protection and intrusion detection software to detect and block external intrusions and attacks.

   B. The internal network is equipped with attack detections, which regularly detects abnormal behaviors of computers on the internal network.

   (4) Monitoring of system security

   A. The server room is equipped with uninterruptible power supply and voltage stabilization equipment to prevent system damage caused by power failure or abnormal power supply.

   B. Off-site backup system. When the local server room loses its function due to a disaster, the off-site backup host and storage device can start the recovery plan。

   C. Fortify the data backup and recovery mechanism, and regularly schedules backups to enhance the integrity and efficiency of system recovery。

4. resources invested in Information security management
   (1) The Information Security Committee regularly reviews the internal information security management operations, provides reports and recommendations to the management, and reports to BOD on an annual basis.
   (2) Internal auditor regularly reports to BOD on the audit results.
   (3) Each employee signs an information management agreement and complete an information security training session.

(B) Losses, possible impacts and countermeasures of major information security incidents in the most recent year and up to the date of publication of the annual report：None

G. Important contracts: none.

6. Financial Standing

6.1 Most Recent 5 year Condensed Financial Information

(1) Condensed Balance Sheet-IFRS-Consolidated

Unit: thousands dollars

		Financial standing for the last 5 years (N1)					As of Mar 31, 2022 (N3)
		2017	2018	2019	2020	2021	
Current assets		849,430	929,214	839,990	832,378	1,039,567	1,069,923
Property, Plant and Equipment (N2)		16,138	11,980	8,854	12,509	19,846	18,164
Intangible assets		788	112	0	0	1,512	629
Other assets (N2)		12,714	12,618	17,864	28,086	24,452	22,773
Total assets		879,070	953,924	866,708	872,973	1,085,377	1,111,489
Current liabilities	Before Distribution	252,626	387,296	362,802	412,614	325,927	324,595
	After Distribution	252,626	387,296	362,802	412,614	379,114	Not yet distributed
Non-current liabilities		1,350	33	2,316	20,006	6,250	3,098
Total liabilities	Before Distribution	253,976	387,329	365,118	432,620	332,177	327,693
	After Distribution	253,976	387,329	365,118	432,620	385,364	Not yet distributed
Equity attributable to shareholders of the parent		625,094	566,595	501,590	440,353	753,200	783,796
Capital stock		749,767	749,767	749,767	749,767	443,228	453,028
Capital surplus		81,967	81,967	81,967	81,967	254,767	285,027
Retained earnings	Before Distribution	(206,640)	(260,272)	(325,252)	(386,539)	60,069	89,066
	After Distribution	(206,640)	(260,272)	(325,252)	(386,539)	15,746	Not yet distributed
Other equity interest		0	(4,867)	(4,892)	(4,842)	(4,864)	(43,325)
Treasury stock		0	0	0	0	0	0
Non-controlling interest		0	0	0	0	0	0
Total equity	Before Distribution	625,094	566,595	501,590	440,353	753,200	783,796
	After Distribution	625,094	566,595	501,590	440,353	700,013	Not yet distributed

Note1: Information on 2017 ~2021 has been audited by independent auditors

Note2: If an asset revaluation has been performed in the current year, the date of processing and the revaluation value added should be listed

Note3: Financial information listed before the annual report is printed has been reviewed by CPA

Note4: The above-mentioned post-distribution figures shall be filled out according to the resolutions of the shareholders meeting of the following year

Note5: No correction or reedition has been requested by the authority on any of the financial information provided.

(2)Condensed Statement of Comprehensive Income-IFRS-Consolidated

Unit: Thousands

	Financial standing for the last 5 years (N1)					As of Mar 31, 2022 (N2)
	2017	2018	2019	2020	2021	
Operating revenue	496,929	516,391	559,933	636,513	826,802	210,604
Gross margin	123,902	119,868	121,352	145,920	262,346	63,614
Profit from operations	(94,763)	(82,666)	(61,635)	(25,572)	65,496	6,494
Non-operating income & expenses	(15,287)	22,528	(3,618)	(35,786)	(8,487)	8,990
Income before tax	(110,050)	(60,138)	(65,253)	(61,358)	57,009	28,997

	Financial standing for the last 5 years (N1)					As of Mar 31, 2022 (N2)
	2017	2018	2019	2020	2021	
Net income (Loss) (continuing business)	(110,050)	(60,138)	(65,253)	(61,358)	60,307	28,997
Net income (Loss) (discontinued business)	0	0	0	0	0	0
Net profit (loss)	(110,050)	(60,138)	(65,253)	(61,358)	60,307	28,997
Other comprehensive income (income after tax)	467	1,639	248	121	(260)	47
Total comprehensive income	(109,583)	(58,499)	(65,005)	(61,237)	60,047	29,044
Net income attributable to shareholders of the parent	(110,050)	(60,138)	(65,253)	(61,358)	60,307	29,044
Net income attributable to non-controlling interest	0	0	0	0	0	0
Comprehensive income attributable to Shareholders of the parent	(109,583)	(58,499)	(65,005)	(61,237)	60,047	29,044
Comprehensive income attributable to non-controlling interest	0	0	0	0	0	0
Earnings per share	(1.47)	(0.80)	(0.87)	(0.82)	1.59	0.65

Note1: Information on 2017 ~2021 has been audited by independent auditors
Note2: Financial information listed before the annual report is printed has been reviewed by CPA
Note3: Loss due to discontinued business is listed by the net after income tax
Note4: No correction or reedition has been requested by the authority on any of the financial information provided.

(3)Condensed Balance Sheet _IFRS_Parent Only

Unit: Thousands

		Financial standing for the last 5 years					As of Mar 31, 2022
		2017	2018	2019	2020	2021	
Current assets		846,773	922,631	836,338	826,112	1,034,713	NA
Investment by equity method		2,657	6,699	3,616	6,274	4,770	
Property, Plant and Equipment (N2)		16,138	11,980	8,854	12,509	19,846	
Intangible assets		788	112	0	0	1,512	
Other assets (N2)		12,714	12,467	17,432	27,079	24,061	
Total assets		879,070	953,889	866,240	871,974	1,084,902	
Current liabilities	Before distribution	252,626	387,261	362,334	411,884	325,452	
	After distribution	252,626	387,261	362,334	411,884	378,639	
Non-current liabilities		1,350	33	2,316	19,737	6,250	
Total liabilities	Before distribution	253,976	387,294	364,650	431,621	331,702	
	After distribution	253,976	387,294	364,650	431,621	384,889	
Capital stock		749,767	749,767	749,767	749,767	443,228	
Capital surplus		81,967	81,967	81,967	81,967	254,767	
Retained earnings	Before distribution	(206,640)	(260,272)	(325,252)	(386,539)	60,069	
	After distribution	(206,640)	(260,272)	(325,252)	(386,539)	15,746	
Other equity interest		0	(4,867)	(4,892)	(4,842)	(4,864)	

Treasury stock		0	0	0	0	0	
Total equity	Before distribution	625,094	566,595	501,590	440,353	753,200	
	After distribution	625,094	566,595	501,590	440,353	700,013	

Note1: Information on 2017 ~2021 has been audited by CPA
Note2: If an asset revaluation has been performed in the current year, the date of processing and the revaluation value added should be listed
Note3: Financial information listed before the annual report is printed has been reviewed by CPA
Note4: The above-mentioned post-distribution figures shall be filled out according to the resolutions of the shareholders meeting of the following year
Note5: No correction or reedition has been requested by the authority on any of the financial information provided.

(4)Condensed Statement of Comprehensive Income-IFRS-Parent only

Unit: Thousands

	Financial standing for the last 5 years					As of Mar 31, 2022
	2017	2018	2019	2020	2021	
Operating revenue	496,929	516,391	559,923	636,046	824,988	NA
Gross profit	123,902	119,868	121,342	145,453	261,317	
Income from operations	(94,785)	(82,076)	(58,615)	(23,590)	67,199	
Non-operating income & expenses	(15,265)	21,938	(6,638)	(37,768)	(10,190)	
Income before tax	(110,050)	(60,138)	(65,253)	(61,358)	57,009	
Net Profit (Loss) Continuing Business	(110,050)	(60,138)	(65,253)	(61,358)	60,307	
Net income (Loss) Discontinued Business	0	0	0	0	0	
Net Profit (Loss)	(110,050)	(60,138)	(65,253)	(61,358)	60,307	
Other comprehensive income (income after tax）	467	1,639	248	121	(260)	
Total comprehensive income	(109,583)	(58,499)	(65,005)	(61,237)	60,047	
Earnings per share	(1.47)	(0.80)	(0.87)	(0.82)	1.59	

Note1: Information on 2017 ~2021 has been audited by CPA
Note2: Financial information listed before the annual report is printed has been reviewed by CPA
Note3: Loss due to discontinued business is listed by the net after income tax
Note4: No correction or reedition has been requested by the authority on any of the financial information provided.

(5)CPA's Opinions

Year	Accounting Firm	CPA	Opinion
2021	KPMG	Chien Huei Lu Mei-Yu Tseng	No reserved opinion
2020	KPMG	Mei-Yu Tseng, Chien Huei Lu	No reserved opinion
2019	KPMG	Mei-Yu Tseng, Chien Huei Lu	No reserved opinion
2018	KPMG	Mei-Yu Tseng Heidi Huang	No reserved opinion
2017	KPMG	Heidi Huang Mei-Yu Tseng	No reserved opinion

6.2 Financial analysis

(1) Financial Analysis-IFRS-Consolidated

		Financial Analysis for the Last Five Years					As of March31, 2022
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt Ratio	29	41	42	50	31	29
	Ratio of long-term capital to property, plant and equipment	3,882	4,730	5,691	3,680	3,827	4,332
Solvency (%)	Current ratio	336	240	232	202	319	330
	Quick ratio	284	208	165	164	261	267
	Interest earned ratio (times)	(211)	(23)	(20)	(17)	20	265
Operating performance	Accounts receivable turnover (times)	2.78	3.02	3.14	3.39	4.00	3.52
	Average collection period	131	121	116	108	91	104
	Inventory turnover (times)	3.20	3.01	2.33	2.40	3.14	2.86
	Accounts payable turnover (times)	4.26	4.39	5.37	8.11	6.22	5.32
	Average days in sales	114	121	157	152	116	128
	Property, plant and equipment turnover (times)	32	37	54	60	51	44.33
	Total assets turnover (times)	0.56	0.56	0.61	0.73	0.84	0.77
Profitability	Return on total assets (%)	(12.40)	(6.34)	(6.89)	(6.66)	6.40	5.36
	Return on stockholders' equity (%)	(16.11)	(10.09)	(12.21)	(13.02)	10.10	15.09
	Pre-tax income to paid-in capital (%)	(14.67)	(8.02)	(8.70)	(8.18)	12.86	6.40
	Profit ratio (%)	(22.14)	(11.64)	(11.65)	(9.63)	7.29	13.76
	Earnings per share (NT$)	(1.47)	(0.80)	(0.87)	(0.82)	1.60	0.65
Cash flow	Cash flow ratio (%)	(68.24)	1.18	(69.60)	13.34	18.94	(3.28)
	Cash flow adequacy ratio (%)	(194.61)	(221.32)	(234.44)	(190.93)	(104.45)	(101.13)
	Cash reinvestment ratio (%)	(24.98)	0.72	(44.02)	10.24	1.01	(1.22)
Leverage	Operating leverage	(0.34)	(0.36)	(0.63)	(2.84)	2.85	1.50
	Financial leverage	0.99	0.97	0.95	0.88	1.04	1.01

The reasons for the changes in financial ratios in the last two years:

1. The ratio of long-term funds to real estate, plant and equipment: addition of real estate, plant and equipment in 2020, capital reduction to compensate accumulated losses, private placement and operation result turning positive.
2. Interest earned ratio: financial result turned into profit (2021Q1 and 2022Q1)
3. Profitability ratios: financial result turned into profit (2021Q1 and 2022Q1)
4. Cash flow ratio, cash flow allowance ratio and cash flow reinvestment ratio: please refer to cash flow review and analysis.
5. Operating leverage: Mainly due to higher revenue and operating net loss turn into operation net profit.

(2) Financial Analysis -IFRS-Parent only

Item	Year	2017	2018	2019	2020	2021	As of March31, 2022
		Financial Analysis for the Last Five Years					
Financial Structure (%)	Debt Ratio	29	41	42	47	31	NA
	Ratio of long-term capital to property, plant and equipment	3882	4730	5691	3,678	3,827	
Solvency (%)	Current ratio	335	238	231	201	318	
	Quick ratio	283	206	165	163	260	
	Interest earned ratio (times)	(211)	(23)	(20)	(17)	20	
Operating performance	Accounts receivable turnover (times)	2.78	3.03	3.15	3.42	4.00	
	Average collection period	131	121	116	107	91	
	Inventory turnover (times)	3.20	3.02	2.33	2.41	3.14	
	Accounts payable turnover (times)	4.26	4.39	5.38	8.11	6.21	
	Average days in sales	114	121	156	152	116	
	Property, plant and equipment turnover (times)	32	43	63	51	51	
	Total assets turnover (times)	0.56	0.54	0.65	0.73	0.84	
Profitability	Return on total assets (%)	(12.40)	(6.33)	(6.89)	(6.68)	6.40	
	Return on stockholders' equity (%)	(16.11)	(10.09)	(12.21)	(13.03)	10.10	
	Pre-tax income to paid-in capital (%)	(14.67)	(8.02)	(8.7)	(8.18)	12.86	
	Profit ratio (%)	(22.14)	(11.64)	(11.65)	(9.65)	7.31	
	Earnings per share (NT$)	(1.47)	(0.80)	(0.87)	(0.82)	1.60	
Cash Flow	Cash flow ratio (%)	(68.25)	(1.24)	(68.94)	13.49	19.74	
	Cash flow adequacy ratio (%)	(180.57)	(208.16)	(234.49)	(190.47)	(102.40)	
	Cash reinvestment ratio (%)	(24.89)	0.75	(43.27)	10.22	1.29	
Leverage	Operating leverage	(0.34)	(0.37)	(0.69)	(3.05)	2.80	
	Financial leverage	0.99	0.97	0.95	0.88	1.04	

Item \ Year	Financial Analysis for the Last Five Years					As of March31, 2022
	2017	2018	2019	2020	2021	

The reasons for the changes in financial ratios in the last two years:

1. The ratio of long-term funds to real estate, plant and equipment: addition of real estate, plant and equipment in 2020, capital reduction to compensate accumulated losses, private placement and operation result turning positive.
2. Interest earned ratio: financial result turned into profit (2021Q1 and 2022Q1)
3. Profitability ratios: financial result turned into profit (2021Q1 and 2022Q1)
4. Cash flow ratio, cash flow allowance ratio and cash flow reinvestment ratio: please refer to cash flow review and analysis.
5. Operating leverage: Mainly due to higher revenue and operating net loss turn into operation net profit.

Note1: Information on 2017 ~2021 has been audited by CPA

6.3 Audit Committee's Review Report

ENE TECHNOLOGY INC
Audit Committee's Review Report

The Board of Directors has prepared the Financial Statements and Consolidated Statements of 2021. The CPA firm of KPMG was retained to audit ENE Technology Inc.'s financial statements. CPA Chien-Hui Lu and CPA Mei-Yu Tseng of KPMG have reviewed and audited the above said financial statements and issued an audit report relating to the financial statements. The Committee has reviewed the above said financial statements, consolidated statements, business report and appropriation of loss statement and found no negligence. In pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

ENE TECHNOLOGY INC.

Chairman of the Audit Committee:

2022. March. 10th

6.4 Consolidated financial report for the 2021 and 2020 (Appendix I)

6.5 Parent only financial report for the 2021 and 2020 (Appendix II)

6.6 Financial difficulties the Company or its subsidiaries encountered: NA

7. **Financial Standing**

7.1 Financial status

Unit: NT$Thousands

	2021	2020	Differences	
			Amount	%
Current Assets	1,039,567	832,378	207,189	24.89
Investment by equity method	0	0	0	0
Property, plant and equipment	19,846	12,509	7,337	58.65
Other non current assets	25,964	28,086	(2,122)	(7.56)
Total Asset	1,085,377	872,973	212,404	24.33
Current liability	325,927	412,614	(86,687)	(21.01)
Non current liability	6,250	20,006	(13,756)	(68.76)
Total liability	332,177	432,620	(100,443)	(23.22)
Capital	443,228	749,767	(306,539)	(40.88)
Capital surplus	254,767	81,967	172,800	210.82
Retained earning	60,069	(386,539)	446,608	215.54
Total equity	753,200	440,353	312,847	71.04

Explanatory note:

1. Current assets, total assets: increase of cash from private placement
2. Real estate, plant and equipment: new acquisitions
3. Current liabilities, non-current liabilities, total liabilities: repayments to bank
4. Capital and total equity: capital reduction to compensate accumulated losses and private placement
5. Capital surplus: Premium of private common stock issued above par value
6. Retained earnings: capital reduction to compensate accumulated losses, and financial results turning profitable

7.2 Analysis of financial performance:

Unit: NT$Thousands

	2021	2020	Differences $	%
Gross Sales	826,802	636,513	190,289	29.90
Operation cost	564,456	490,593	73,863	15.06
Gross margin	262,346	145,920	116,426	79.79
Operation expenses	196,850	171,492	25,358	14.79
Net income (loss)	65,496	(25,572)	91,068	(356.12)
Non-operating income & expenses	(8,487)	(61,358)	27,299	(76.28)
Net income (before income tax)	57,009	(61,358)	118,367	(192.91)
Net income after income tax	60,307	(61,358)	121,665	(198.29)

Description of major changes: those with a change amount of NT $ 10 million and a change rate of 20%

1. Gross profit: Mainly due to the Revenue Growth is larger than the increase of operating cost.
2. Net operating profit (loss): 2021 Gross profit is increased by NT$116,426 thousands and the Company has endeavored to lower expenses.
3. Non-operating income and expenses: decrease in 2021 FX losses
4. Due to surging of market demand, gross profits, net income and IBIT have increased
5. Possible impact on future business and corresponding plan: None.

7.3 Cash flow

1.Cash flow analysis

	2021	2020	%
Cash flow from operation	61,756	55,053	12.18
Cash flow from investment	51,259	12,894	297.54
Cash flow from financing activities	99,535	22,303	346.29
Net cash flow	212,525	90,309	135.33

2021 cash inflow from operation is NT$61,756 thousands, mainly due to the increase of inventory level, revenue growth that leads to increase of AR and notes receivables. Cash inflow from investment (NT$51,259 thousands) is due to decrease of other financial assets. Increase in cash inflow in financing activities is from private placement (NT$99,535 thousands).

2. Cash deficit and liquidity analysis

	2021	2020	%
Cash Flow Ratio (%)	18.94	13.34	41.98
Cash Flow Adequacy Ratio (%)	(104.45)	(190.93)	(45.29)
Cash Reinvestment Ratio (%)	1.01	10.24	(90.14)

Due to sales growth, increase of AR and inventory level that leads to increase of AP, and bank loan repayment, cash flow ratio is increase by 41.98%, cash flow adequacy ratio is decreased by 45.29%, cash reinvestment ratio is decrease by 90.14%.

3.Cash flow analysis for the coming year

Unit: NT$Thousands

Estimated Cash and Cash Equivalents, Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Cash Outflow (Inflow)	Cash Surplus (Deficit)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
400,584	50,000	30,000	14,471	-	-

It is estimated a cash inflow of NT$50,000 thousands from operating activities in 2022 due to growing business; the Company shall continue to purchase design tools for RD or equipment for backend. The Company shall have sufficient borrowing quota from the bank for the next 12 months.

7.4 Major capital expenditure items: none

7.5 Investment policy in the last year, main reason for profit/loss, improvement plans and investment plan for the coming year: ENE Touch Technology was established in Shenzhen to fulfilled customers needs in China. The subsidiary is at the early stage of the business, the revenue is not yet able to cover all expenses, thus it is still at loss. The Company shall help the subsidiary to improve its competitiveness and efficiency to improve the profitability.

7.6 Risk items:

(1) Effects of changes in interest rates, foreign exchange rates and inflation on finance status of the company and future response measures:

1. Interest rate: For the company's financial assets and financial liabilities interest rate risk, if the interest rate increases or decreases by 0.25%, and other variables remain unchanged, the net loss after tax in 2021 is reduced by NT$482 thousands, the first quarter 2022 net loss will be reduced by NT$ 122 thousands, which will have no significant impact on the company's operations and profit or loss. The company will always pay attention to the trend of interest rates in the financial market, regularly evaluate bank interest rates, and closely contact banks to strive for more favorable interest rate conditions.
2. Exchange rate: The operating income of the merged company is mainly denominated in US dollars. The exchange rate risk mainly comes from the equivalent cash, receivables, other financial assets, accounts payable and other current liabilities denominated in US dollars.

Exchange gains and losses. If the New Taiwan Dollar depreciates or appreciates by 5% against foreign currencies, and other factors remain unchanged, the net loss after tax in 2021 will be reduced by NT$25,255 thousands, and the net loss in the first quarter of 2022 will be reduced by NT$32,528 thousands. Hedging and making good use of various hedging tools are the first consideration, and always pay attention to the changes in the international financial market, keep close contact with banks, collect exchange rate fluctuations and financial market related information, in order to fully grasp the exchange rate trends and changes, and adjust in time USD positions to reduce exchange rate risk.

3. Inflation: The annual growth rate of the Consumer Price Index (CPI) for the whole year of 2022 is forecast to be 1.93%, according to the Bureau of Accounting and Statistics. If the company's purchase cost increases due to inflation, the product price will be adjusted to the customer appropriately to reduce the impact on the company's profit and loss. In the future, we will continue to observe the changes in the price index and pay attention to the price trend of the raw material market to formulate strategies to control costs and inventory. And continue to maintain good interaction with suppliers and customers, hoping to reduce the impact of inflation on the company's profit and loss.

(2) Policies, main sources of gain or loss and future response measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions

1.The company has not engaged in any high risk, high-leverage investments, lending or endorsement and guarantee in 2021 and 2022Q1.

2.Policy for lending funds to others: Except for inter-company business dealings and short-term financing is necessary, funds shall not be loaned to others. For single party, the limit shall not exceed 10% of the net value of the most recent financial statement, and the total amount of loans shall not exceed 20% of the net value of the most recent financial statement.

3.Policy for endorsement and guarantee: Except for the company's business dealings and the ones which company holds more than 50% of the voting shares directly or indirectly, it is not allowed to endorse or guarantee to others. The amount of endorsement guarantee for single party shall not exceed 10% of the net value of the most recent financial statement, and the total amount of endorsement shall not exceed 20% of the net value of the most recent financial statement

4.Derivatives transactions: The maximum for such transactions shall no more than 80% of the most recent quarterly revenue. Derivative commodity transactions that the company engaged in in 2021 were short-term foreign exchange transactions only to avoid foreign exchange risks denominated in foreign currencies, which were of a risk-averse nature and did not engage in speculative transactions. In the first quarter of 2022, it did not undertake any derivatives transactions.

(3) Future R&D projects and budgets:

Product	Name
Mobile products	— eSPI interface: enforced specification — eSPI interface: advanced design and diversified production capacities — USB Type-C PD3.0 IC: new applications — 32 bits EC

Peripheral and consumer products	1. New generation gaming ambient IC: for DDR5 DIMM 2. DDR5 SPD hub: for DDR5 DIMM

Total RD expenses in 2021 were NT$64,025 thousands, approximately 8% of the total revenue. Projected RD expenses in 2022 will be approximately 8% of the total revenue.

(4) Effects of and response to changes in policies and regulations relating to corporate finance and sales: the company watches closely on the related policies and regulations and operate accordingly.

(5) Effects of and response to changes in technology and the industry relating to corporate finance and sales:

1. Technology change: By fortifying research and development capabilities, the company shall closely watch domestic and foreign technology and market development trends to respond to changes in technology and industries. On the other hand, facing changes in technology can also be a business opportunity. In addition to improving product functions and cost control, the company shall invest more in researching and developing new products to meet the unpredictable changes of the industry.

2. Information security organization: Information Security Committee is established to be in charge of stipulating policies and regulations and perform regular reviews. Head of MIS shall be responsible for the information security incidents and work closely with related departments. Head of MIS shall report to BOD on regular basis.

3. Information security policies: The policy clearly defines the requirements, standards, specifications and other categories of information security management operations, and informs employees to abide by the information security policy by email, electronic bulletins and signing the agreement of the information security policy.

4. Information security risk assessment and contingency plan: Facing complicated and ever-changing information security threats and challenges, the company regularly reviews and evaluates risks that may affect the normal operation of the company, strengthens various information security protection capabilities, and formulates contingency plans.

5. Information security risk control: In order to strengthen information security protection operations, other than using a variety of software and hardware equipment, the company also adopts measures such as advance prevention, monitoring, recording, backup and enforce the information security awareness of all employees to reduce the risk of information security breach.

6. Information security breach incident: none.

(6) The impact of corporate image change on corporate crisis management and countermeasures: ENE is a professional IC design company, adhering to the spirit of "providing products, technologies and services with added value in the market; creating a win-win situation for customers, shareholders, and employees". We continue to research and develop technologies and strive to improve customer services, winning more international long-term and stable cooperative relations with industry big names. The Company discloses information through various communication channels and media, to deliver messages to the public for better understanding and recognition of the company status and promote the company image in a

positive way.

(7) Expected benefits from, risk relating to and response to merger and acquisition plans: none

(8) Expected benefits from, risk relating to and response to factory expansion plan: none

(9) Risk relating to and response to excessive concentration of purchasing sources and excessive customer concentration:

A. Risks and countermeasures for the concentration of purchases: As most domestic professional IC design companies do not have their own fabs, they will choose professional wafer foundries. Two companies are chosen currently for long-term cooperative purpose. In order to avoid full capacity of fabs during the peak season, the company is planned to divert some products to other professional foundries.

B. Risks and countermeasures for the concentration of sales: The main products are NB-related application ICs. As Taiwan ’s notebook computer vendors account for approximately 90% of the global market share, sales are concentrated in big names such as Compal etc. In the future, the company will continue to maintain good relations with its current customers, and actively establish other product lines and improve marketing channels to diversify risks.

(10) Effects of, risk relating to and response to large share transfers or changes in shareholdings by directors, supervisors, or shareholders with shareholdings of over 10%: none.

(11) Effects of, risk relating to and response to the changes in management ownership: none.

(12) Litigation or non-litigation matters: none.

(13) Other risky matters: none.

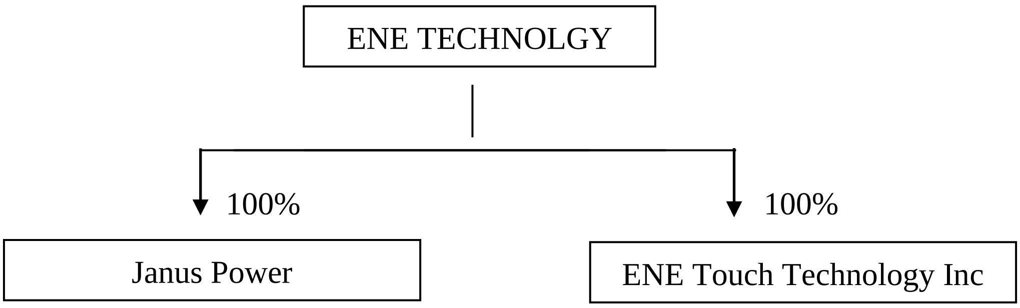
7.7 Other important items: none

8. Special Disclosure

A. Summary of affiliated companies:

A.1 Consolidated operation report: up to the date of the annual report printout

(1) Organizational chart



Note: Janus Power was eliminated after the simple merger with ENE on 2022.03.16.

(2) Main information of affiliated companies:

Name	Date of establishment	address	Capital	Business items
Janus Power (eliminated after the simple merger with ENE on 2022.03.16)	2011.4.25	5F, No.88, Bao Chiao Rd., Shindian, New Taipei City.	NT$ 7 millions	Components sales
ENE Touch Technology	2018.8.10	601, East Block, Phase 2, Tian-an Innovation and Technology Plaza, Tai-ran Community, Tian-an Community, Sha-tou Street, Fu-tian District, Shenzhen	USD$ 300 Thousands	Electronic material sales

(3) Controlling and subordinate relationships in according to the Article 369-3 of the Company Act, where a majority of the total number of outstanding voting shares or the total amount of the capital stock of a company and another company are held by the same shareholders: none.

(4) Business scope covered by the overall corporate: the business scope covered by the Company and its subsidiary include the design, manufacturing, sales and software application of IC.

(5) Directors, Supervisor and GM and shareholdings:

Name	Title	Name/Representative	Shareholding	
			Shares K	%
Janus Power (eliminated after	Chairman	ENE Rep.: Jason Weng	700	100%
	Director	ENE Rep: Leo Wu		

the simple merger with ENE on 2022.03.16)	Director	ENE Rep: Dylan Chung		
	Supervisor	ENE Rep: Galen Chai		
	GM	Dylan Chung	0	0%
ENE Touch Technology	Representative	Dylan Chung	0	0%

Note: Current Directors, supervisors and General manager of Janus Power are assigned by the Company.

(6) Operation of the affiliates

Unit: NT$ thousands

Name	Capital	Total Assets	Total Liability	Net Worth	Revenue	Operation profit	Net Porfit/Loss	EPS ($)
Janus Power (eliminated after the simple merger with ENE on 2022.03.16)	—	—	—	—	—	—	—	—
ENE Touch Technology	9,048	5,448	3,929	1,518	1,046	(652)	(655)	—

Information source: 2022Q1 financial report (reviewed by CPA)

A2. Disclosure items for the affiliates:

(1)Name of subsidiaries, relationship, business scope, shareholdings:

Subsidiaries	Relationship	Business Scope	%
Janus Power (eliminated after the simple merger with ENE on 2022.03.16)	100% subsidiaries	Components manufacturing	100%
ENE Touch Technology Co (Shenzhen)	100% subsidiaries	Distribution of Electronic materials	100%

(2) Name of subsidiaries not included in the consolidated report, shareholding information or capital ratio and the reason for exclusion: none

(3) Transactions that have been eliminated between the controlling company and subordinates or between subordinate companies, information regarding financing, endorsements and guarantees, trading in derivative products, significant contingent matters, significant subsequent events, names of bills and securities held, and their quantities, cost, market value (or net par value if a bill or security does not have a market value), shareholding or capital contribution ratio, description of any pledges, and the highest amount of shareholding or capital contribution due in the period, other matters of significance or explanations that would contribute to a fair presentation of the consolidated financial statement of the affiliates: As total asset and revenue of the subordinates have not reached 10% of the items of the controller company, thus the information is not to be disclosed.

A3. Affiliation report: not applicable

B. Subscription of marketable securities privately in the most recent years and up to the date of the report printed:

<table>
<tr><td>Item</td><td colspan="5">2021 1st Private Placement
Date of Issuance: 2021.11.18th</td><td colspan="5">2021 2nd Private Placement
Date of Issuance: 2021.11.18th</td></tr>
<tr><td>Date and No. of Shares Approved by Shareholders' Meeting</td><td colspan="5">2021. 8. 3rd
Ordinary Shares: 5,000,000 shares</td><td colspan="5">2021. 8. 3rd
Ordinary Shares: 3,000,000 shares</td></tr>
<tr><td>Pricing basis of private placement and its reasonableness</td><td colspan="5">The reference price of private placement should not be lower than 80% of the higher price calculated based on the following two benchmarks before the price determination date. The actual price determination date and the actual price are to be set by BOD later on following discussions with the specific parties and the market conditions at the time.
1. The simple average closing price of the common shares for either the 1,3 or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
2. The simple average closing price of the common shares for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.

The above said pricing method is complied with the regulations, thus the final pricing of private placement is deemed reasonable.</td><td colspan="5">The reference price of private placement should not be lower than 80% of the higher price calculated based on the following two benchmarks before the price determination date. The actual price determination date and the actual price are to be set by BOD later on following discussions with the specific parties and the market conditions at the time.
1. The simple average closing price of the common shares for either the 1,3 or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
2. The simple average closing price of the common shares for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.

The above said pricing method is complied with the regulations, thus the final pricing of private placement is deemed reasonable.</td></tr>
<tr><td>Selection of Private Placement Candidate</td><td colspan="5">The Company follows the rules set in article 43-6 of the Securities and Exchange Act and Executive order 0910003455 of FSC when selecting candidates for the private placement.
The Company selects Alcor Micro as the candidate for private placement based on strategic considerations.</td><td colspan="5">The Company follows the rules set in article 43-6 of the Securities and Exchange Act and Executive order 0910003455 of FSC when selecting candidates for the private placement.
The Company selects Alcor Micro as the candidate for private placement based on strategic considerations.</td></tr>
<tr><td>Reasons for conducting private placement</td><td colspan="5">1. In terms of the effectiveness, feasibility and issuance cost, private placement is more appropriate than the public offering in considering the current market. The 3-year lockup restriction of private placement shall reinforce the long term partnership between the Company and the strategic investors.
2. To fulfill future operation funds, repay bank loans and other fund requirements for future developments.</td><td colspan="5">1. In terms of the effectiveness, feasibility and issuance cost, private placement is more appropriate than the public offering in considering the current market. The 3-year lockup restriction of private placement shall reinforce the long term partnership between the Company and the strategic investors.
2. To fulfill future operation funds, repay bank loans and other fund requirements for future developments.</td></tr>
<tr><td>Due date of payment</td><td colspan="5">2021.10.26th</td><td colspan="5">2021.10.26th</td></tr>
<tr><td rowspan="2">Subscriber information</td><td>Subscriber</td><td>Qualification (Note 1)</td><td>No. of Shares Subscribed</td><td>Relation to the Company</td><td>Involvement in the Company operation</td><td>Subscriber</td><td>Qualification (Note 1)</td><td>No. of Shares Subscribed</td><td>Relation to the Company</td><td>Involvement in the Company operation</td></tr>
<tr><td>Alcor Micro</td><td>2nd paragraph</td><td>5,000,000</td><td>NA</td><td>NA</td><td>Alcor Micro</td><td>2nd paragraph</td><td>3,000,000</td><td>NA</td><td>NA</td></tr>
</table>

Item	2021 1st Private Placement Date of Issuance: 2021.11.18th	2021 2nd Private Placement Date of Issuance: 2021.11.18th
Actual subscriber price	NT$ 31.60	NT$ 31.60
Actual vs Reference price	Actual price is 80.14% of the reference price. Reference price is NT$39.43.	Actual price is 80.14% of the reference price. Reference price is NT$39.43.
Impact for shareholders	Increase capital surplus, raising shareholders' equity	Increase capital surplus, raising shareholders' equity
Fund usage allocation and schedule	Fund usage allocation: to replenish working capital Estimated schedule: 1st quarter 2022	Fund usage allocation: bank loan repayment Estimated schedule: loan cleared in 4th quarter of 2021.
Result of Private Placement	Increase working capital, improve financial structure and company net worth. Through the strategic alliance, the product offering is deepened and widened. It is expected to create higher value for the shareholders afterwards as the competitiveness is improved.	Increase working capital, improve financial structure and company net worth. Through the strategic alliance, the product offering is deepened and widened. It is expected to create higher value for the shareholders afterwards as the competitiveness is improved.

C. The stock shares of the Company held or disposed by the subsidiaries in the most recent years and up to the date of the report printed: None

D. Supplementary disclosure: none

9. Items have significant impact on the shareholder's equity or security price

Up till the date of the report printed, there is no occurrence of events defined in Securities Transaction Law Article 36.2.2 that has great impact on shareholder's equity or security price in the most recent year.

Stock Code：6243

ENE TECHNOLOGY INC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

December 31st, 2021 AND 2020

This document is a translated version from the Chinese version for the convenience of reader and for information purpose only. Any discrepancy between the English and Chinese version, the Chinese version shall prevail.

ADDRESS：4F, No.21, LIXING RD. HSINCHU SCIENCE PARK
Contact Number：886-3-666-2888

Representation Letter

The entities included in the consolidated financial statements as of December 31st, 2021, and for the year then ended prepared under the International Financial Reporting Standards, No.10 as recognized by the FSC are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as “Combined Financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. The Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

ENE TECHNOLOGY INC
Jason Weng
March 10th, 2022

Independent Auditors' Report

The Board of Directors and Shareholders
ENE TECHNOLOGY INC.

Opinion

We have audited the accompanying consolidated financial statements of ENE TECHNOLOGY INC and subsidiaries (the "Company"), 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 Company 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 the 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 stands 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 ENE Technology Inc. and its subsidiaries 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 judgement, 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.
Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

- Inventory valuation

Please refer to Note 4(8) and Note 5 for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainty of the valuation of inventory, respectively. Information of estimation of the valuation of inventory are disclosed in Note 6(4) of the consolidated financial statements.

Description of key audit matters

The inventory is measured at the lower of cost or net realized value. The business scope of the Company's customers are mainly related to personal computer systems or consumer electronic products. Due to the rapid change of technologies, fierce competition and shortening of product life cycle, the ASP and the demand of the related products may decline. Therefore, valuation of inventory is one of the key audit matters.

Our key audit procedures performed in respect of the mentioned item included the following:

In order to verify the rationality of assessment of inventory valuation, our key audit procedures included inspecting the inventory aging reports, sample testing on the accuracy of last effective inventory change orders and net realizable value, evaluating the policy on inventory valuation and obsolescence loss as well as the reasonableness of allowances on inventory valuation and obsolescence loss. For those with longer inventory days (more than 1 year), we also reviewed follow up sales to verify the appropriateness of inventory valuation as well as to assess whether the disclosure on inventory valuation was appropriate.

- Allowances for Bad Debts

Please refer to Note 4(7) for the accounting policy regarding allowances for bad debts. Information on allowances for bad debts and uncertainty of hypothesis are shown in Note 5. Please refer to Note 6(3) for explanatory on allowances for bad debts including notes receivables and account receivables of related parties.

Description of key audit matters

Account receivables are of material items to the Company. The Management adopts simplified method of IFRS 9 to evaluate the allowances by estimating the credit loss during the account receivable duration. Expected credit loss from the duration shall take into account of customer financial status, historical records, aging report, industrial and economic outlook to conduct forward-looking adjustment to reflect the estimated credit loss. Therefore, Allowances for bad debts has been identified as a key audit matter since it implies material judgement from the management.

Our Key audit procedures performed in respect of the above mentioned item included the following:

To verify the accuracy of the account receivable aging report and evaluate the rationality of the forward-looking adjustment and to recalculate the allowance for bad debts proposed by the management. Moreover, to review the collection result of overdue account receivable at the end of the period, to evaluate the sufficiency of the allowances for bad debt, and the appropriateness of the management disclosure on allowances for bad debts.

Other Matter

ENE TECHNOLOGY INC has prepared the parent company only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unqualified audit opinion.

Responsibilities of Management and Those Charges 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 the IFRS, IAS, IFRIC, and 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 statement, 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 members of the Audit Committee) are responsible for overseeing the Company’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 statement.

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

- Identify an 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 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 Company to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company 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 audit resulting in this independent auditor's report are Mei-Yu Tseng and Chien-Hui Lu.

KPMG

Hsinchu, Taiwan
March 10th, 2022

ENE TEHCNOLOGY INC

Consolidated Balance Sheets

2021.12.31 and 2020.12.31

Unit: NTD$ Thousands

	Asset	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current Asset:				
1100	Cash and Cash equivalent(N6(1))	$ 400,584	37	188,059	22
1170	Notes and accounts receivables (N6(3)(16) & 8)	189,091	17	168,414	19
1180	Accounts receivables from related parties (N6(3)(16) &7&8)	29,163	3	21,180	2
130X	Inventories (N6(4))	176,969	16	145,398	17
1470	Prepaid expenses & other current assets	18,654	2	17,662	2
1476	Other financial assets – current (N6(8) & 8)	225,106	21	291,665	33
		1,039,567	96	832,378	95
	Non-Current Asset:				
1600	Real estate, plant and equipment (N6(5))	19,846	2	12,509	2
1755	Right-of-use asset (N6(6))	8,658	1	15,408	2
1780	Intangible asset (N6(7))	1,512	-	-	-
1840	Deferred tax asset (N6(13))	6,871	1	3,573	-
1975	Net defined benefit asset – non-current (N6(12))	5,594	-	5,782	1
1980	Other financial asset – non-current (N6(8) & 8)	3,329	-	3,323	-
		45,810	4	40,595	5
	Total Asset	$ 1,085,377	100	872,973	100

	Liabilities and Equity	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current Liabilities:				
2100	Short term loan (N6(3)(9) & 8)	$ 162,272	15	301,449	36
2170	Account payables	102,119	9	69,865	8
2180	Related parties account payable (N7)	5,491	-	3,932	-
2206	Salary and Bonus payable (N6(17))	28,714	3	12,998	1
2280	Lease liabilities – current (N6(11))	6,505	1	6,849	1
2300	Other current liabilities (N6(5))	13,553	1	10,248	1
2322	Long term loan (including maturity within 1 year) (N6(10))	7,273	1	7,273	1
		325,927	30	412,614	48
	Non-Current Liabilities:				
2541	Long term loan (N6(10))	3,636	-	10,910	1
2570	Deferred income tax liabilities (N6(13))	34	-	39	-
2580	Lease liabilities – non-current (N6(11))	2,580	-	9,057	1
		6,250	-	20,006	2
	Total Liabilities	332,177	30	432,620	50
	Equity (N6(14))：				
3110	Ordinary share capital	443,228	41	749,767	86
3200	Capital surplus	254,767	23	81,967	9
3350	Accumulated loss	60,069	6	(386,539)	(44)
3400	Other equity	(4,864)	-	(4,842)	(1)
	Total Equity	753,200	70	440,353	50
	Total Liabilities & Equity	$ 1,085,377	100	872,973	100

ENE TECHNOLOGY INC and Subsidiaries

Consolidated Statements of Comprehensive Income
January 1st to December 31st, 2021 & 2020

Unit: NTD$ Thousands

		2021		2020	
		Amount	**%**	**Amount**	**%**
4110	**Operating revenue** (N6(16) & 7)	$ 826,802	100	636,513	100
5000	**Operating cost** (N6(4) & 7)	564,456	68	490,593	77
	Gross profit	262,346	32	145,920	23
	Operating expenses (N6(3)(7)(11)& 7):				
6100	Selling expenses	57,184	7	48,537	8
6200	General and administration expenses	76,131	9	59,857	9
6300	Research and development expenses	64,025	8	62,417	10
6450	Allowances for credit loss (profit)	(490)	-	681	-
	Total operating expenses	196,850	24	171,492	27
	Net operating profit (loss)	65,496	8	(25,572)	(4)
	Non-operating income & expenses:				
7020	Other gains and losses (N6(18))	(6,186)	(1)	(35,384)	(6)
7100	Interest income	701	-	2,956	-
7510	Interest expense (N6(11))	(3,002)	(1)	(3,358)	(1)
		(8,487)	(2)	(35,786)	(7)
	Profit before income tax (Loss)	57,009	6	(61,358)	(11)
7950	**Income tax expenses (profit)** (N6(13))	(3,298)	-	-	-
	Net profit for the period (loss)	60,307	6	(61,358)	(11)
8300	**Other comprehensive profit and loss:**				
8310	**Items not be reclassified to profit or loss**				
8311	Gain/Loss of remeasurement of defined benefit plan (N6(12))	(238)	-	71	-
	Total for Items not be reclassified to profit or loss	(238)	-	71	-
8360	**Items may be reclassified to profit or loss**				
8361	Cumulative translation differences of foreign operation	(27)	-	62	-
8399	Income tax relating to items may be reclassified (N6(13))	5	-	(12)	-
	Total items that be reclassified to profit & loss	(22)	-	50	-
8300	**Other comprehensive profit and loss**	(260)	-	121	-
	Total comprehensive income	**$ 60,047**	**6**	**(61,237)**	**(11)**
	Earnings per share (in dollar)(N6(15))				
9750	**Basic earnings per share**	**$**	**1.60**		**(1.69)**
9850	**Diluted earnings per share**	**$**	**1.59**		**(1.69)**

ENE TECHNOLOGY INC and Subsidiaries
Consolidated Statements of Changes in Equity
January 1st to December 31st , 2021 and 2020

Unit: NTD$ Thousands

				Other Equity Items			
	Ordinary Share Capital	Capital Surplus	Accumulated Loss	Cumulative translation differences of foreign operation	Unrealized P&L From financial assets measured at fair value through comprehensive P&L	Total	Total Equity
Balance as of 20200101	$ 749,767	81,967	(325,252)	108	(5,000)	(4,892)	501,590
Net loss of the period	-	-	(61,358)	-	-	-	(61,358)
Other comprehensive income of the period	-	-	71	50	-	50	121
Total comprehensive income	-	-	(61,287)	50	-	50	(61,237)
Balance as of 20201231	**$ 749,767**	**81,967**	**(386,539)**	**158**	**(5,000)**	**(4,842)**	**440,353**
Net loss of the period	-	-	60,307	-	-	-	60,307
Other comprehensive income of the period	-	-	(238)	(22)	-	(22)	(260)
Total comprehensive income	-	-	60,069	(22)	-	(22)	60,047
Capital reduction to offset loss	(386,539)	-	386,539	-	-	-	-
Cash capital increase	80,000	172,800	-	-	-	-	252,800
Balance as of 20211231	**$ 443,228**	**254,767**	**60,069**	**136**	**(5,000)**	**(4,864)**	**753,200**

ENE TECHNOLOGY INC and Subsidiaries
Consolidated Statements of Cash Flows
January 1st to December 31st , 2021 and 2020

Unit: NTD$ Thousands

		2021	2020
Cash Flow from operating activities:			
Income before income tax (loss)	$	57,009	(61,358)
Adjustments:			
Income and expenses/loss items			
Depreciation		12,573	10,421
Amortization		954	-
Expected credit impairment loss		(490)	681
Allowance for inventory evaluation & obsolesce loss		1,908	1,390
Interest expense		3,002	3,358
Interest income		(701)	(2,956)
Others not affecting cash flow		(50)	(71)
Total of income and expense/loss items		17,196	12,823
Changes in operating assets and liabilities:			
Increase in notes and account receivables		(20,187)	(2,946)
Increase account receivable from related parties		(7,983)	(6,596)
Inventory		(33,479)	82,291
Other operating asset		(653)	2,620
Total changes in operating assets and liabilities		(62,302)	75,369
Account payable		32,254	28,371
Account payable from related parties		1,559	(1,692)
Other operating liabilities		18,353	1,739
Total changes in operating liabilities		52,166	28,418
Net changes in operating assets and liabilities		(10,136)	103,787
Cash flows from operating activities		64,069	55,252
Interest received		715	3,136
Interest paid		(3,028)	(3,335)
Net cash flow from operating activities		61,756	55,053

(continued)

ENE TECHNOLOGY INC and Subsidiaries
Consolidated Statements of Cash Flows
January 1st to December 31st , 2021 and 2020

Unit: NTD$ Thousands

	2021	2020
Cash flows from investment activities:		
Acquisition of real estate, plant and equipment	(12,814)	(7,295)
Increase in Refundable deposits	-	(114)
Obtain intangible assets	(2,466)	-
Decrease in other financial asset - current	66,545	20,310
Increase in other financial asset – non-current	(6)	(7)
Net Cash flow from investment activities	51,259	12,894
Cash flows from financing activities:		
Increase in short term loan	226,649	355,334
Decrease in short term loan	(365,826)	(345,034)
Long term loan	-	20,000
Long term loan repayment	(7,274)	(1,817)
Lease liabilities principle repayment	(6,814)	(6,180)
Cash capital increase	252,800	-
Net cash flows from financing activities	99,535	22,303
Effect of exchange rate to cash and cash equivalent	(25)	59
Net increase in cash and cash equivalent	212,525	90,309
Cash and cash equivalent at beginning of period	188,059	97,750
Cash and cash equivalent at end of period	**$ 400,584**	**188,059**

ENE TECHNOLOGY INC and Subsidiaries
Notes to Consolidated Financial Statements
For 2021 & 2020
(All amounts are expressed in Thousands of New Taiwan Dollars,
Except otherwise indicated)

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 March 10th, 2022.

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

3.1 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 2021.01.01 adopted by the Company are as follows:

New Standards／Amendments／Principles and Interpretations
Amendments to IFRS 4 "Extension of the temporary exemption from applying IFRS 9"
Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16 "Interest rate benchmark reform-second stage"
Amendments to IFRS 16 "Covid-19 Related Rent Concessions" after June 30th , 2021

The Company believes that the adoption of the above listed IFRSs would not have any material impact on its consolidated financial statements.

3.2 The impact of IFRSs issued by IASB and endorsed by the FSC but not yet adopted by the Company

The Company has evaluated the following standards and interpretations effected from 2022.01.01 and concluded that these shall not have any material impact on financial position and results of operations of the Company.

New, Revised or Amended Standards 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 2018-2020
Amendments to IFRS 3, "Reference to the conceptual framework"

3.3 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 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 has evaluated the standards and interpretations and concluded that these shall not have any material impact on financial position and results of operations of the Company.

4. Summary of Significant Accounting Policies

The principle accounting policies applied in the preparation of the consolidated financial statements are outlined below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

4.1 Statement of Compliances

The consolidated financial statements are prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein after as the “IFRSs”).

4.2 Basis of Preparation

- Basis of measurement

  Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

  - Financial assets at fair value through profit or loss.
  - Financial assets at fair value through other comprehensive income measured at fair value
  - The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined obligation (Note 4(14))

- Functional and presentation currency

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

4.3 Basis of Consolidation

(1) Basis for preparation of consolidated financial statements

All subsidiaries are included in the Company’s consolidated financial statements.

Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidate of subsidiaries begins from the date the Company obtains control of the subsidiaries and ceases when the Company loses control of the subsidiaries.

Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The company attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this result in the non-controlling interests having a deficit balance.

(2) Subsidiaries included in the consolidated financial statements:

Name of Investor	**Name of Subsidiaries**	**Business activities**	**Ownership (%) 2021 12.31**	**Ownership (%) 2020 12.31**	**Description**
ENE	Janus Power Electronics Inc. (Janus Power)	Electronic Components	100%	100%	
ENE	ENE Touch Technology Co. Ltd., (ENE Touch)	Electronic Component distribution	100%	100%	

(3) Subsidiaries not included in the consolidated financial statements: none

4.4 Foreign Currency

A. Foreign exchange

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Nonmonetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss, unless it is an equity instrument designated to be recognized in other comprehensive profit and loss through fair value measurement.

B. Translation of financial statements in foreign currencies

The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date. The income and expenses are translated at an average rate for the period in the NTD. The exchange differences arising on the translation are recognized in other comprehensive income.

On the disposal of foreign operations that result in a loss of control, loss of significant influence or joint control, the cumulative amount of the exchange differences shall be reclassified as profit and loss. On the partial disposal of foreign operations, the cumulative amount of exchange differences are reclassified into non-controlling equity.

On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal. In partial disposal of an associate or jointly controlled entity that includes a foreign operation, the cumulative amount of the exchange differences shall be reclassified and recognized in proportion into profit and loss.

The foreign exchange profit or loss shall be regarded as net investments to the foreign operation and be recognized in the other comprehensive profit and loss under the circumstances where there is no settlement plan and impossible to pay off in the foreseeable future of the receivables/payables in foreign operation.

4.5 Standards for Assets and Debts Classified as Current and Non-Current

An asset is classified as current when:

- The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- The Company holds the asset primarily for the purpose of trading.
- The Company expects to realize the asset within twelve months after the reporting period.
- The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- The Company expects to settle the liability in its normal operating cycle.
- The Company holds the liability primarily for the purpose of trading.
- The liability is due to be settled within twelve months after the reporting period.
- The Company does not have an unconditional right to defer settlement of the liability for at least twelve 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.

All other liabilities are classified as non-current.

4.6 Cash and Cash Equivalent

Cash and cash equivalents comprises cash on hand, demand deposits and 3-months term deposits. Cash equivalent includes highly liquid term deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Term deposits that fit the descriptions and its purpose is not for investment but to fulfill the short term cash commitment shall be classified as cash equivalent.

4.7 Financial Instruments

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

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income-equity investment; or fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the company changes it business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity instruments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the company's right to receive payment is established.

(3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividends income, are recognized in profit or loss.

(4) Impairment of financial assets

The company's recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, account receivables including related parties and other financial assets, current and non-current.)

For financial assets listed below, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. For the rest, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument:

- low credit risk of debt securities at the reporting date; and
- when the credit risk on the debt securities and the credit risk of bank deposits has not increased significantly since initial recognition.

The company measures loss allowance at an amount equal to lifetime ECL for account receivables and contractual assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward looking information.

If the credit risk rating of the financial instrument is equivalent to the globally defined "investment grade" (BBB investment grade by Standard & Poor's, investment grade Baa3 by Moody's, or investment grade twA by China Credit Ratings, or higher), The amalgamating company considers the debt securities to have low credit risk. For the term deposits held by the consolidated company, the transaction counterparties and other performing parties are financial institutions with investment grade or above, so they are considered to have low credit risk.

If contract payments are more than 90 days past due, the amalgamating company assumes that the credit risk of the financial assets has increased significantly.

If the contract payment is more than 120 days overdue, or the borrower is unlikely to fulfill its credit obligations and pay the full amount to the amalgamating company, the amalgamating company shall consider the financial asset to be in default.

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

At each reporting date, the Consolidated Company assesses whether financial assets at amortized cost and debt securities at fair value through other comprehensive profit or loss are credit-impaired. A financial asset is credit-impaired when one or more events have occurred that have an adverse effect on the estimated future cash flows of the financial asset. Evidence that a financial asset is credit-impaired includes observable information about:

- Significant financial difficulties of the borrower or issuer;
- Default, such as delay or overdue for more than one hundred and twenty days;
- Concessions granted by the Merger Company to the Borrower that the Borrower would not have considered due to economic or contractual reasons related to the Borrower's financial difficulties;

- The borrower is likely to file for bankruptcy or other financial reorganization; or
- The disappearance of an active market for the financial asset due to financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The allowance for losses on investments in debt instruments at fair value through other comprehensive profit or loss is adjusted to profit or loss and recognized in other comprehensive profit or loss (without reducing the asset's carrying amount).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due.

(5) Derecognizition of financial assets

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

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

B. Financial liabilities and equity instruments

1. Classification of debt or equity

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

2. Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3. Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4. Derecognition of financial liabilities

The company derecognizes financial liabilities when its contractual obligations are fulfilled, cancelled or has expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

5. Offsetting financial assets and financial liabilities

The company has financial instruments transactions applicable to current law and regulations which required for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

C. Derivative financial instruments

Financial assets and liabilities are presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

4.8 Inventory

Inventories are valued at lower of cost and net realizable value. Inventory costs include expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to the location and condition calculated ready for sale. Costs are calculated by weighted average method.

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

4.9 Property, Plants and Equipment

A. Recognition and measurement

Property, plants and equipment are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual items with specific useful lives and depreciation.

Profit or loss from disposal of property, plants and equipment shall be recognized in profit or loss.

B. Subsequent Costs

Subsequent expenditures will only be capitalized when their future economic benefits are likely to be realized.

C. Depreciation

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

(1) research & development equipment: 2~5 years

(2) lease improvement: 5~10 years

(3) Office and miscellaneous equipment: 2~10 years

The residual values, useful lives and methods of depreciation are reviewed at each financial year end and make adjustments whenever is needed.

4.10 Lease

A. Identifying a lease

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

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

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

(3) The customer has the right to the direct use of its asset if either:

- the customer has the right to direct how and for what purpose that asset is used throughout the period of use; or
- in rare cases, the relevant decisions about how and for what purpose the asset is sued are predetermined and:
  - — The customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - — The customer designs the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

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

B. As a leasee

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

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

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

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

(1) fixed payments, including in-substance fixed payments;
(2) variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
(3) amounts expected to be payable under a residual value guarantee; and
(4) payments or penalties for purchase or termination options that are reasonably certain to be exercised.

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

(1) there is a change in future lease payments arising from the change in an index or rate; or
(2) there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee; or
(3) there is change in the company's evaluation of purchase options; or
(4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
(5) there is any lease modifications to the assets, scope and other terms of the lease.

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

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

The company presents right-of-use asset that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The company applies the recognition exemptions to its transportation equipment, other short term leases and leases of low-value assets leases. The company recognizes the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

4.11 Intangible Assets

A. Recognition and measurement

R&D related expenses are carried in profit/loss at the time of incidents.

R&D expenses can only be capitalized when: the feasibility of product or process can be measured or commercialized, future economic benefits are foreseeable and the company demonstrates attempts and invests sufficient resources to complete the project. All other R&D shall be recognized in profit/loss. After initial recognition, the capitalized R&D expenses shall be measured by the amount of its cost less accumulated amortization and accumulated impairment.

Other intangible assets shall be measured by the amount of its cost less accumulated amortization and accumulated impairment.

B. Subsequent expenses

Subsequent expenses can only be capitalized when future economic benefits of specific assets can be increased. All other expenses shall be recognized in profit/loss at the time of incidents, including internal developed goodwill and brands.

C. Amortization

Other than goodwill, amortization is calculated by cost less estimated residual value and carried in profit/loss using straight line method from the time it is available for use:

Estimated useful life of current and comparable period:

(1) Patents 1~3 years

(2) Computer softwares 1~3years

The company reviews the amortization methods, useful life and residual value at the end of each reporting period and make adjustments whenever needed.

4.12 Impairment of non-financial assets

The Company assess the assets (excluding inventory, contractual assets and deferred tax assets) at the end of each reporting period. If there is any indications of impairment, the company shall assess the recoverable amounts.

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

The recoverable amount of an individual asset or cash-generating units (CGU) is the higher of its value in use and its fair value less costs to sell. In assessing the value of use, the estimated future cash flow is discounted to present value at a pre-tax discount rate that reflects the current market assessment of the time value of money and the unit-specific risk to the asset or CGU.

Where the recoverable amount of an asset is lower than carrying amount, the asset is considered impaired and the loss is recognized in profit or loss.

If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the CGU, then reduce the carrying amount of the other assets in the CGU on a pro rata basis.

For assets other than goodwill, an impairment loss is reversed only to the extent that the asset’s carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

4.13 Revenue recognition

The revenue is measured based on fulfilling contracts with customers which includes sale of goods and rendering of services. The major revenue items of the Company are explained as follows:

1 Sales of products

The company conducts research, design, development, production and sales of electronic products and information software. The revenue is recognized upon the delivery of products. Delivery is defined as complete transfer of product ownership to customers who is in total charge of the products sales and pricing, and the company has no unfulfilled obligation towards customers. Transaction includes shipment to designated location, risk of obsolete and loss has been transferred to customers whom has accepted and checked the product in accordance with sales contract, or the company holds objective evidence of fulfilling all terms of acceptance.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2 Significant financial components

The Company expects the period between the transfers of contract liabilities to revenue is usually within one year, thus the Company does not adjust any of the transaction prices for the time value of money.

4.14 Employee Benefits

A. Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of cash refund or a reduction in the future payments.

B. Defined benefit plans

Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods.

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

Remeasurements of the net defined benefits liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The company determines the net interest expense (income) on the net defined benefit obligation at the beginning of the annual period to the then-net defined plans are recognized in profit or loss.

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

C. Short-term employee benefits

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

4.15 Income Tax

Income tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to mergers, or relates to items recognized in equity or other comprehensive income.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. All uncertainties relates to income tax are also reflected (if there is any).

The Company will only offset the deferred tax asset and liabilities when both criteria are met:

a. If a legally enforceable right exists to set off current income tax assets against current income tax liabilities; and

b. Deferred tax assets and tax liabilities relate to levied by the same taxation authority on either:
   1. Same taxable entity; or
   2. Different taxable entities which intend to settle current tax assets a liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

4.16 Earnings per Share

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the consolidated financial statements. Basis EPS are calculated by dividing net income attributable to stockholders of the Company by the weighted average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The dilutive potential common shares include employee compensation to be settled in the form of common stock. New addition shares result from profit or capital surplus converted to capital shall be calculated by retrospective adjustments.

4.17 Operating Segments

Operating segments are defined as the units engage in activities from which may incur revenue and expenses including revenues and expenses relating to transactions with other components of the Company). Operating results of the operating segment are regularly reviewed by the Company’s chief operating decision maker, who decides on the allocation of resources to the segment and to assesses its performance for which discrete financial information is available.

5. Critical Accounting Judgements, Estimations and Key Sources of Assumption Uncertainty

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Differences may exist between the actuals and estimations.

The management constantly review estimations and assumptions and make adjustments accordingly. Accounting policies involve significant judgements and may cause material adjustments to the carrying amounts of assets and liabilities with the next year are discussed below:

A. Allowances for bad debts

Estimation for bad debt is made on the hypothetical basis of contract violation risks and percentage of estimated loss. At the end of each reporting period, the company considers historical experiences, current market status and forward estimation to decide on the appropriate assumptions and amounts when calculate the allowances. Please refer to Note 6(3) for related assumptions and amounts.

B. Inventory evaluation

Inventories are stated at the lower of cost or net realizable value. The company estimates the net realizable value of inventory for obsolescence, fair wear and tear or unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined based on the assumptions of future product demand change and decrease of price due to technology advancement. Therefore, it may cause the risk of cost of inventory is higher than the net realizable value. Please refer to Note 6(4) for details.

Financial assets, non-financial assets and liabilities of the company is measured by fair value. The finance department is in charge of independent fair value verification. It tries to ensure the evaluation is fair by using independent resources of information that reflects real market status, ensure the information resource is independent, reliable and executional as well as periodical adjustment of the valuation model, conduct testing, and update parameters of the model.

The company shall use observable inputs from the market to measure assets and liabilities. Classification of fair values are based on the inputs of the evaluation technique:

Class 1: Public quotation (unadjusted) of same assets or liabilities in the active market

Class 2: Observable inputs (price or projection from the price) of the assets or liabilities, excluding public quotation from Class 1.

Class 3: Non observable market information

In case of fair value evaluation is transferring amongst above said classifications, the company shall recognize the transfer at the end of the reporting period. Please refer to N6(19) Financial instruments for assumptions for fair value measurements.

6. Contents of significant accounts

6.1 Cash and cash equivalent

	2021.12.31	2020.12.31
Cash on hand	$ 200	56
Checking and savings	311,702	161,603
Term deposits	88,682	26,400
	$ 400,584	**188,059**

For interest risks and sensitivity analysis of financial assets and liabilities, please refer to Note 6(19).

6.2 Financial assets

a. 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. has been evaluated through other comprehensive income.

The company has recognized the loss of NT$5,000 thousands from Touchsens Ltd in last reporting period.

b. Please refer to Note 6(19) for information on credit risks and market risks.

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

6.3 Notes and account receivable (including related parties)

		2021.12.31	2020.12.31
Notes receivable	$	-	10
Account receivable		191,427	171,230
Receivables from related parties		29,163	21,180
		220,590	192,420
Less: allowance for doubtful accounts		(2,336)	(2,826)
	$	218,254	189,594

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:

	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		-

	2020.12.31			
		Notes & account receivables carrying amount	Weighted average loss rate	Loss Allowance
Not past due	$	174,076	0.00%	-
Past due 0~30 days		786	0.00%	-
Past due over 121 days		-	100.00%	-
Total	$	174,862		-

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

	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

	2020.12.31			
	Notes & account receivables carrying amount		Weighted average loss rate	Loss Allowance
Not past due	$	14,575	1.57%	228
Past due 0~30 days		449	21.16%	95
Past due 31~60 days		86	83.72%	72
Past due 61~120 days		123	86.16%	106
Past due over 121 days		2,325	100.00%	2,325
Total	$	17,558		2,826

Changes for loss allowance (including related parties) are:

	2021		2020
Balance of January 1st	$	2,826	2,145
Recognized loss		(490)	681
Balance of December 31st	$	2,336	2,826

Please refer to Note 6(19) for information on 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 December 31, 2021 were as follows:

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

2020.12.31

Purchaser	Amount transferred	Quota	Amount advanced (recognized in short term loan)	Interest rate collar	Collateral
CTBC Bank	$ 56,819 (USD2,022K)	80,000	42,149 (USD1,500K)	1.45% ~1.55%	Account receivables and Bank note $80,000

As of December 31, 2021 and 2020 the notes and account receivables (including related parties) were pledged. Please refer to Note 8 for details.

6.4 Inventory

	2021.12.31	2020.12.31
Raw materials	$ 6,124	14,599
Work in Process	131,213	106,566
Finished product	39,632	24,233
	$ 176,969	145,398

Details of operating cost are:

	2021.12.31	2020.12.31
Relist of inventory sales	$ 562,548	489,203
Allowance for inventory valuation loss	1,908	1,390
	$ 564,456	490,593

Inventory dated December 31st, 2021 and 2020 were not pledged for collateral.

6.5 Property, plants and equipment

1. Details on cost and amortization:

	R&D equipment	Improvement on lease	Office and other equipment	Total
Cost:				
Balance on January 1st 2021	$ 20,768	2,526	53,931	77,225
Acquisition	-	-	13,167	13,167
Disposal	-	-	(2,686)	(2,686)
Balance on Dec 31st 2021	$ 20,768	2,526	64,412	87,706
Balance on January 1st 2020	$ 20,768	2,526	46,434	69,728
Acquisition	-	-	7,497	7,497
Balance on Dec 31st 2020	$ 20,768	2,526	53,931	77,225
Amortization:				
Balance on January 1st 2021	$ 20,768	827	43,121	64,716
Amortization	-	299	5,531	5,830
Disposal	-	-	(2,686)	(2,686)
Balance on Dec 31st 2021	$ 20,768	1,126	45,966	67,860
Balance on January 1st 2020	$ 20,734	529	39,611	60,874
Amortization	34	298	3,510	3,842
Balance on Dec 31st 2020	$ 20,768	827	43,121	64,716
Carrying amount:				
December 31st, 2021	$ -	1,400	18,446	19,846
January 1st 2020	$ 34	1,997	6,823	8,854
December 31st, 2020	$ -	1,699	10,810	12,509

2. Changes to the account payable related to property, plant and equipment for 2021 and 2020 are increase of NT$353 thousands and NT$202 thousands respectively.
3. Property, plant and equipment of the Company dated on December 31st of 2021 and 2020 were not pledged for collateral.

6.6 Right-of-use asset

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

		Buildings	Transportation Vehicles	Other equipment	Total
Cost:					
Balance at 2021.01.01	**$**	**22,136**	**5,049**	**451**	**27,636**
Effects of foreign exchange		(9)	-	-	(9)
Balance at 2021.12.31	**$**	**22,127**	**5,049**	**451**	**27,627**
Balance at 2020.01.01		$7,078	4,536	451	12,065
Acquisition		16,010	513	-	16,523
Disposal		(973)	-	-	(973)
Effects of foreign exchange		21	-	-	21
Balance at 2020.12.31	**$**	**22,136**	**5,049**	**451**	**27,636**
Accumulated depreciation and loss:					
Balance at 2021.01.01	$	9,439	2,338	451	12,228
Depreciation		5,544	1,199	-	6,743
Effects of foreign exchange		(2)	-	-	(2)
Balance at 2021.12.31	**$**	**14,981**	**3,537**	**451**	**18,969**
Balance at 2020.01.01		$5,071	1,127	416	6,614
Depreciation		5,333	1,211	35	6,579
Disposal		(973)	-	-	(973)
Effects of foreign exchange		8	-	-	8
Balance at 2020.12.31	**$**	**9,439**	**2,338**	**451**	**12,228**
Carrying amount:					
Balance at 2021.12.31	**$**	**7,146**	**1,512**	**-**	**8,658**
Balance at 2020.01.01	**$**	**2,007**	**3,409**	**35**	**5,451**
Balance at 2020.12.31	**$**	**12,697**	**2,711**	**-**	**15,408**

6.7 Intangible Assets

Details on the cost and amortization as of 2021 and 2020 are:

		Patents	Computer Software Cost	Total
Cost:				
2021.01.01 (same as 2021.12.31)	$	17,749	23,561	41,310
Addition		-	2,466	2,466
Derecognization		(17,749)	(23,561)	(41,310)
2021.01.01 (same as 2021.12.31)	**$**	**-**	**2,466**	**2,466**
2020.01.01 (same as 2020.12.31)	**$**	**17,749**	**23,561**	**41,310**
Amortization:				
2021.01.01 (same as 2021.12.31)	$	17,749	23,561	41,310
Amortization		-	954	954
Derecognization		(17,749)	(23,561)	(41,310)
2021.12.31	**$**	**-**	**954**	**954**
2020.12.31	**$**	**17,749**	**23,561**	**41,310**
Carry amount:				
2021.12.31	**$**	**-**	**1,512**	**1,512**
2020.01.01	**$**	**-**	**-**	**-**
2020.12.31	**$**	**-**	**-**	**-**

Amortization expenses of Intangible assets for 2021 and 2020 are NT$954 thousands and NT$0 thousands respectively.

Intangible assets dated December 31st, 2021 and 2020 were not pledged for collateral.

6.8 Other financial assets- current and non-current:

		2021.12.31	2020.12.31
Current:			
Restricted cash in bank	$	203,479	286,633
Term deposit (> 3 months)		21,609	5,000
Others		18	32
	$	**225,106**	**291,665**
Non-Current			
Refundable deposit	$	2,291	2,291
Restricted cash in bank		1,038	1,032
	$	**3,329**	**3,323**

There is no impairment in other financial assets – current and non-current (excluding other receivables) for the period ended December 31st, 2021 and 2020.

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

Please refer to Note 6(19) for information on other credit risks.

6.9 Short term loan

	2021.12.31	2020.12.31
Guarantee bank loan	$ 151,200	259,300
Account receivable financing	11,072	42,149
	$ 162,272	301,449
Unused quota	$ 297,711	187,577
Range of interests	**0.89%~ 1.42%**	**0.89%~ 1.55%**

For 2021 and 2020, new addition of short term loans is NT$226,649 thousands and NT$355,334 thousands respectively. Interest rate ranges from 0.89%~1.42% and 0.89%~1.55%. Amounts due are NT$365,826 thousands and NT$345,034 thousands.

Due dates are 2022 January to 2022 June and 2021 January to 2021 June.

Please refer to Note 8 for details on assets pledged as bank loan collaterals.

6.10 Long Term Liabilities

	2021.12.31	2020.12.31
Guarantee bank loan	$ 9,273	15,456
Non-guarantee bank loan	1,636	2,727
	10,909	18,183
less：maturity within one year	(7,273)	(7,273)
Total	$ 3,636	10,910
Unused quota	$ -	-
Range of interests	**1.2685%~ 2.1617%**	**1.2685%~ 2.1617%**

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

6.11 Lease liabilities

Carry amount of the lease liabilities are:

	2021.12.31	2020.12.31
Current	$ 6,505	6,849
Non-current	$ 2,580	9,057

Please refer to Note 6(19) for maturity analysis.

For 2020, the Company terminated partial lease in June 2020, lease liabilities was decreased by NTD$1,021 thousands. There was no issue, repurchase or repay lease liabilities for the period.

Loss recognized as:

	2021	2020
Interest expense from lease liabilities	218	192
Expense of short term lease	114	117
Expense of low-value assets (excluding short-term lease of low-value assets)	125	113

Amount recognized in cash flow statement：

	2021	2020
Total cash outflow of lease	$ 7,271	6,602

1. House and building

   The Company has rented house and architecture for operation purposes. The Office lease contract is normally 3 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.

6.12 Employee Benefits

1. Defined benefit

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	2021.12.31	2020.12.31
Defined benefit obligation	$ 1,925	1,606
Plan assets at fair value	(7,519)	(7,388)
Net defined benefit liabilities (assets)	**$ (5,594)**	**(5,782)**

The company contributes an amount to the Bank of Taiwan in the name of the administered pension fund committee. For every employee eligible to the pension fund under Labor Standard Law. The pension benefits are disbursed based on the units of service years and the average salaries in the last 6 months of the service year.

a. Plan assets

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

The company's labor pension reserve account balance amounted to $7,519 thousands as of December 31st, 2021. The utilization of the labor pension fund assets of the domestic entities of the company includes the assets allocation and yield of the fund. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

b. Changes of liabilities (assets) of the defined benefit obligation and plan assets at fair value

		2021	2020
Defined benefit obligation January 1st	$	1,606	1,450
Service cost and interest expense		14	18
Remeasurements of the defined benefit liabilities (assets):			
Actuarial gain/losses arising from changes in demographic assumptions		61	-
Actuarial gain/losses arising from changes in financial assumptions		43	28
Actuarial gain/losses arising from experience adjustments		201	110
Defined benefit obligation December 31st	**$**	**1,925**	**1,606**

c. Changes of fair value of plan assets

		2021	2020
Fair value of plan assets January 1st	$	7,388	7,090
Interest income		64	89
Remeasurements of net defined benefit liabilities (assets)			
Return on plan assets (excluding interests)		67	209
Fair value of plan asset December 31st	**$**	**7,519**	**7,388**

d. Movements of NABCI

Movements of NABCI for the 2021 and 2020 were both zero.

e. Amounts recognized in profit and loss

		2021	2020
Net interest on the net defined benefit liabilities (asset)	**$**	**(51)**	**(71)**
Administrative cost	**$**	**(51)**	**(71)**

f. Remeasurements of net defined benefit liabilities (asset) recognized in profit and loss

	2021	2020
Accumulated balance January 1st	$ 7,310	7,239
Amount for the period	(238)	71
Accumulated balance December 31st	$ 7,072	7,310

g. Actuarial assumptions

	2021.12.31	2020.12.31
Discount rate	0.750%	0.875%
Future salary increases	1.000%	1.000%

The Company has granted annual approvals from the Science Industrial Park Administration since 2017 to temporary suspend the pension preparation fund.

The weighted average lifetime of the defined benefits plan is 19.31 years.

h. Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
2021 December 31st		
Discount rate	$ (85)	89
Future salary increases	$ 88	(84)
2020 December 31st		
Discount rate	$ (74)	78
Future salary increases	$ 77	(74)

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

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

2. Defined distribution plan

The company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. The company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Overseas subsidiary has participated the Social Insurance Plan provided by the Chinese Authorities.

The expenses of the pension to the Labor Pension Fund in 2021 and 2020 are NT$5,087 thousands and NT$4,196 thousands respectively.

Pension expenses for overseas subsidiary in 2021 and 2020 were NT$164 thousands and NT$13 thousands.

6.13 Income tax

1. Details on income tax:

	2021	2020
Current income tax	$ -	-
Deferred tax expenses	(3,298)	-
	$ (3,298)	**-**

Tax expense (income) recognized in profit and loss:

	2021	2020
Items might be reclassified to profit and loss		
Exchange Differences on Translation of Foreign Financial Statements	**$ (5)**	**12**

Adjustments to the income tax expense and loss before income tax for 2021 and 2020:

	2021	2020
Profit before income tax	$ 57,009	(61,358)
Tax effects of different tax rates applicable in foreign jurisdiction	11,402	(12,272)
Impact of foreign tax rate difference	(74)	(99)
Reconciliation of permanent differences	(285)	1,258
Changes for loss allowances not yet recognized	(12,899)	4,850
Changes for temporary differences not yet recognized	(1,442)	6,263
	$ (3,298)	**-**

2. Deferred income tax assets not yet recognized:

	2021.12.31	2020.12.31
Unused tax losses carryforwards	$ 163,365	187,027
Deductible temporary differences	9,203	10,645
	$ 172,568	197,672

According to the Income Tax Act, the operating loss as examined and assessed by the local tax authorities can be carried forward for use as a deduction from taxable income for a period of ten years. The item was not recognized as deferred income tax asset as the company is unlikely to have sufficient taxable income for deduction.

For the period ended December 31st 2021, taxable loss not yet recognized as deferred tax assets of the company and domestic subsidiaries:

Year of Loss	Loss not yet deducted	Expiry year
2012 (approved amount)	$ 44,552	2022
2013 (approved amount)	54,169	2023
2014 (approved amount)	221,374	2024
2015 (approved amount)	119,249	2025
2016 (approved amount)	121,815	2026
2017 (approved amount)	92,739	2027
2018 (approved amount)	70,963	2028
2019 (approved amount)	50,962	2029
2020 (applied amount)	32,271	2030
	$ 808,094	

For the period ended December 31st 2021, taxable loss not yet recognized as deferred tax assets of the foreign subsidiaries:

Year of Loss	Loss not yet deducted	Expiry year
2018 (applied amount)	$ 585	2023
2019 (applied amount)	2,942	2024
2020 (applied amount)	1,977	2025
2021 (estimated amount)	1,478	2026
	$ 6,982	

3. Deferred income tax assets/liabilities recognized:

Deferred income tax assets

		2020.01.01	Recognized in P&L	Recognized in Other Comprehensive income	2020.12.31	Recognized in P&L	Recognized in Other Comprehensive income	2021.12.31
Inventory evaluation loss	$	3,142	18	-	3,160	381	-	3,541
Unrealized gross margin		431	(18)	-	413	2,917	-	3,330
	$	**3,573**	**-**	**-**	**3,573**	**3,298**	**-**	**6,871**

Deferred income tax liabilities:

		2020.01.01	Recognized in P&L	Recognized in Other Comprehensive income	2020.12.31	Recognized in P&L	Recognized in Other Comprehensive income	2021.12.31
Translation profit from Foreign operation and others	$	(27)	-	(12)	(39)	-	5	(34)
	$	**(27)**	**-**	**(12)**	**(39)**	**-**	**5**	**(34)**

4. Assessment and approval of income tax

The income tax return through 2019 have been assessed and approved by the Taxation Authority.

6.14 Capital and other equity

The movements in outstanding common stock were as follows:

	Common Shares	
	2021	**2020**
Balance at January 1st	74,977	74,977
Capital reduction to offset loss	(38,654)	-
Capital increase by cash	8,000	-
Balance at December 31st	**44,323**	**74,977**

1. Capital

For the period ending December 31st 2021 and 2020, the authorized total capital is NTD$950,000 thousands (including reserved employee options 50,000 thousands and convertible corporate bonds 10,000 thousands). Ordinary share is valued at $10 per share. Paid-up capital is 443,228 thousands and 749,767 thousands.

In order to offset the accumulated losses, the 2021.08.03 shareholders' meeting has approved the proposal to reduce capital by NT$386,539 thousands and cancelled 38,654 thousands issued shares. The reduced the paid-in capital is NT$363,228,thousands with 36,323 thousand shares, each with a par value of NT$10.

The aforesaid capital reduction plan was approved by the Taiwan Stock Exchange Co., Ltd. on September 10, 2021, and was approved by the board of directors to set September 15, 2021 as the record date for offsetting losses and reducing capital.

In addition, in order to expand the sales of future products, and considering factors such as the timeliness, convenience, issuance cost, and equity stability of fundraising costs, the 2021.08.03 shareholders' meeting passed the resolution to conduct a private placement with up to 8,000 thousand ordinary shares. 2021.10.12 BOD has decided on the pricing for private placement and related issues. BOD also decided to issue first stage private placement with 5,000 thousands new shares at NT$31.6, estimated total amount is NT$158,000 thousands. The purpose is to increase the operational fund. The BOD also decided the second stage private placement with 3,000 thousands new shares at NT$31.6, estimated total amount is NT$94,800 thousands. Overall amounts for private placement is NT$252,800 thousands. The premium $172,800 thousands are recognized in capital surplus. Designated parties were contacted to participate and paid in cash. The record date for the capital increase by private placement was set as 2021.10.26. The registration was completed.

The securities of the above-mentioned private placements, in accordance with the provisions of Article 43-8 of the Securities and Exchange Act, shall, in principle, be transferable within three years from the date of delivery; the rights and obligations of new private placement shares shall be the same as those of the issued shares, except that the transfer of privately placed new shares is restricted by laws and regulations.

2. Legal reserve

		2021.12.31	2020.12.31
Issue stock premium	$	241,083	68,283
Treasury stock trading		11,534	11,534
Long term investment		2,150	2,150
	$	254,767	81,967

Pursuant to the Company Act, the Company must retain 10% of its annual income as a legal reserve until such retention equals the amount of paid-in capital. If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to its shareholders by issuing new shares or by distributing cash.

The BOD has decided on March 10th 2022 to distribute cash dividends of NT$8,865 thousands from capital reserve (NT$0.2). The resolution shall be brought to the shareholders' meeting for approval. Please refer to MOPS for further information.

3. Retained earnings

According to the Articles of Incorporation of the Company, the Company shall pay the taxes and offset the accumulated loss when there is earnings. Then the Company must retain 10% of its annual income as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, together with the unappropriated earnings from the previous years, can be distributed as dividends to stockholders. The appropriation of earnings should be proposed by the BOD and approved by the shareholders.

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

(1) Legal reserve

If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to its shareholders by issuing new shares or by distributing cash for the portion in excess of 25% of the paid-in capital.

(2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a special reserve equal to the total amount of items that were accounted for as deductions from stockholders' equity was set aside from current and prior year earnings. This special reserve shall revert to the retained earnings and can be made available for distribution when the items that are accounted for as deductions from stockholder's equity are reversed in subsequent periods.

(3) Profit/Loss appropriation

There were no differences between the 2020 and 2019 Loss Appropriation Statement proposed by the Board of the Directors and the ones approved in the shareholder meeting on 2021.08.3rd and 2020.06.10th. Related details can be viewed in MOPS website.

BOD has prepared Profit Appropriation Proposal for 2021 on March 10th, 2022. It is proposed to distribute cash dividends of NT$1. The proposal shall be sent to shareholder's meeting for approval. Related details will be released on the MOPS website.

4. 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	Total
Balance on 2021.01.01	$ 158	(5,000)	(4,842)
Exchange differences on translation of financial statements of foreign affiliates	(22)	-	(22)
Balance on 2021.12.31	**$ 136**	**(5,000)**	**(4,864)**

	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	Total
Balance on 2020.01.01	$	108	(5,000)	(4,892)
Exchange differences on translation of financial statements of foreign affiliates		50	-	50
Balance on December 31st, 2020	**$**	**158**	**(5,000)**	**(4,842)**

6.15Earnings per share

The calculation of basic earnings per share was as following:

		2021		2020
Basic earnings per share				
Net income (loss) attributable to the shareholders of the company	**$**	**60,307**		**(61,358)**
Weighted average number of ordinary shares outstanding (in thousands) (Note)		**37,791**		**74,977**
Basic earnings per share(NT$)	**$**	**1.60**		**(0.82)**
Basic earning per share (NT$)-retrospective adjustments			**$**	**(1.69)**
Diluted earnings per share				
Net income (loss) attributable to the shareholders of the company	**$**	**60,307**		**(61,358)**
Weighted average number of ordinary shares outstanding (Basic) (in thousands)		37,791		74,977
Effect of diluted potential ordinary shares- Employee compensation by shares (thousand shares)		251		-
Weighted-average shares of ordinary shares outstanding (in thousands) (including effect of dilutive potential ordinary shares)		**38,042**		**74,977**
Diluted earnings per share (NT$)	**$**	**1.59**		**(0.82)**
Diluted earnings per share (NT$)- retrospective adjustments			**$**	**(1.69)**

Retrospective adjustments have been accounted for when calculating EPS. Record date of capital reduction was 2021.9.15. As a result of the adjustment, EPS is adjusted as following:

	2020 Before Adjustment	2020 After Adjustment
Net loss attributable to the shareholders of the company	$ (61,358)	(61,358)
Weighted average number of ordinary shares outstanding (in thousands)	74,977	36,323
Basic earnings per share (NT$)	$ (0.82)	(1.69)
Diluted earnings per share (NT$)	$ (0.82)	(1.69)

Note: outstanding shares in 2021 has included the effect of retrospective adjustments.

6.16 Revenue from customer contracts

1. Segmentation of revenue

	2021	2020
Major regional markets		
China	$ 454,022	387,429
Taiwan	362,934	245,393
Others	9,846	3,691
	$ 826,802	636,513
Major products		
Computer and peripheral related ICs	$ 771,782	558,111
Others	55,020	78,402
	$ 826,802	636,513

2. Contract balance

	2021.12.31	2020.12.31	2020.1.1
Account receivables and notes (Including related parties)	$ 220,590	192,420	182,870
Less: allowances for bad debts	(2,336)	(2,826)	(2,145)
Total	$ 218,254	189,594	180,725

Please refer to Note 6(3) for the amounts of accounts receivables and impairment loss.

6.17 Remuneration to employee, directors and supervisors

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 and supervisors shall be no more than 3% of distributable profit of the current year. However, the Company shall firstly compensate the accumulated loss. Receivers of the above said remuneration must meet certain criteria set the company.

The Company was at loss for the year 2020, so there was no remuneration allocated to the employees and Directors. The Company is proposed to allocate employees compensation $14,808 thousands and BOD compensation NT$2,221 thousands for 2021, which were calculated based on the net profits before tax of each period (excluding the remuneration to employees and directors), multiplied by the distribution ratio of remuneration to employees and directors under the Company's articles of incorporation, and recognized as operating expenses. Any differences between the actual and the proposed amounts shall be recognized in the profit or loss in the following year. If the BOD decides to distribute stock bonus, the number of shares shall be calculated based on the closing price a day before the BOD. Please refer to the MOPS for related information.

The above mentioned remunerations to employees and BOD were same as the amounts in the 2021 independent report and approved by the BOD.

6.18 Non-operating income and expenses

The details of other gains and losses were as follows:

		2021	2020
Foreign exchange gains (losses)	$	(6,926)	(35,393)
Net loss on financial liabilities at fair value through profit or loss		(20)	-
Miscellaneous income and expenses		760	9
	$	(6,186)	(35,384)

6.19 Financial instruments

1. Credit risk

(1) Concentration of credit risk

The customer base of the company is concentrated in NB industry. The credit risk is relatively high as 5 customers are taking up 92.68% and 90% of the balance of account receivables (including related parties) at the period ending December 31st, 2021 and

2020. To decrease the credit risk, the Company continuously evaluates 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.

The following table outlines the impairment of financial assets and credit loss:

	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	-	-

	2020.12.31		
	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	$ 294,988	-	-
Carrying amount	$ 294,988	-	-

There is no impairment provision or reversal after amortized cost of financial assets for the period ending December 31st, 2021 and 2020.

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:

2021.12.31		Contractual cash flow	Within 6 months	6 to 12 months	Over 1 year
Non-derivative financial liabilities					
Bank Loan	$	(162,736)	(162,736)	-	-
Lease liabilities (current and non-current)		(9,193)	(3,298)	(3,298)	(2,597)
Bank Loan-long term (including maturity within 1 year)		(11,093)	(3,736)	(3,698)	(3,659)
	$	**(183,022)**	**(169,770)**	**(6,996)**	**(6,256)**

2020.12.31		Contractual cash flow	Within 6 months	6 to 12 months	Over 1 year
Non-derivative financial liabilities					
Bank Loan	$	(303,231)	(303,231)	-	-
Lease liabilities (current and non-current)		(16,230)	(3,534)	(3,534)	(9,162)
Bank Loan-long term (including maturity within 1 year)		(18,615)	(3,742)	(3,777)	(11,096)
	$	**(338,076)**	**(310,507)**	**(7,311)**	**(20,258)**

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

3. Foreign exchange risks

(1) Foreign exchange risks

Financial assets and liabilities exposed to foreign exchange risks are:

Unit: Thousands in foreign currency

	2021.12.31				2020.12.31		
	Foreign currency		Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial asset							
USD	$	25,039	27.681	693,109	22,200	28.099	623,808
RMB		552	4.346	2,397	1,648	4.320	7,119
Financial liabilities							
USD		2,314	27.681	64,064	3,310	28.099	93,007

(2) Sensitivity analysis

The majority of foreign exchange risk is from cash and cash equivalent, net account receivables (including related parties), other financial assets (current and non-current), short-term loan, account payables and other current liabilities that are in foreign currency, and result to foreign exchange gain/loss during translation. If the exchange rate of NTD to USD/RMB depreciate or appreciate by 5% with other factors remain constant, the net loss after tax shall decrease or increase by NT$25,255 thousands and NT$21,349 thousands for the period ending December 31st, 2021 and 2020.

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

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

	2021			2020	
	FX gain/loss		Ave. FX rate	FX gain/loss	Ave. FX rate
USD	$	(6,883)	27.940	(35,368)	29.460
RMD		(43)	4.330	(25)	4.270

(4) Interest risks

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 decrease or increase 0.25%, with other factors remain constant, the net loss shall be decreased or increased NT$482 thousands or NTD234 thousands respectively for the period ending December 31st, 2021 and 2020. This is due to the cash and cash equivalent, short term loan and other current financial assets-current and long term loan (including maturity 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:

	2021.12.31				
		Fair Value			
	Carry Amount	Level 1	Level 2	Level 3	Total
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)	228,434	-	-	-	-
Sub-total	**$ 847,272**	-	-	-	-
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	-	-	-	-
Compensation and bonus payable	28,714	-	-	-	-
Long term long (including maturity within I year)	10,909	-	-	-	-

Sub-total	**$ 318,590**	**-**	**-**	**-**	**-**

	2020.12.31				
		Fair Value			
	Carry Amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at amortized cost					
Cash and cash equivalent	$ 188,059	-	-	-	-
Net account receivables (including related parties)	189,594	-	-	-	-
Other financial assets (current and non-current)	294,988	-	-	-	-
Sub-total	**$ 672,641**	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost					
Short term loan	$ 301,449	-	-	-	-
Account payable (including related parties)	73,797	-	-	-	-
Lease liabilities (current and non-current)	15,906	-	-	-	-
Compensation and bonus payable	12,998	-	-	-	-
Long term long (including maturity within I year)	18,183	-	-	-	-
Sub-total	**$ 422,333**	**-**	**-**	**-**	**-**

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

Whenever there is quoted price available in active market for financial instrument, the quoted price in active market shall be deemed as the fair value.

Financial assets with active market quotation is defined as the ones with accessible and timely public quotations from trade centers, agents, distributors, industrial unions and authorities where the quotes are frequently occurs and traded. On the contrary, it is regarded as inactive market. In general, big gap between the selling and buying prices, increasing gap between the selling and buying prices or limited trading are indicators of inactive market.

The Company possess financial assets from the active market and the fair value was decided by the market quotes.

Other than the above said financial instrument from the active market, the fair values of other financial instruments were obtained by evaluation technique or trading reference from other parties.

If a financial instrument is regarded as inactive market, in liquidation process without public quotes, its fair value shall be its net asset value (expected retrievable funds).

(3) There was no transfer of fair value level for 2021 and 2020.

(4) Quantified information on significant unobservable inputs (level 3) used in fair value measurement

The Company financial instruments that use level 3 inputs to measure fair value include financial assets at FVOCI-equity investments.

Most of the financial instruments classified as level 3 only has one significant unobservable input. The significant unobservable inputs of the equity investment without an active market are independent. Thus, there is no correlation between them.

Quantified information of significant unobservable inputs was:

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

6.20 Financial risk management

1. Overview

The company is exposed to the following risks for using financial instruments:

(4)credit risk

(5)liquidity risk

(6)market risk

2. Risk management structure

The Board of Directors (the Board) is responsible for the risk management. The management is responsible for develop and control the risk management policy. The chairman of the board shall report to the Board for the progress of the risk management. Internal auditor shall assist the chairman. Periodical reviews and extra risk management procedures shall be performed and reported to the Board.

The risk management policy of the company is established to identify and analyze the risks identified, to set appropriate limits and controls, and to monitor risks and compliance with risk limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the operations of the company. The company develops a disciplined and constructive control environment through training, management guidelines and operating procedures so that all employees understand their roles and responsibilities

3. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial losses to the company namely cash and cash equivalent, financial assets at fair value through profit and loss-current, other financial assets-current and non-current and account receivables. As of December 31st, 2021 and 2020, the Company has not provided any endorsement or guarantee.

4. Liquidity risk management

The objective of liquidity risk management is to ensure the company has sufficient liquidity to fund its business operations, repay debts by cash or other financial assets.

Financial department is responsible for liquidity risk management. As of December 31st, 2021, the company has sufficient operation fund and unused bank loan of $297,711 thousands and thus the company is not exposed to liquidity risk.

5. Market risk

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

(1) Currency risk

The company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the company's entities, the NTD as well as RMB. The currencies used in these transactions are denominated in TWD, USD and RMB.

(2) Interest risk

Please refer to Note 6(19) for details.

6.21 Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and growth plan, the company manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to distribute dividends in accordance to its plan. The management aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time.

Debt-to equity ratio on the reporting date:

	2021.12.31	2020.12.31
Total liabilities	$ 332,177	432,620
Total equity	$ 753,200	440,353
Debt-to-equity ratio	44.10%	98.24%

In order to offset the accumulated loss of NT$386,539 thousands, the Company increased capital and legal reserve-premium on ordinary shares by NT8,000 thousands and NT$172,800 thousands respectively. As a result, total equity is increased and liability-to-capital ratio is decreased.

6.22 Financing activities not affecting current cash flow

The financing activities not affecting current cash flow for 2021 and 2020 were:

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

Reconciliation of liabilities arising from financing activities were as follows:

	Short term loan	Lease liabilities	Long term liabilities
Balancing at January 1st 2021	$ 301,449	15,906	18,183
Changes in cash flow from financing activities			
New loan	226,649	-	-
Loan repayment	(365,826)	-	(7,274)
Payment on lease liabilities	-	(6,814)	-
Sub-total cash flow from financing activities	(139,177)	(6,814)	(7,274)
Other changes in liabilities related items			
Interest expense	-	218	-
Interest paid	-	(218)	-
Effects on foreign exchanges	-	(7)	-
Sub-total other changes in liabilities related items	-	(7)	-
Balance at December 31st, 2021	**$ 162,272**	**9,085**	**10,909**

	Short term loan	Lease liabilities	Long term liabilities
Balance at January 1st 2020	$ 291,149	5,547	-
Changes in cash flow from financing activities			
New loan	355,334	-	20,000
Loan repayment	(345,034)	-	(1,817)
Lease repayment	-	(6,180)	-
Sub-total cash flow from financing activities	10,300	(6,180)	18,183
Other changes in liabilities related items			
Interest expense	-	192	-
Interest paid	-	(192)	-
Acquisition of right-of-use asset	-	16,523	-
Effects on foreign exchanges	-	16	-
Sub-total other changes in liabilities related items	-	16,539	-
Balance at December 31st, 2020	**$ 301,449**	**15,906**	**18,183**

7 Related-Party Transactions

(1) Names and relationship

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

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

(2) Significant transactions with related parties

1. Sales

The amounts of significant sales were:

	Sales	
	2021	2020
Key personnel of the Company-ASUSTek	$ 98,874	83,227

	Related parties account receivables	
	2021	2020
Key personnel of the Company-ASUSTek	$ 29,163	21,180

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 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	
	2021	2020
Key personnel of the Company -Siguard	$ 24,845	35,769

	Related parties account payables	
	2021	2020
Key personnel of the Company -Siguard	$ 5,491	3,932

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, miscellaneous procurement, machine rentals, royalties and program development to related parties accordingly. Amounts to be balanced were:

		Amount	
	Trading items	**2021**	**2020**
Key personnel of the Company	Machines rentals	$ 4	159
Key personnel of the Company	Miscellaneous	-	68
Key personnel of the Company	Program development	-	538
		$ 4	**765**

(3) Transactions with key personnel

Compensation of the key personnel were:

	2021	**2020**
Short term employee benefits	$ 26,125	19,653
Post-employment benefits	642	634
	$ 26,767	**20,287**

8 Pledged Assets

Assets	**Purpose**	**2021.12.31**	**2020.12.31**
Term deposit (other financial assets-non-current)	Purchase and Guarantee deposits of customs duty – non-current)	$ 1,038	1,032
Term deposit (other financial assets-current)	Guarantee for short term loan	203,479	286,633
Account receivables	Guarantee for short term loan	51,122	56,819
		$ 255,639	**344,484**

9 Significant Commitments and Contingencies

Other than items described in Note 6(12) and Note 7, the significant commitments of the Company for the period ending December 31st 2021 and 2020 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:

	2021	2020
Guarantee Notes	$ 487,681	538,099

10 Losses due to major disasters: None

11 Significant subsequent events: None

1. In order to simplified investment structure and decrease expenses, the BODs of the Company and the Janus Power (subsidiary of the Company) have approved on 2022.3.10 to merge the subsidiary into the Company. The Company is the surviving entity and Janus Power is the dissolved company. As Janus Power was 100% owned by the Company, the Company did not issue any new shares or pay cash for the merger. It is estimated that there will be no impact to the shareholder's equity after the merger.

2. The BOD of the Company has approved the proposal on 2022.3.10 to issue restricted stock of 840 thousand shares to employees and set the record date of issuance at 2022.3.16. BOD is authorized to handle subsequent affairs if the proposal is required to change due to legislation changes or authority requirements.

12 Others

Employee benefits, depreciation and amortization expenses by functions:

By Function / Classification	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	-	107,817	107,817	-	87,552	87,552
Labor and health insurance	-	7,030	7,030	-	6,316	6,316
Pension	-	5,200	5,200	-	4,138	4,138
Others	-	2,356	2,356	-	2,250	2,250
Depreciations	-	12,573	12,573	-	10,421	10,421
Amortizations	-	954	954	-	-	-

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 Company:

1. Loans to other parties: none
2. Guarantees and endorsements for other parties: none
3. Securities held as of December 31st 2021 (other than investments in subsidiaries, associates and JVs):

Unit: NTD$ thousands/ thousand shares

Name of Holder	Category & Name of Security	Relationship with The Company	Account title	Ending Balance				Maximum holding in mid term	Note
				Shares	Book Value	Ownership %	Fair Value		
The Company	Shares of Touchsens Ltd	-	Financial assets measured at fair value through other comprehensive profit and loss – non-current	250	-	7.59 %	Note	7.59 %	

Note1: the shares are not traded in open market. The evaluation was made by Net Asset Valuation Method. Please refer to note 6(19) 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 real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: none
6. Disposal of individual real estate 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:

Buyer	Trading party	Relationship with the Company	Trading details				Rationale for trading condition differences		Account payables		Note
			Sales/ purchase	Amount	% of total	Payment Terms	ASP	Payment Term	Amount	% of total	
The Company	ASUSTek	Key manager (Institutional Director)	Sales	(98,874)	12 %	60 days	N.A	N.A	29,163	13%	

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 ending 2021.12.31 (excluding investees in China)

Investor Company	Investee Company	Location	Business scope and products	Original Investment amount		Balance at the end of the period			Net income (loss) of investee	Share of P/L of investee	Note	Investor Company
				Beginning of the period	End of Last year	Shares	Ownership %	Book value				
The Company	Janus Power	New Taipei City	Electronic components	6,798	6,798	700	100.00%	2,655	100.00%			Subsidiary of the Company

(3) Investment in China

1. Information on investment in Mainland China：

Unit: NTD$ thousands

Investee	Business Scope	Capital Surplus	Method	Accumulated outflow from TW at beginning of the period	Investment Flow		Accumulated outflow from TW at end of the period	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)	(1,477)	100.00%	(1,477)	2,115	-

2. Limitation on investment in Mainland China：

Accumulated Investment in Mainland China at end of the period (Note2)	Investment amount Authorized by MOEA (Note2)	Maximum limit on Investment (Note3)
9,047 (USD300 Thousands)	8,304 (USD300 Thousands)	451,920

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 the section of Related Information on Significant Transactions for significant transactions between the Company and the investees in China for the period ending 2021/12/31.

(4) Major shareholder’s information: no single shareholding exceeding 5%.

Shares / Major Shareholder	No. of Holding	Holding %
Alcor Micro Corp., Ltd	8,000,000	18.04%

14 Operating Segments Information

(1) General information and industry 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.

(2) Product category and labor category

Revenue from external customers:

	2021	2020
NB and peripheral consumer related ICs	$ 771,782	558,111
Others	55,020	78,402
	$ 826,802	636,513

(3) Geographic information

Revenue is classified in according to where customers reside. Non-current assets are classified in according to the location of the assets.

1. Revenue from external customers:

Location	2021	2020
China	$ 454,022	387,429
Taiwan	362,934	245,393
Other countries	9,846	3,691
	$ 826,802	636,513

2. Non-current assets:

Location	2021	2020
Taiwan	$ 29,763	27,047
China	253	870
	$ 30,016	27,917

Note: Non-current assets include property, plant, equipment, right-of-use assets and intangible assets.

(4) Major customers

	2021	2020
C customer	$ 338,064	283,276
Asustek	98,874	83,227
	$ 436,938	366,503

Stock Code：6243

ENE TECHNOLOGY INC

FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

December 31st, 2021 AND 2020

This document is a translated version from the Chinese version for the convenience of reader and for information purpose only. Any discrepancy between the English and Chinese version, the Chinese version shall prevail.

ADDRESS：4F, No.21, LIXING RD. HSINCHU SCIENCE PARK
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Independent Auditors' Report

The Board of Directors and Shareholders
ENE TECHNOLOGY INC

Opinion

We have audited the accompanying parent company only financial statements of ENE TECHNOLOGY INC (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 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 stands 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 judgement, 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.
Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2021 are stated as follows:

1. Inventory valuation

Please refer to Note 4(7) and Note 5 for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainty of the valuation of inventory, respectively. Information of estimation of the valuation of inventory are disclosed in Note 6(4) of the financial statements.

Description of key audit matters

The inventory is measured at the lower of cost or net realized value. The business scope of the Company’s customers are mainly related to personal computer systems or consumer electronic products. Due to the rapid change of technologies, fierce competition and shortening of product life cycle, the ASP and the demand of the related products may decline. Therefore, valuation of inventory is one of the key audit matters.

Our key audit procedures performed in respect of the mentioned item included the following:

In order to verify the rationality of assessment of inventory valuation, our key audit procedures included inspecting the inventory aging reports, sample testing on the accuracy of last effective inventory change orders and net realizable value, evaluating the policy on inventory valuation and obsolescence loss as well as the reasonableness of allowances on inventory valuation and obsolescence loss. For those with longer inventory days (more than 1 year), we also reviewed follow up sales to verify the appropriateness of inventory valuation as well as to assess whether the disclosure on inventory valuation was appropriate.

2. Allowances for Bad Debts

Please refer to Note 4(6) for the accounting policy regarding allowances for bad debts. Information on allowances for bad debts and uncertainty of hypothesis are shown in Note 5. Please refer to Note 6(3) for explanatory on allowances for bad debts including notes receivables and account receivables of related parties.

Description of key audit matters

Account receivables are of material items to ENE. The Management adopts simplified method of IFRS 9 to evaluate the allowances by estimating the credit loss during the account receivable duration. Expected credit loss from the duration shall take into account of customer financial status, historical records, aging report, industrial and economic outlook to conduct forward-looking adjustment to reflect the estimated credit loss. Therefore, Allowances for bad debts has been identified as a key audit matter since it implies material judgement from the management.

Our Key audit procedures performed in respect of the above mentioned item included the following:

To verify the accuracy of the account receivable aging report and evaluate the rationality of the forward-looking adjustment and to recalculate the allowance for bad debts proposed by the management. Moreover, to review the collection result of overdue account receivable at the end of the period, to evaluate the sufficiency of the allowances for bad debt, and the appropriateness of the management disclosure on allowances for bad debts.

Responsibilities of Management and Those Charges 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 statement, 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 members of the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Parent 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify an 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the 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 audit resulting in this independent auditor's report are Mei-Yu Tseng and Chien-Hui Lu.

KPMG

Hsinchu, Taiwan
March 10th, 2022

ENE TECHNOLOGY INC

Balance Sheet

2021 and 2020 December 31st

Unit: NTD Thousands

	Assets	**2021.12.31 Amount**	**%**	**2020.12.31 Amount**	**%**
	Current Assets：				
1100	Cash and cash equivalents (N6(1))	$ 399,389	37	183,726	21
1170	Notes and accounts receivable, net (N6(3)(17) & 8)	185,708	17	168,205	19
1180	Receivables from related parties (N6(3)(17) 7 &8)	31,680	3	21,848	3
130X	Inventories (N6(4))	176,969	16	145,398	17
1470	Prepaid expenses and other current assets	15,861	1	14,903	2
1476	Other financial assets (N6(9) 7 & 8)	225,106	21	292,032	33
		1,034,713	95	826,112	95
	Noncurrent assets：				
1550	Investments accounted for using equity method (N6(5))	4,770	-	6,274	1
1600	Property, plant and equipment (N6(6))	19,846	2	12,509	1
1755	Right-of-use assets (N6(7))	8,404	1	14,538	2
1780	Intangible assets (N6(8))	1,512	-	-	-
1840	Deferred income tax assets (N6(14))	6,871	1	3,573	-
1975	Defined benefit obligation, noncurrent (N6(13))	5,594	1	5,782	1
1980	Other financial assets, noncurrent (N6(9) & 8)	3,192	-	3,186	-
		50,189	5	45,862	5
	Total assets	**$ 1,084,902**	**100**	**871,974**	**100**

	Liabilities and Equity	**2021.12.31 Amount**	**%**	**108.12.31 Amount**	**%**
	Current liabilities：				
2100	Short term Loan (N6(3) (10) & 8)	$ 162,272	15	301,449	35
2170	Account payables	102,119	8	69,865	8
2180	Payables to related parties (N7)	5,491	1	3,932	-
2201	Salary and bonus payables	28,624	3	12,922	2
2280	Lease liabilities-current (N6(12))	6,239	1	6,235	1
2300	Other current liabilities (N6(6))	13,434	1	10,208	1
2322	Long term loan (including maturity within 1 year) (N6(11))	7,273	1	7,273	1
		325,452	30	411,884	48
	Noncurrent liabilities：				
2541	Long term loan (N6(11))	3,636	-	10,910	1
2570	Deferred income tax liabilities (N6(14))	34	-	39	-
2580	Lease liabilities-noncurrent (N6(12))	2,580	-	8,788	1
		6,250	-	19,737	2
	Total Liabilities	331,702	30	431,621	50
	Equity (N6(15))：				
3110	Common stock	443,228	41	749,767	86
3200	Capital surplus	254,767	23	81,967	9
3350	Accumulated deficit	60,069	6	(386,539)	(44)
3400	Total other equity interest	(4,864)	-	(4,842)	(1)
	Total Equity	753,200	70	440,353	50
	Liabilities and Equity	**$ 1,084,902**	**100**	**871,974**	**100**

ENE TECHNOLOGY INC

Income Statement

2021 and 2020 January 1st to December 31st

Unit: NTD Thousands

Code	Item	2021 Amount	%	2020 Amount	%
4110	**Operating revenue** (N6(17) & 7)	$ 824,988	100	636,046	100
5000	**Operating cost** (N6(4) & 7)	563,671	68	490,593	77
	Gross profit	261,317	32	145,453	23
	Operating expenses (N6(3)(8)(12)& 7)：				
6100	Selling expenses	57,184	7	48,537	8
6200	General and administration expenses	73,399	9	57,408	9
6300	Research and development expenses	64,025	8	62,417	10
6450	Allowances for credit loss	(490)	-	681	-
	Total operating expenses	194,118	24	169,043	27
	Operating loss	67,199	8	(23,590)	(4)
	Non-operating income & expenses:				
7020	Other gains and losses (N6(19))	(6,446)	(1)	(35,431)	(6)
7060	Share of loss of associates accounted for using equity methods (N6(5))	(1,477)	-	(1,967)	-
7100	Interest income	694	-	2,948	-
7510	Interest expense (N6(12))	(2,961)	-	(3,318)	(1)
		(10,190)	(1)	(37,768)	(7)
	Net Loss before income tax	57,009	7	(61,358)	(11)
7950	**Income tax expenses** (N6(14))	(3,298)	-	-	-
	Net Profit	60,307	7	(61,358)	(11)
8300	**Other comprehensive income (loss)**：				
8310	**Items not be reclassified to profit or loss**：				
8311	Gain/Loss of remeasurement of defined benefit plan (N6(13))	(238)	-	71	-
	Total for Items not be reclassified to profit or loss：	(238)	-	71	-
8360	**Items that may be reclassified to profit or loss**：				
8361	Cumulative translation differences of foreign operation	(27)	-	62	-
8399	Income tax relating to items may be reclassified (N6(14))	5	-	(12)	-
	Total items that may be reclassified to profit or loss	(22)	-	50	-
8300	**Other comprehensive income (Net after tax)**	(260)	-	121	-
	Total comprehensive income (Net after tax)	**$ 60,047**	**7**	**(61,237)**	**(11)**
	Earnings per share (N6(16))				
9750	**Basic earnings per share**	**$**	**1.60**		**(1.69)**
9850	**Diluted earnings per share**	**$**	**1.59**		**(1.69)**

ENE TECHNOLOGY INC and Subsidiaries
Statements of Changes in Equity
January 1st to December 31st , 2021 and 2020

Unit: NTD$ Thousands

	Ordinary Share Capital	Capital Surplus	Accumulated Loss	Other Equity Items: Cumulative translation differences of foreign operation	Other Equity Items: Unrealized P&L From financial assets measured at fair value through comprehensive P&L	Other Equity Items: Total	Total Equity
Balance as of 20200101	$ 749,767	81,967	(325,252)	108	(5,000)	(4,892)	501,590
Net loss of the period	-	-	(61,358)	-	-	-	(61,358)
Other comprehensive income of the period	-	-	71	50	-	50	121
Total comprehensive income	-	-	(61,287)	50	-	50	(61,237)
Balance as of 20201231	**$ 749,767**	**81,967**	**(386,539)**	**158**	**(5,000)**	**(4,842)**	**440,353**
Net loss of the period	-	-	60,307	-	-	-	60,307
Other comprehensive income of the period	-	-	(238)	(22)	-	(22)	(260)
Total comprehensive income	-	-	60,069	(22)	-	(22)	60,047
Capital reduction to offset loss	(386,539)	-	386,539	-	-	-	-
Cash capital increase	80,000	172,800	-	-	-	-	252,800
Balance as of 20211231	**$ 443,228**	**254,767**	**60,069**	**136**	**(5,000)**	**(4,864)**	**753,200**

ENE TECHNOLOGY INC
Statement of Cash Flows
2021 and 2020 January 1st to December 31st

Unit: NTD Thousands

	2021	2020
Cash Flow from operation activities		
Profit/Loss before income tax	$ 57,009	(61,358)
Adjustment items:		
Adjustment to reconcile profit/loss		
Depreciation expenses	11,964	9,785
Amortization expenses	954	-
Expected credit loss/gain/provision/reversal of provision for bad debt expense	(490)	681
Allowance for inventory valuation and obsolescence losses	1,908	1,390
Interest expense	2,961	3,318
Interest income	(694)	(2,948)
Share of loss of associates accounted for using equity method	1,477	1,967
Other adjustments to reconcile profit/loss	(50)	(71)
Total adjustments to reconcile profit/loss	18,030	14,122
Changes in operating assets and liabilities:		
Account receivables	(17,013)	(3,195)
Account receivables-related parties	(9,832)	(7,264)
Inventory	(33,479)	82,291
Other operating assets	(591)	2,653
Total changes in operating assets	(60,915)	74,485
Account payable	32,254	28,371
Account payable- related parties	1,559	(1,692)
Other operating liabilities	18,601	1,805
Total changes in operating liabilities	52,414	28,484
Total changes in operating assets and liabilities	(8,501)	102,969
Cash inflow (outflow) generated from operations	66,538	55,733
Interest received	708	3,128
Interest paid	(2,987)	(3,296)
Net cash flows from (used in) operating activities	64,259	55,565

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ENE TECHNOLOGY INC

Statement of Cash Flows (Continued)

2021 and 2020 January 1st to December 31st

Unit: NTD Thousands

	2021	2020
Cash flows from operating activities：		
Acquisition of investment by equity method	-	(4,563)
Acquisition of property, plant and equipment	(12,814)	(7,295)
Increase (decrease) in refundable deposits	-	(125)
Acquire intangible assets	(2,466)	-
Decrease (increase) in other financial assets-current	66,545	20,310
Increase in other financial assets-noncurrent	(6)	(7)
Net Cash flows from investment activities	51,259	8,320
Cash flows from financing activities：		
Increase in short-term loan	226,649	355,334
Decrease in short-term loan	(365,826)	(345,034)
Long term loan	-	20,000
Long term loan repayments	(7,274)	(1,817)
Lease repayments	(6,204)	(5,548)
Cash capital increase	252,800	-
Net cash flows from financing activities	100,145	22,935
Cash and cash equivalents at beginning of period	215,663	86,820
Cash and cash equivalents at end of period	183,726	96,906
Cash and cash equivalents reported in the statement of financial position	$ 399,389	183,726

ENE TECHNOLOGY INC

Notes to Parent Only Financial Statements

For 2021 & 2020

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

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 March 10th, 2022.

3 Application of New Standards, Amendments, Principles and Interpretations

3.1 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 2021 adopted by the Company are as follows:

New Standards／Amendments／Principles and Interpretations
Amendments to IFRS 4 "Extension of the temporary exemption from applying IFRS 9"
Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16 "Interest rate benchmark reform-second stage"
Amendments to IFRS 16 "Covid-19 Related Rent Concessions" after June 30th , 2021

The Company believes that the adoption of the above listed IFRSs would not have any material impact on its consolidated financial statements.

3.2 The impact of IFRSs issued by IASB and endorsed by the FSC but not yet adopted by the Company

The Company has evaluated the following standards and interpretations effected from 2022.01.01 and concluded that these shall not have any material impact on financial position and results of operations of the Company.

New, Revised or Amended Standards 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 2018-2020
Amendments to IFRS 3, "Reference to the conceptual framework"

3.3 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 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 has evaluated the standards and interpretations and concluded that these shall not have any material impact on financial position and results of operations of the Company.

4 Summary of Significant Accounting Policies

The principle accounting policies applied in the preparation of the parent only financial statements are outlined below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

4.1 Statement of Compliances

The parent only financial statements are prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

4.2 Basis of Preparation

1. Basis of measurement

   Except for the following items, the parent only financial statements have been prepared under the historical cost convention:

   - Financial assets at fair value through profit or loss.
   - Financial assets at fair value through other comprehensive income measured at fair value
   - The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined obligation (Note 4(14))

2. Functional and presentation currency

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

4.3 Foreign Currency

A. Foreign exchange

Transactions in foreign currencies are initially recorded by the Company’s entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Nonmonetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss, unless it is an equity instrument designated to be recognized in other comprehensive profit and loss through fair value measurement.

B. Translation of financial statements in foreign currencies

The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date. The income and expenses are translated at an average rate for the period in the NTD. The exchange differences arising on the translation are recognized in other comprehensive income.

On the disposal of foreign operations that result in a loss of control, loss of significant influence or joint control, the cumulative amount of the exchange differences shall be reclassified as profit and loss. On the partial disposal of foreign operations, the cumulative amount of exchange differences are reclassified into non-controlling equity.

On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal. In partial disposal of an associate or jointly controlled entity that includes a foreign operation, the cumulative amount of the exchange differences shall be reclassified and recognized in proportion into profit and loss.

The foreign exchange profit or loss shall be regarded as net investments to the foreign operation and be recognized in the other comprehensive profit and loss under the circumstances where there is no settlement plan and impossible to pay off in the foreseeable future of the receivables/payables in foreign operation.

4.4 Standards for Assets and Debts Classified as Current and Non-Current

An asset is classified as current when:

- The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- The Company holds the asset primarily for the purpose of trading.
- The Company expects to realize the asset within twelve months after the reporting period.
- The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- The Company expects to settle the liability in its normal operating cycle.
- The Company holds the liability primarily for the purpose of trading.
- The liability is due to be settled within twelve months after the reporting period.
- The Company does not have an unconditional right to defer settlement of the liability for at least twelve 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.

All other liabilities are classified as non-current.

4.5 Cash and Cash Equivalent

Cash and cash equivalents comprises cash on hand, demand deposits and 3-months term deposits. Cash equivalent includes highly liquid term deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Term deposits that fit the descriptions and its purpose is not for investment but to fulfill the short term cash commitment shall be classified as cash equivalent.

4.6 Financial Instruments

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

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income-equity investment; or fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the company changes it business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

15 It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

16 Its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity instruments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the company's right to receive payment is established.

(3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividends income, are recognized in profit or loss.

(4) Impairment of financial assets

The company's recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, account receivables including related parties and other financial assets, current and non-current.)

For financial assets listed below, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. For the rest, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument:

·low credit risk of debt securities at the reporting date; and

·when the credit risk on the debt securities and the credit risk of bank deposits has not increased significantly since initial recognition.

The company measures loss allowance at an amount equal to lifetime ECL for account receivables and contractual assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward looking information.

If the credit risk rating of the financial instrument is equivalent to the globally defined "investment grade" (BBB investment grade by Standard & Poor's, investment grade Baa3 by Moody's, or investment grade twA by China Credit Ratings, or higher), The amalgamating company considers the debt securities to have low credit risk. For the term deposits held by the consolidated company, the transaction counterparties and other performing parties are financial institutions with investment grade or above, so they are considered to have low credit risk.

If contract payments are more than 90 days past due, the amalgamating company assumes that the credit risk of the financial assets has increased significantly.

If the contract payment is more than 120 days overdue, or the borrower is unlikely to fulfill its credit obligations and pay the full amount to the amalgamating company, the amalgamating company shall consider the financial asset to be in default.

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

At each reporting date, the Consolidated Company assesses whether financial assets at amortized cost and debt securities at fair value through other comprehensive profit or loss are credit-impaired. A financial asset is credit-impaired when one or more events have occurred that have an adverse effect on the estimated future cash flows of the financial asset. Evidence that a financial asset is credit-impaired includes observable information about:

- ◆ Significant financial difficulties of the borrower or issuer;
- ◆ Default, such as delay or overdue for more than one hundred and twenty days;
- ◆ Concessions granted by the Merger Company to the Borrower that the Borrower would not have considered due to economic or contractual reasons related to the Borrower's financial difficulties;
- ◆ The borrower is likely to file for bankruptcy or other financial reorganization; or
- ◆ The disappearance of an active market for the financial asset due to financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The allowance for losses on investments in debt instruments at fair value through other comprehensive profit or loss is adjusted to profit or loss and recognized in other comprehensive profit or loss (without reducing the asset's carrying amount).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due.

(5) Derecognizition of financial assets

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

B. Financial liabilities and equity instruments

(1) Classification of debt or equity

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

(2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

(4) Derecognizition of financial liabilities

The company derecognizes financial liabilities when the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(5) Offsetting financial assets and financial liabilities

The company has financial instruments transactions applicable to current law and regulations which required for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

C. Derivative financial instruments

The company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

4.7 Inventory

Inventories are valued at lower of cost and net realizable value item by item. Inventory costs include costs incurred in bringing each inventory to its present location and condition, manufacturing costs and other related costs. Costs are calculated by weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

4.8 Investment in subsidiaries

When preparing the parent only financial statements, investment in subsidiaries which are controlled by the company is accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The company also recognized its share in the changes in the equity of subsidiaries. In subsidiaries which are controlled by the company is accounted for preparing the consolidated statement by each period.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

4.9 Property, Plants and Equipment

A. Recognition and measurement

Property, plants and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual items with specific useful lives and depreciation, respectively.

Profit or loss from disposal of property, plants and equipment shall be recognized in profit and loss.

B. Follow-up Costs

Subsequent expenditures will only be capitalized when their future economic benefits are likely to realize.

C. Depreciation

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

- research & development equipment: 2~5 years
- lease improvement: 5~10 years
- Office and miscellaneous equipment: 2~10 years

The residual values, useful lives and methods of depreciation are reviewed at each financial year end and make adjustments whenever is needed.

4.10 Lease

A. Identification of lease

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

1. The contract involves the use of an identified asset- this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
2. The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
3. The customer has the right to the direct use of its asset if either:
   - the customer has the right to direct how and for what purpose that asset is used throughout the period of use; or
   - in rare cases, the relevant decisions about how and for what purpose the asset is sued are predetermined and:

— The customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

— The customer designs the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

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

B. As a leasee

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments or penalties for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or

- there is a change in the company’s estimate of the amount expected to be payable under a residual value guarantee; or
- there is change in the company’s evaluation of purchase options; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications to the assets, scope and other terms of the lease.

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

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

The company presents right-of-use asset that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The company applies the recognition exemptions to its transportation equipment, other short term leases and leases of low-value assets leases. The company recognizes the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

4.11 Intangible Assets

A. Recognition and measurement

R&D related expenses are carried in profit/loss at the time of incidents.

R&D expenses can only be capitalized when: the feasibility of product or process can be measured or commercialized, future economic benefits are foreseeable and the company demonstrates attempts and invests sufficient resources to complete the project. All other R&D shall be recognized in profit/loss. After initial recognition, the capitalized R&D expenses shall be measured by the amount of its cost less accumulated amortization and accumulated impairment.

Other intangible assets shall be measured by the amount of its cost less accumulated amortization and accumulated impairment.

B. Subsequent expenses

Subsequent expenses can only be capitalized when future economic benefits of specific assets can be increased. All other expenses shall be recognized in profit/loss at the time of incidents, including internal developed goodwill and brands.

C. Amortization

Other than goodwill, amortization is calculated by cost less estimated residual value and carried in profit/loss using straight line method from the time it is available for use:

Estimated useful life of current and comparable period:

(1) Patents 1~3 years

(2) Computer software 1~3years

The company reviews the amortization methods, useful life and residual value at the end of each reporting period and make adjustments whenever needed.

4.12 Impairment of non-financial assets

The Company assess the assets (excluding inventory, contractual assets and deferred tax assets) at the end of each reporting period. If there is any indications of impairment, the company shall assess the recoverable amounts.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment.

The recoverable amount is the higher of the fair value of individual assets or cash-generating units minus the disposal cost and its use value. In assessing the value of use, the estimated future cash flow is converted to present value at a pre-tax discount rate that reflects the current market assessment of the time value of money and the unit-specific risk to the asset or cash

Where the recoverable amount of an asset is lower than carrying amount, the asset is considered impaired and is written down to its recoverable amount.

If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units)

For assets other than goodwill, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior years.

4.13 Revenue recognition

The Company’s revenue arising from fulfilling contracts with customers mainly includes sale of goods and rendering of services. The major revenue items of the Company are explained as follows:

1. Sales of products

   The company conducts research, design, development, production and sales of electronic products and information software. The revenue is recognized upon the delivery of products. Delivery is defined as complete transfer of product ownership to customers who is in total charge of the products sales and pricing, and the company has no unfulfilled obligation towards customers. Transaction includes shipment to designated location, risk of obsolete and loss has been transferred to customers whom has accepted and checked the product in accordance with sales contract, or the company holds objective evidence of fulfilling all terms of acceptance.

   A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2. Significant financial components

   The Company expects the period between the transfers of contract liabilities to revenue is usually within one year, thus no significant financing component is arisen.

4.14 Employee Benefits

1. Defined contribution plans

   For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of cash refund or a reduction in the future payments.

2. Defined benefit plans

   Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods.

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

Remeasurements of the net defined benefits liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The company determines the net interest expense (income) on the net defined benefit obligation at the beginning of the annual period to the then-net defined plans are recognized in profit or loss.

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

3. Short-term employee benefits

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

4.15 Income Tax

Income tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to mergers, or relates to items recognized in equity or other comprehensive income.

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

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. All uncertainties relates to income tax are also reflected (if there is any).

The Company will only offset the deferred tax asset and deferred tax liabilities when both criteria are met:

1. If a legally enforceable right exists to set off current income tax assets against current income tax liabilities; and
2. Deferred tax assets and tax liabilities relate to the circumstances from the same taxable entity and the same taxation authority:
   - Same taxable entity; or
   - Different taxable entities which intend to settle current tax assets a liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

4.16 Earnings per Share

The company discloses the company basic and diluted earnings per share attributable to ordinary equity holders of the company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as accrued employee’s compensation. The dilutive potential common shares include employee compensation to be settled in the form of common stock. New addition shares result from profit or capital surplus converted to capital shall be calculated by retrospective adjustments.

4.17 Operating Segments

The company has disclosed related information in the consolidated report.

5 Critical Accounting Judgements, Estimations and Key Sources of Assumption Uncertainty

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Differences may exist between the actuals and estimations.

The management constantly review estimations and assumptions and make adjustments accordingly. Accounting policies involve significant judgements and may cause material adjustments to the carrying amounts of assets and liabilities with the next year are discussed below:

1. Allowances for bad debts

Estimation for bad debt is made on the hypothetical basis of contract violation risks and percentage of estimated loss. At the end of each reporting period, the company considers historical experiences, current market status and forward estimation to decide on the appropriate assumptions and amounts when calculate the allowances. Please refer to Note 6(3) for related assumptions and amounts.

2. Inventory evaluation

Inventories are stated at the lower of cost or net realizable value. The company estimates the net realizable value of inventory for obsolescence, fair wear and tear or unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined based on the assumptions of future product demand change and decrease of price due to technology advancement. Therefore, it may cause the risk of cost of inventory is higher than the net realizable value. Please refer to Note 6(4) for details.

Financial assets, non-financial assets and liabilities of the company is measured by fair value. The finance department is in charge of independent fair value verification. It tries to ensure the evaluation is fair by using independent resources of information that reflects real market status, ensure the information resource is independent, reliable and executional as well as periodical adjustment of the valuation model, conduct testing, and update parameters of the model.

The company shall use observable inputs from the market to measure assets and liabilities. Classification of fair values are based on the inputs of the evaluation technique:

Class 1: Public quotation (unadjusted) of same assets or liabilities in the active market

Class 2: Observable inputs (price or projection from the price) of the assets or liabilities, excluding public quotation from Class 1.

Class 3: Non observable market information

In case of fair value evaluation is transferring amongst above said classifications, the company shall recognize the transfer at the end of the reporting period. Please refer to N6(20) Financial instruments for assumptions for fair value measurements.

6 Contents of significant accounts

6.1 Cash and cash equivalent

		2021.12.31	2020.12.31
Cash on hand	$	200	56
Checking and savings		310,507	157,270
Term deposits		88,682	26,400
	$	**399,389**	**183,726**

6.2 Financial assets

3. 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 has recognized the loss of NT$5,000 thousands from Touchsens Ltd in last reporting period.

4. Please refer to Note 6(20) for information on credit risks and market risks.
5. The above said financial assets were not pledged for collateral.

6.3 Notes and account receivable (including related parties)

		2021.12.31	2020.12.31
Notes receivable	$	-	10
Account receivable		188,044	171,021
Receivables from related parties		31,680	21,848
		219,724	192,879
Less: allowance for doubtful accounts		(2,336)	(2,826)
	$	**217,388**	**190,053**

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:

	2021.12.31		
	Notes & account receivables carrying amount	**Weighted average loss rate**	**Loss Allowance**
Not past due	$ 205,342	0.00%	-
Past due 0~30 days	4,319	0.00%	-
Past due over 121 days	-	100.00%	-
Total	**$ 209,661**		**-**

	2020.12.31		
	Notes & account receivables carrying amount	**Weighted average loss rate**	**Loss Allowance**
Not past due	$ 174,535	0.00%	-
Past due 0~30 days	786	0.00%	-
Past due over 121 days	-	100.00%	-
Total	**$ 175,321**		**-**

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

	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

	2020.12.31		
	Notes & account receivables carrying amount	**Weighted average loss rate**	**Loss Allowance**
Not past due	$ 14,575	1.57%	228
Past due 0~30 days	449	21.16%	95
Past due 61~90 days	86	83.72%	72
Past due 91~120 days	123	86.16%	106
Past due over 121 days	2,325	100.00%	2,325
Total	$ 17,558		2,826

Changes for loss allowance (including related parties) are:

	2021	2020
Balance of January 1st	$ 2,826	2,145
Recognized loss	(490)	681
Balance of December 31st	$ 2,336	2,826

Please refer to Note 6(20) for information on 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 December 31, 2021 were as follows:

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

2020.12.31					
Purchaser	**Amount transferred**	**Quota**	**Amount advanced (recognized in short term loan)**	**Interest rate collar**	**Collateral**
CTBC Bank	$ 56,819 (USD2,022K)	80,000	42,149 (USD1,500K)	1.45%~ 1.55%	Account receivables and Bank note $80,000

As of December 31, 2021 and 2020 the notes and account receivables (including related parties) were not pledged. Please refer to Note 8 for details.

6.4 Inventory

	2021.12.31	**2020.12.31**
Raw materials	$ 6,124	14,599
Work in Process	131,213	106,566
Finished product	39,632	24,233
	$ 176,969	**145,398**

Details of operating cost are:

	2021.12.31	**2020.12.31**
Relisting of inventory sales	$ 561,763	489,203
Allowance for inventory valuation loss	1,908	1,390
	$ 563,671	**490,593**

Inventory dated December 31, 2021 and 2020 were not pledged for collateral.

6.5 Investment by equity method

1. Investment by equity method:

	2021.12.31	**2020.12.31**

Subsidiaries	$ 4,770	6,274

2. Subsidiaries

Please refer to the consolidated financial report for related information.

	2021	2020
Share of Profit & Loss from the Subsidiaries	$ (1,477)	(1,967)

3. Collateral

As of December 31, 2021 and 2020 the investments in aforementioned equity-accounted investees were not pledged as collateral.

6.6 Property, plants and equipment

1. Details on cost and amortization:

	R&D equipment	Improvement on lease	Office and other equipment	Total
Cost:				
Balance on January 1st 2021	$ 20,768	2,526	53,931	77,225
Acquisition	-	-	13,167	13,167
Disposal	-	-	(2,686)	(2,686)
Balance on Dec 31st 2021	$ 20,768	2,526	64,412	87,706
Balance on January 1st 2020	$ 20,768	2,526	46,434	69,728
Acquisition	-	-	7,497	7,497
Balance on Dec 31st 2020	$ 20,768	2,526	53,931	77,225
Amortization:				
Balance on January 1st 2021	$ 20,768	827	43,121	64,716
Amortization	-	299	5,531	5,830
Disposal	-	-	(2,686)	(2,686)
Balance on Dec 31st 2021	$ 20,768	1,126	45,966	67,860
Balance on January 1st 2020	$ 20,734	529	39,611	60,874
Amortization	34	298	3,510	3,842
Balance on Dec 31st 2020	$ 20,768	827	43,121	64,716
Carrying amount:				
December 31st, 2021	$ -	1,400	18,446	19,846
January 1st 2020	$ 34	1,997	6,823	8,854
December 31st, 2020	$ -	1,699	10,810	12,509

2. Changes to the account payable related to property, plant and equipment for 2021 and 2020 are increase of NT$353 thousands and NT$202 thousands respectively.
3. Property, plant and equipment of the Company dated on December 31 of 2021 and 2020 were not pledged as collateral.

6.7 Right-of-use asset

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

		Buildings	Transportation Vehicles	Other equipment	Total
Cost:					
Balance at 2021.01.01	**$**	**20,908**	**5,049**	**451**	**26,408**
Balance at 2020.01.01	$	6,105	4,536	451	11,092
Acquisition		14,803	513	-	15,316
Balance at 2020.12.31	**$**	**20,908**	**5,049**	**451**	**26,408**
Accumulated depreciation and loss:					
Balance at 2021.01.01	$	9,081	2,338	451	11,870
Depreciation of the year		4,935	1,199	-	6,134
Balance at 2021.12.31	**$**	**14,016**	**3,537**	**451**	**18,004**
Balance at 2020.01.01	$	4,384	1,127	416	5,927
Depreciation of the year		4,697	1,211	35	5,943
Balance at 2020.12.31	**$**	**9,081**	**2,338**	**451**	**11,870**
Carrying amount:					
Balance at 2021.12.31	**$**	**6,892**	**1,512**	**-**	**8,404**
Balance at 2020.01.01	**$**	**1,721**	**3,409**	**35**	**5,165**
Balance at 2020.12.31	**$**	**11,827**	**2,711**	**-**	**14,538**

6.8 Intangible Assets

Details on the cost and amortization as of 2021 and 2020 are:

	Patents		Computer Software Cost	Total
Cost:				
2021.01.01 (same as 2021.12.31)	$	17,659	23,561	41,220
Addition		-	2,466	2,466
Derecognization		(17,659)	(23,561)	(41,220)
2021.12.31	**$**	**-**	**2,466**	**2,466**
2020.01.01 (same as 2020.12.31)	**$**	**17,659**	**23,561**	**41,220**
Amortization:				
2021.01.01 (same as 2021.12.31)	$	17,659	23,561	41,220
Amortization		-	954	954
Derecognization		(17,659)	(23,561)	(41,220)
2021.12.31	**$**	**-**	**954**	**954**
2020.01.01 (same as 2020.12.31)	**$**	**17,659**	**23,561**	**41,220**
Carry amount:				
2021.12.31	**$**	**-**	**1,512**	**1,512**
2020.01.01	**$**	**-**	**-**	**-**
2020.12.31	**$**	**-**	**-**	**-**

Amortization expenses for 2021 and 2020 are NT$954 thousands and NT$0 thousands respectively.

Intangible assets dated December 31st, 2021 and 2020 were not pledged as collateral.

6.9 Other financial assets- current and non-current:

	2021.12.31		2020.12.31
Current:			
Restricted cash in bank	$	203,479	286,633
Term deposit (> 3 months)		21,609	5,000
Other account receivables-related parties		-	367
Others		18	32
	$	**225,106**	**292,032**
Non-Current			
Refundable deposit	$	2,154	2,154
Restricted cash in bank		1,038	1,032
	$	**3,192**	**3,186**

There is no loss in other financial assets – current and non-current (excluding other receivables) for the period ended December 31st, 2021 and 2020.

Restricted cash in bank is deemed as a guarantee for short term loan, purchase and tariff. Please see Note 8 for details.
Please refer to Note 6(20) for information on other credit risks.

6.10 Short term loan

	2021.12.31	2020.12.31
Guarantee bank loan	$ 151,200	$ 259,300
Account receivable financing (N6(3))	11,072	42,149
	$ 162,272	**$ 301,449**
Unused quota	**$ 297,711**	**$ 187,577**
Range of interests	**0.89%~1.42%**	**0.89%~1.55%**

For the period 20210101~20210930, new addition of NT$226,649 thousands and NT$355,334 thousands. Interest rate ranges from 0.89%~1.42% and 0.89%~1.55%. Due dates are 2022 January to 2022 June and 2021 January to 2021 June. Amount due are NT$365,826 thousands and NT$345,034 thousands.
Please refer to Note 8 for details on assets set as bank loan guarantee.

6.11 Long Term Liabilities

	2021.12.31	2020.12.31
Guarantee bank loan	$ 9,273	$ 15,456
Non-guarantee bank loan	1,636	2,727
	10,909	18,183
less：maturity within one year	(7,273)	(7,273)
Total	**$ 3,636**	**$ 10,910**
Unused quota	**$ -**	**$ -**
Range of interests	**1.2685%~2.1617%**	**1.2685%~2.1617%**

6.12 Lease liabilities

	2021.12.31	2020.12.31
Current	**$ 6,239**	**6,235**
Non-current	**$ 2,580**	**8,788**

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

Loss recognized as:

	2021	2020
Interest expense from lease liabilities	$ 177	153
Expense of short term lease	$ 114	117
Expense of low-value assets (excluding short-term lease of low-value assets)	$ 125	113

Amount recognized in cash flow statement：

	2021	2020
Total cash outflow of lease	$ 6,620	5,931

1. House and building

The Company has rented house and architecture for operation purposes. The Office lease contract is normally 3 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.

6.13 Employee Benefits

1. Defined benefit

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	2021.12.31	2020.12.31
Defined benefit obligation	$ 1,925	1,606
Plan assets at fair value	(7,519)	(7,388)
Net defined benefit liabilities (assets)	$ (5,594)	(5,782)

The company contributes an amount to the Bank of Taiwan in the name of the administered pension fund committee. For every employee eligible to the pension fund under Labor Standard Law. The pension benefits are disbursed based on the units of service years and the average salaries in the last 6 months of the service year.

a. Plan assets

The domestic entities of the company allocate pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor

Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earning attainable from two-year term deposits with interest rates offered by local banks.

The company's labor pension reserve account balance amounted to NT$7,519 thousands as of December 31st, 2021. The utilization of the labor pension fund assets of the domestic entities of the company includes the assets allocation and yield of the fund. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

b. Changes of liabilities (assets) of the defined benefit obligation and plan assets at fair value

		2021	2020
Defined benefit obligation January 1st	$	1,606	1,450
Service cost and interest expense		14	18
Remeasurements of the defined benefit liabilities (assets):			
Actuarial gain/losses arising from changes in demographical assumptions		61	-
Actuarial gain/losses arising from changes in financial assumptions		43	28
Actuarial gain/losses arising from experience adjustments		201	110
Defined benefit obligation December 31st	$	1,925	1,606

c. Changes of fair value of plan assets

		2021	2020
Fair value of plan assets January 1st	$	7,388	7,090
Interest income		64	89
Remeasurements of net defined benefit liabilities (assets)			
Return on plan assets (excluding interests)		67	209
Fair value of plan asset December 31st	$	7,519	7,388

d. Movements of NABCI

Movements of NABCI for the 2021 and 2020 were both zero.

e. Amounts recognized in profit and loss

		2021	2020
Net interest on the net defined benefit liabilities (asset)	$	(51)	(71)
Administrative cost	$	(51)	(71)

f. Remeasurements of net defined benefit liabilities (asset) recognized in profit and loss

		2021	2020
Accumulated balance January 1st	$	7,310	7,239
Amount for the period		(238)	71
Accumulated balance December 31st	$	7,072	7,310

g. Actuarial assumptions

	2021.12.31	2020.12.31
Discount rate	0.750%	0.875%
Future salary increases	1.000%	1.000%

The Company has granted annual approvals from the Science Industrial Park Administration since 2017 to temporary suspend the pension preparation fund.

The weighted average lifetime of the defined benefits plan is 19.31 years.

h. Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Impact on the defined benefit obligation	
		Increase by 0.25%	Increase by 0.25%
2021 December 31st			
Discount rate	$	(85)	89
Future salary increases	$	88	(84)
2020 December 31st			
Discount rate	$	(74)	78
Future salary increases	$	77	(74)

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

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

2. Defined distribution plan

The company adopt a defined contribution plan in accordance with the Labor Pension

Act of the R.O.C. The company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.
The contribution made in 2021 and 2020 are NT$5,087 thousands and NT$4,196 thousands respectively.

6.14 Income tax

1. Details on income tax:

	2021	2020
Current income tax	$ -	-
Deferred tax expenses	(3,298)	-
	$ (3,298)	**-**

Tax expense (income) recognized in profit and loss:

	2021	2020
Items might be reclassified to profit and loss		
Exchange Differences on Translation of Foreign Financial Statements	**$ (5)**	**12**

Adjustments to the income tax expense and loss before income tax for 2021 and 2020:：

	2021	2020
Loss before income tax	$ 57,009	(61,358)
Tax effects of different tax rates applicable in foreign jurisdiction	11,402	(12,272)
Reconciliation of permanent differences	84	1,654
Impact of deferred income tax asset not yet recognized	(13,342)	4,355
Changes from loss allowances not yet recognized	(1,442)	6,263
Changes from temporary difference not yet recognized	**$ (3,298)**	**-**

2. Deferred income tax assets not yet recognized:

	2021.12.31	2020.12.31
Unused tax losses carryforwards	$ 145,992	$ 165,446
Deductible temporary differences	9,203	10,645
	$ 155,195	**$ 176,091**

According to the Income Tax Act, the operating loss as examined and assessed by the local tax authorities can be carried forward for use as a deduction from taxable income over a period of prior years. The item was not recognized as deferred income tax asset as the company is unlikely to have sufficient taxable income for deduction.

For the period ended December 31st 2021, taxable loss not yet recognized as deferred tax assets of the company and domestic subsidiaries:

Year of Loss	Loss not yet deducted	Expiry year
2013 (approved amount)	$ 36,244	2023
2014 (approved amount)	205,755	2024
2015 (approved amount)	119,209	2025
2016 (approved amount)	121,815	2026
2017 (approved amount)	92,739	2027
2018 (approved amount)	70,963	2028
2019 (approved amount)	50,962	2029
2020 (applied amount)	32,271	2030
	$ 729,958	

3. Deferred income tax assets/liabilities recognized:

Deferred income tax assets

	2020.01.01	Recognized in P&L	Recognized in Other Comprehensive income	2020.12.31	Recognized in P&L	Recognized in Other Comprehensive income	2021.12.31
Inventory valuation loss	$ 3,142	18	-	3,160	381	-	3,541
Unrealized gross margin	431	(18)	-	413	2,917	-	3,330
	$ 3,573	-	-	3,573	3,298	-	6,871

Deferred income tax liabilities:

	2020.01.01	Recognized in P&L	Recognized in Other Comprehensive income	2020.12.31	Recognized in P&L	Recognized in Other Comprehensive income	2021.12.31
Translation profit from foreign operation and others	$ (27)	-	(12)	(39)	-	5	(34)
	$ (27)	-	(12)	(39)	-	5	(34)

4. Assessment and approval of income tax

The income tax return through 2019 have been assessed and approved by the Taxation Authority.

6.15 Capital and other equity

The movements in outstanding common stock were as follows:

	Common Shares	
	2021	2020
Balance at January 1st	74,977	74,977
Capital reduction to offset loss	(38,654)	-
Capital increase by cash	8,000	-
Balance at December 31st	44,323	74,977

1. Capital

For the period ending December 31st 2021 and 2020, the authorized total capital is NTD$950,000 thousands (including reserved employee options 50,000 thousands and convertible corporate bonds 10,000 thousands). Ordinary share is valued at $10 per share. Paid-up capital is 443,228 thousands and 749,767 thousands respectively.

In order to offset the accumulated losses, the 2021.08.03 shareholders' meeting has approved the proposal to reduce capital by NT$386,539 thousands and cancelled 38,654 thousands issued shares. The reduced the paid-in capital is NT$363,228,thousands with 36,323 thousand shares, each with a par value of NT$10.

The aforesaid capital reduction plan was approved by the Taiwan Stock Exchange Co., Ltd. on September 10, 2021, and was approved by the board of directors to set September 15, 2021 as the record date for offsetting losses and reducing capital.

In addition, in order to expand the sales of future products, and considering factors such as the timeliness, convenience, issuance cost, and equity stability of fundraising costs, the 2021.08.03 shareholders' meeting passed the resolution to conduct a private placement with up to 8,000 thousand ordinary shares. 2021.10.12 BOD has decided on the pricing for private placement and related issues. BOD also decided to issue first stage private placement with 5,000 thousands new shares at NT$31.6, estimated total amount is NT$158,000 thousands. The purpose is to increase the operational fund. The BOD also decided the second stage private placement with 3,000 thousands new shares at NT$31.6, estimated total amount is NT$94,800 thousands. Overall amounts for private placement is NT$252,800 thousands. The premiums $176,000 thousands are recognized in capital surplus. Designated parties were contacted to participate and paid in cash. The record date for the capital increase by private placement was set as 2021.10.26. The registration was completed.

The securities of the above-mentioned private placements, in accordance with the provisions of Article 43-8 of the Securities and Exchange Act, shall, in principle, be transferable within three years from the date of delivery; the rights and obligations of new private placement shares shall be the same as those of the issued shares, except that the transfer of privately placed new shares is restricted by laws and regulations.

2. Legal reserve

	2021.12.31	2020.12.31
Issue stock premium	$ 241,083	68,283
Treasury stock trading	11,534	11,534
Long term investment	2,150	2,150
	$ 254,767	81,967

Pursuant to the Company Act, the Company must retain 10% of its annual income as a legal reserve until such retention equals the amount of paid-in capital. If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to its shareholders by issuing new shares or by distributing cash.

The BOD has decided on March 10th 2022 to distribute cash dividends of NT$8,865 thousands from capital reserve (NT$0.2). The resolution shall be brought to the shareholders' meeting for approval. Please refer to MOPS for further information.

3. Retained earnings

According to the Articles of Incorporation of the Company, the Company shall pay the taxes and offset the accumulated loss when there is earnings. Then the Company must retain 10% of its annual income as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, together with the unappropriated earnings from the previous years, can be distributed as dividends to stockholders. The appropriation of earnings should be proposed by the BOD and approved by the shareholders.

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

(1) Legal reserve

If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to its shareholders by issuing new shares or by distributing cash for the portion in excess of 25% of the paid-in capital.

(2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a special reserve equal to the total amount of items that were accounted for as deductions from stockholders' equity was set aside from current and prior year earnings. This special reserve shall revert to the retained earnings and can be made available for distribution when the items that are accounted for as deductions from stockholder's equity are reversed in subsequent periods.

(3) Profit/Loss appropriation

There were no differences between the 2020 and 2019 Loss Appropriation Statement proposed by the Board of the Directors and the ones approved in the shareholder meeting on 2021.08.3rd and 2020.06.10th. Related details can be viewed in MOPS website.

BOD has prepared Profit Appropriation Proposal for 2021 on March 10th, 2022. It is proposed to distribute cash dividends of NT$1. The proposal shall be sent to shareholder's meeting for approval. Related details will be released on the MOPS website.

4. 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	Total
Balance on 2021.01.01	$ 158	(5,000)	(4,842)
Exchange differences on translation of financial statements of foreign affiliates	(22)	-	(22)
Balance on 2021.12.31	**$ 136**	**(5,000)**	**(4,864)**
Balance on 2020.01.01	$ 108	(5,000)	(4,892)
Exchange differences on translation of financial statements of foreign affiliates	50	-	50
Balance on December 31st, 2020	**$ 158**	**(5,000)**	**(4,842)**

6.16 Earnings per share

The calculation of basic earnings per share was as following:

	2021	2020
Basic earnings per share		
Net income (loss) attributable to the shareholders of the company	**$ 60,307**	**(61,358)**
Weighted average number of ordinary shares outstanding (in thousands) (Note)	**37,791**	**74,977**
Basic earnings per share(NT$)	**$ 1.60**	**(0.82)**
Basic earning per share (NT$)-retrospective adjustments		**$ (1.69)**
Diluted earnings per share		
Net income (loss) attributable to the shareholders of the company	**$ 60,307**	**(61,358)**
Weighted average number of ordinary shares outstanding (Basic) (in thousands)	37,791	74,977
Effect of diluted potential ordinary shares- Employee compensation by shares (thousand shares)	251	-
Weighted-average shares of ordinary shares outstanding (in thousands) (including effect of dilutive potential ordinary shares)	**38,042**	**74,977**
Diluted earnings per share (NT$)	**$ 1.59**	**(0.82)**
Diluted earnings per share (NT$)- retrospective adjustments		**$ (1.69)**

Retrospective adjustments have been accounted for when calculating EPS. Record date of capital reduction was 2021.9.15. As a result of the adjustment, EPS is adjusted as following:

	2020 Before Adjustment	2020 After Adjustment
Net loss attributable to the shareholders of the company	$ (61,358)	(61,358)
Weighted average number of ordinary shares outstanding (in thousands)	74,977	36,323
Basic earnings per share (NT$)	$ (0.82)	(1.69)
Diluted earnings per share (NT$)	$ (0.82)	(1.69)

Note: outstanding shares of 2020 has included the effect of retrospective adjustments.

6.17 Revenue from customer contracts

1. Segmentation of revenue

	2021	2020
Major regional markets		
China	$ 452,669	386,962
Taiwan	362,934	245,393
Others	9,385	3,691
	$ 824,988	636,046
Major products		
NB & peripheral consumer related ICs	$ 730,677	558,111
Others	94,311	77,935
	$ 824,988	636,046

2. Contract balance

	2021.12.31	2020.12.31	2020.1.1
Account receivables and notes (Including related parties)	$ 219,724	192,879	182,420
Less: allowances for bad debts	(2,336)	(2,826)	(2,145)
Total	$ 217,388	190,053	180,275

Please refer to Note 6(3) for the amounts of accounts receivables and impairment loss.

6.18 Remuneration to employees, directors and supervisors

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. The Company was at loss for the year 2020, so there was no remuneration allocated to the employees and Directors. The Company is proposed to allocate employees compensation $14,808 thousands and BOD compensation NT$2,221 thousands for 2021, which were calculated based on the net profits before tax of each period (excluding the remuneration to employees and directors), multiplied by the distribution ratio of remuneration to employees and directors under the Company's articles of incorporation, and recognized as operating expenses. Any differences between the actual and the proposed amounts shall be recognized in the profit or loss in the following year. If the BOD decides to distribute stock bonus, the number of shares shall be calculated based on the closing price a day before the BOD. Please refer to the MOPS for related information.

The above mentioned remunerations to employees and BOD were same as the amounts in the 2021 independent report and approved by the BOD.

6.19 Non-operating income and expenses

The details of other gains and losses were as follows:

		2021	2020
Foreign exchange gains (losses)	$	(6,843)	(35,432)
Net loss on financial liabilities at fair value through profit or loss		(20)	-
Miscellaneous income and expenses		417	1
	$	**(6,446)**	**(35,431)**

6.20 Financial instruments

1. Credit risk

(1) Concentration of credit risk

The customer base of the company is concentrated in NB industry. The credit risk is relatively high as 5 customers are taking up 92.68% and 90% of the balance of account receivables (including related parties) at the period ending December 31st, 2021 and 2020. 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.

Credit Rating	2021.12.31 Evaluation after amortized cost 12 months expected loss	Impairment provision during the period— not impaired	Impairment provision during the period— impaired
BBB-AAA	$ 228,298	-	-
Carrying amount	$ 228,298	-	-

Credit Rating	2020.12.31 Evaluation after amortized cost 12 months expected loss	Impairment provision during the period— not impaired	Impairment provision during the period— impaired
BBB-AAA	$ 295,218	-	-
Carrying amount	$ 295,218	-	-

There is no impairment provision or reversal after amortized cost of financial assets for the period ending December 31, 2021 and 2020.

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

	Contractual cash flow	Within 6 months	6 to 12 months	Over 1 year
2021.12.31				
Non-derivative financial liabilities				
Bank Loan	$ (162,736)	(162,736)	-	-
Lease liabilities (current and non-current)	(8,921)	(3,162)	(3,162)	(2,597)
Long term loan (including maturity within 1 year)	(11,093)	(3,736)	(3,698)	(3,659)
	$ (182,750)	(169,634)	(6,860)	(6,256)
2020.12.31				
Non-derivative financial liabilities				
Bank Loan	$ (303,231)	(303,231)	-	-
Lease liabilities (current and non-current)	(15,301)	(3,206)	(3,206)	(8,889)
Long term loan (including maturity within 1 year)	(18,615)	(3,742)	(3,777)	(11,096)
	$ (337,147)	(310,179)	(6,983)	(19,985)

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

3. Foreign exchange risks

(1) Foreign exchange risks

Financial assets and liabilities exposed to foreign exchange risks are:

Unit: Thousands in foreign currency

	2021.12.31			2020.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Currency items						
USD	$ 25,018	27.681	692,527	22,195	28.099	623,670
RMB	464	4.346	2,017	711	4.320	3,071
Non-currency items						
RMB	487	4.346	2,115	838	4.320	3,619
Financial liabilities						
Currency items						
USD	2,314	27.681	64,064	3,310	28.099	93,007

(2) Sensitivity analysis

The majority of foreign exchange risk is from cash and cash equivalent, net account receivables (including related parties), other financial assets (current and non-current), account payables and other current liabilities that are in foreign currency, and result to foreign exchange gain/loss during translation. If the exchange rate of NTD to USD/RMB depreciate or appreciate by 5% with other factors remain constant, the net loss after tax shall decrease or increase by NT$25,219 thousands and NT$21,349 thousands for the period ending December 31st, 2021 and 2020.

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

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

	2021		2020	
	FX gain/loss	Ave. FX rate	FX gain/loss	Ave. FX rate
USD	$ (6,800)	27.940	(35,407)	29.460
RMD	(43)	4.330	(25)	4.270

(4) Interest risks

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 decrease or increase 0.25%, with other factors remain constant, the net loss shall be decreased or increased NT$479 thousands or NT$234 thousands respectively for the period ending December 31st, 2021 and 2020. This is due to the cash and cash equivalent, short term loan, other financial assets-current and long term loan (including maturity within 1 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:

	2021.12.31				
		Fair Value			
	Carry Amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalent	$ 399,389	-	-	-	-
Net account receivables (including related parties)	217,388	-	-	-	-
Other financial assets (current and non-current)	228,298	-	-	-	-
Sub-total	**$ 845,075**	-	-	-	-
Financial liabilities measured at amortized cost					
Short term loan	$ 162,272	-	-	-	-
Account payable (including related parties)	107,610	-	-	-	-
Lease liabilities (current and non-current)	8,819	-	-	-	-
Remuneration payable	28,624	-	-	-	-
Long term loan (including maturity within 1 year)	10,909	-	-	-	-
Sub-total	**$ 318,234**	-	-	-	-

	2020.12.31				
		Fair Value			
	Carry Amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalent	$ 183,726	-	-	-	-
Net account receivables (including related parties)	190,053	-	-	-	-
Other financial assets (current and non-current)	295,218	-	-	-	-
Sub-total	**$ 668,997**	-	-	-	-
Financial liabilities measured at amortized cost					
Short term loan	$ 301,449	-	-	-	-
Account payable (including related parties)	73,797	-	-	-	-
Lease liabilities (current and non-current)	15,023	-	-	-	-
Remuneration payable	12,988	-	-	-	-
Long term loan (including maturity within 1 year)	18,183	-	-	-	-
Sub-total	**$ 421,440**	-	-	-	-

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

Whenever there is quoted price available in active market for financial instrument, the quoted price in active market shall be deemed as the fair value.

Financial assets with active market quotation is defined as the ones with accessible and timely public quotations from trade centers, agents, distributors, industrial unions and authorities where the quotes are frequently occurs and traded. On the contrary, it is regarded as inactive market. In general, big gap between the selling and buying prices, increasing gap between the selling and buying prices or limited trading are indicators of inactive market.

The Company possess financial assets from the active market and the fair value was decided by the market quotes.

Other than the above said financial instrument from the active market, the fair values of other financial instruments were obtained by evaluation technique or trading reference from other parties.

If a financial instrument is regarded as inactive market, in liquidation process without public quotes, its fair value shall be its net asset value (expected retrievable funds).

(3) There was no transfer of fair value level for 2021 and 2020.

(4) Quantified information on significant unobservable inputs (level 3) used in fair value measurement

The Company financial instruments that use level 3 inputs to measure fair value include financial assets at FVOCI-equity investments.

Most of the financial instruments classified as level 3 only has one significant unobservable input. The significant unobservable inputs of the equity investment without an active market are independent. Thus, there is no correlation between them.

Quantified information of significant unobservable inputs was: ：

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

6.21 Financial risk management

1. Overview

The company is exposed to the following risks for using financial instruments:

6. credit risk
7. liquidity risk
8. market risk

2. Risk management structure

The Board of Directors (the Board) is responsible for the risk management. The management is responsible for develop and control the risk management policy. The chairman of the board shall report to the Board for the progress of the risk management. Internal auditor shall assist the chairman. Periodical reviews and extra risk management procedures shall be performed and reported to the Board.

3. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial losses to the company namely cash and cash equivalent, financial assets at fair value through profit and loss-current, other financial assets-current and non- current and account receivables. As of December 31^{st}, 2021 and 2020, the company has not provide any endorsement or guarantee.

4. Liquidity risk management

The objective of liquidity risk management is to ensure the company has sufficient liquidity to fund its business operations, repay debts by cash or other financial assets.
Financial department is responsible for liquidity risk management. As of December 31^{st}, 2021, the company has sufficient operation fund and unused bank loan of NT$297,711 thousands and thus the company is not exposed to liquidity risk.

5. Market risk

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

(1) Currency risk

The company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the company’s entities, the NTD as well as RMB. The currencies used in these transactions are denominated in TWD, USD and RMB.

(2) Interest risk

Please refer to N6(20) for details.

6.22 Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and growth plan, the company manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to distribute dividends in accordance to its plan. The management aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time.

Debt-to equity ratio on the reporting date:

	2021.12.31	2020.12.31
Total liabilities	$ 331,702	431,621
Total equity	$ 753,200	440,353
Debt-to-equity ratio	44.04%	98.02%

In order to offset the accumulated loss of NT$386,539 thousands, the Company increased capital and legal reserve-premium on ordinary shares by NT8,000 thousands and NT$172,800 thousands respectively. As a result, total equity is increased and liability-to-capital ratio is decreased.

6.23 Financing activities not affecting current cash flow

The financing activities not affecting current cash flow for 2021 and 2020 were:

9. Please refer to N6(6) for recognized related liabilities on property, plant and equipment.
10. Please refer to N6(7) for Acquisition of right-of-use assets at leases.

Reconciliation of liabilities arising from financing activities were as follows:

	Short term loan	Lease liabilities	Long term loan
Balancing at January 1st 2021	$ 301,449	15,023	18,183
Changes in cash flow from financing activities			
New loan	226,649	-	-
Loan repayment	(365,826)	-	(7,274)
Payment on lease liabilities	-	(6,204)	-
Sub-total cash flow from financing activities	(139,177)	(6,204)	(7,274)
Other changes in liabilities related items			
Interest expense	-	177	-
Interest paid	-	(177)	-
Balance at December 31st, 2021	**$ 162,272**	**8,819**	**10,909**
Balance at January 1st 2020	$ 291,149	5,255	-
Changes in cash flow from financing activities			
New loan	355,334	-	20,000
Loan repayment	(345,034)	-	(1,817)
Lease liability repayment	-	(5,548)	-
Sub-total cash flow from financing activities	10,300	(5,548)	18,183
Other changes in liabilities related items			
Interest expense	-	153	-
Interest paid	-	(153)	-
Acquisition of right-of-use assets	-	15,316	-
Sub-total other changes in liabilities related items	-	15,316	-
Balance at December 31st, 2020	**$ 301,449**	**15,023**	**18,183**

7 Related-Party Transactions

(1) Names and relationship

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

Names	Relationship
ASUSTek Computer Inc.	Key personnel of the Company (Institutional Director)
Siguard Microelectronic Corp. (Siguard)	Key personnel of the Company (Institutional Director)
ENE Touch Technology (Shenzhen)	Subsidiary of the company

Janus Power	Subsidiary of the company

(2) Significant transactions with related parties:

1. Sales

The amounts of significant sales were:

	Sales 2021	Sales 2020
Key personnel of the Company-Asustek	$ 98,874	83,227
Subsidiaries of the Company	10,011	734
	$ 108,885	83,961

	Related parties account receivables 2021	Related parties account receivables 2020
Key personnel of the Company-Asustek	$ 29,163	21,180
Subsidiaries of the Company	2,517	668
	$ 31,680	21,848

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 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 2021	Purchase and OEM 2020
Key personnel of the Company -Siguard	$ 24,845	35,769

	Related parties account payables 2021.12.31	Related parties account payables 2020.12.31
Key personnel of the Company -Siguard	$ 5,491	3,932

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:

	Trading items	Amount 2021	Amount 2020
Key personnel of the Company	Machines rentals	$ 4	159
Key personnel of the Company	Miscellaneous	-	68
Key personnel of the Company	Program development	-	538
		$ 4	765

	Related parties account payables 2021	Related parties account payables 2020
Key personnel of the Company	$ -	-

The advanced payment for the subsidiary are NT$0 thousands and NT$367 thousands (recognized in Other financial assets-current) for 2021 and 2020.

(3) Transactions with key personnel

Compensation of the key personnel were:

	2021	2020
Short tern employee benefits	$ 26,125	19,653
Post-employment benefits	642	634
	$ 26,767	20,287

8. Pledged Assets

Assets	Purpose	2021.12.31	2020.12.31
Term deposit (other financial assets- non-current)	Purchase and Guarantee deposits of customs duty – non-current)	$ 1,038	1,032
Term deposit (other financial assets- current)	Guarantee for short term loan	203,479	286,633
Account receivables	Guarantee for short term loan	51,122	56,819
		$ 255,639	344,484

9. Significant Commitments and Contingencies

Other than items described in Note 6(12) and Note 7, the significant commitments of the Company dated December 31st of 2021 and 2020 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:

	2021	2020
Guarantee Notes	$ 487,681	538,099

10. Losses due to major disasters: None

11. Significant subsequent events: None

- In order to simplified investment structure and decrease expenses, the BODs of the Company and the Janus Power (subsidiary of the Company) have approved on 2022.3.10 to merge the subsidiary into the Company. The Company is the surviving entity and Janus Power is the dissolved company. As Janus Power was 100% owned by the Company, the Company did not issue any new shares or pay cash for the merger. It is estimated that there will be no impact to the shareholder's equity after the merger.

- The BOD of the Company has approved the proposal on 2022.3.10 to issue restricted stock of 840 thousand shares to employees and set the record date of issuance at 2022.3.16. BOD is authorized to handle subsequent affairs if the proposal is required to change due to legislation changes or authority requirements.

12. Others

Employee benefits, depreciation and amortization expenses by functions:

By Function / Classification	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	-	103,114	103,114	-	85,407	85,407
Labor and health insurance	-	6,963	6,963	-	6,268	6,268
Pension	-	5,036	5,036	-	4,125	4,125
Compensation for Directors	-	3,286	3,286	-	875	875
Others	-	2,301	2,301	-	2,199	2,199
Depreciations	-	11,964	11,964	-	9,785	9,785
Amortizations	-	954	954	-	-	-

Information on number of employees and employee benefits are:

	2021	2020
Number of employee	73	72
No. of non-employee Directors	6	6
Ave. employee benefits expense	$ 1,752	1,485
Ave. employee salary expense	$ 1,539	1,294
Adjustments to ave. employee salary expense	18.93%	
Compensation to the supervisors	$ -	-

The Compensation Policy (including Directors, Executive managers and employees) is as following:

1. Directors: according to the Company charter, the compensation for Directors shall be proposed by the Chairman of the Board, submitted to the Compensation Committee for approval.
2. Executive managers: according to the Compensation Policy of the Company, compensation of the Executive managers shall be proposed by the Chairman of the Board, submitted to the Compensation Committee and the Board for approval.
3. Employee compensation: according to the Compensation Policy, compensation package of the employees shall take into considerations of professional experiences, seniority and performance.
4. Quarterly bonus of employees and Executive managers: bonus shall be based on the quarterly achievement rate of the Company's and the individual employee's.
5. The Company has established Audit Committee to replace supervisors, thus there is no remunerations for supervisors.

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 Company:

1. Loans to other parties: none

2. Guarantees and endorsements for other parties: none

3. Securities held as of December 31st 2021 (other than investments in subsidiaries, associates and JVs):

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	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(19) 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 real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: none
6. Disposal of individual real estate 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:

Buyer	Trading party	Relationship with the Company	Trading details				Rationale for trading condition differences		Account payables		Note
			Sales/ purchase	Amount	% of total	Payment Terms	ASP	Payment Term	Amount	% of total	
The Company	ASUSTek	Key manager (Institutional Director)	Sales	(98,874)	12 %	60 days	N.A	N.A	29,163	13%	

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

(2) Investment

Investment information for the period ending 2021.12.31 (excluding investees in China)

Investor Company	Investee Company	Location	Business scope and products	Original Investment amount		Balance at the end of the period			Net income (loss) of investee	Share of P/L of investee	Note	Investor Company
				Beginning of the period	End of Last year	Shares	Ownership %	Book value				
The Company	Janus Power	New Taipei City	Electronic components	6,798	6,798	700	100.00%	2,655	100.00%	(2)	(2)	Subsidiary of the Company

(3) Investment in China

1. Information on investment in Mainland China：

Unit: NTD$ thousands

Investee	Business Scope	Capital Surplus	Method	Accumulated outflow from TW at beginning of the period	Investment Flow		Accumulated outflow from TW at end of the period	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)	(1,477)	100.00%	(1,477)	2,115	-

2. Limitation on investment in Mainland China：

Accumulated Investment in Mainland China at end of the period (Note2)	Investment amount Authorized by MOEA (Note2)	Maximum limit on Investment (Note3)
9,047 (USD300 Thousands)	8,304 (USD300 Thousands)	451,920

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 the section of Related Information on Significant Transactions for significant transactions between the Company and the investees in China for the period ending 2021.12.31.

(4) Major shareholder's information: no single shareholding exceeding 5%.

Shares Major Shareholder	No. of Holding	Holding %
Alcor Micro Corp., Ltd	8,000,000	18.04%

14. Operating Segments Information

Please refer to 2021 Consolidated Financial Report for details.

ENE TECHNOLOGY INC

Statement of Cash and Cash Equivalent

December 31, 2021

(Expressed in thousands of NTD thousands)

Item	Description	Amount
Cash－NTD	Cash and petty cash	$ 200
Demand deposits－NTD		109,043
－Foreign currency (note)	USD7,258,052.59 & CNY139,967.73	201,349
Check deposits		115
Term deposits－NTD		88,682
Total		**$ 399,389**

Note: the ending rates of foreign currency deposits on December 31, 2021 are:

USD/NTD=27.681

RMB/NTD=4.3456

ENE TECHNOLOGY INC

Statement of Notes and Account Receivables

December 31, 2021

(Expressed in thousands of NTD thousands)

Item	Amount
Customer C	$ 144,694
Customer M	18,484
Others (note)	24,866
Sub-total	188,044
Less: Allowances for loss	(2,336)
Total:	**$ 185,708**

Note: total of individual customers with amount less than 5 % of Notes and A/R

Note: Please refer to Note 7 for Account Receivables- related parties

Statement of Other Financial Assets-Current

Please refer to N6(9) for details.

ENE TECHNOLOGY INC

Statement of Inventories

December 31, 2021

(Expressed in thousands of NTD thousands)

Item	Amount: Cost	Amount: Net realizable value	Note
Finished goods	$ 44,394		Please refer to N4(7) of Parent only financial statements for details
Less: allowances for loss	(4,762)		
	39,632	52,686	
Work in process	141,486		
Less: allowances for loss	(10,273)		
	131,213	214,055	
Raw materials	10,094		
Less: allowances for loss	(3,970)		
	6,124	6,168	
	$ 176,969	**272,909**	

Prepaid Expenses and Other Current Assets

Item	Description	Amount
Other prepaid expenses	Prepaid software maintenance and consultant fee	$ 12,220
Tax refund and Sales tax refund		3,150
Others		491
Total		**$ 15,861**

Note: Total of individual items not exceeding 5% of total amount.

ENE TECHNOLOGY INC

Statement of Movement of Investments Accounted for Using Equity Method

January 1 to December 31, 2021

(Expressed in NTD thousands)

	Beginning Balance		Increase		Decrease				Ending Balance			
Name of investee	Shares	Amount	Shares	Amount	Shares	Amount	Investment Income	Adjustments	Shares	Ownership %	Amount	Collateral
Janus Power	700	$ 2,655	-	-	-	-	-	-	700	100.00	2,655	None
ENE Touch Technology Inc	-	3,619	-	-	-	-	(1,477)	(27)	-	100.00	2,115	None
		$ 6,274		-		-	(1,477)	(27)			4,770	

ENE TECHNOLOGY INC

Statement of Movement of Property, Plant and Equipment

January 1 to December 31, 2021

Please refer to N6(6) of Parent only Financial Statements for details.

Statement of Movement of Right-of-Use Assets

Please refer to N6(7) of Parent only Financial Statements for details.

Statement of Movement of Intangible Assets

Please refer to N6(8) of Parent only Financial Statements for details.

Statement of Other Financial Assets- Non-Current

December 31, 2021

Please refer to N6(9) of Parent only Financial Statements for details.

ENE TECHNOLOGY INC

Statement of Short-Term Loan

December 31, 2021

Please refer to N6(10) of Parent only Financial Statements for details.

Statement of Long Term Loan

As of December 31, 2021

Unit: NT$ Thousands

Type	Lenders	Amount	Contract period	Interest Rate (%)	Loan Commitments	Collateral
Secured loan	Taipei Fubon Bank	$ 9,273	2020.06~ 2023.06	1.2685%~2.1617%	17,000	Note
Unsecured loan	Taipei Fubon Bank	1,636	2020.06~ 2023.06	1.2685%~2.1617%	3,000	None
		10,909				
Less: Maturity within 1 year:		(7,273)				
		$ 3,636				

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

Statement of Lease Liabilities

As of December 31, 2021 **Unit: NT$ Thousands**

Items	Descriptions	Lease Term	Discount rates	Ending Balance
Buildings and facilities	Office	2020.5.1~2023.06.15	1.43%	$ 7,215
Transportation equipment	Company rental car	2017.10.20~2025.11.1		1,604
				8,819
		Less: maturity within 1 year		(6,235)
				$ 2,580

Statement of Account Payables

(Expressed in NTD thousands)

Item	Amount
D supplier	$ 46,091
A supplier	28,577
E supplier	22,396
Others (Note)	5,055
Total	**$ 102,119**

Note: Total of individual vendors not exceeding 5% of total of account payables.

ENE TECHNOLOGY INC

Statement of Other Current Liabilities

December 31, 2021

(Expressed in NTD thousands)

Item	Amount
Software expenses payable	$ 1,908
Accrued services expenses	1,174
Accrued labor and health insurance	1,123
Accrued pension expenses	1,098
Others (Note)	8,131
Total	**$ 13,434**

Note: Total of individual items not exceeding 5% of total amount.

Statement of Revenue

January 1 to December 31, 2021

Item	Qty	Amount
NB & peripheral consumer related application ICs	56,532	$ 730,677
Others	10,943	94,311
		$ 824,988

ENE TECHNOLOGY INC

Statement of Cost of Sales

January 1 to December 31, 2021

(Expressed in NTD thousands)

Item	Amount
Beginning balance of inventory	$ -
Add: purchase	175
Less: ending balance of inventory	-
Cost of trading	175
Raw material used	
Beginning balance of raw materials	17,853
Add: purchase	277,463
Less: ending balance of raw materials	(10,094)
Reversal of internal use	(19)
Raw material used	285,203
Manufacturing expense	311,817
Cost of manufacturing	597,020
Add: Beginning balance of work-in-process inventory	117,363
Less: Ending balance of work-in-process inventory	(141,486)
Transferred	(327)
Miscellaneous	(213)
Cost of finished goods	572,357
Add: Beginning balance of finished goods	27,279
Less: Ending balance of finished goods	(44,394)
Transferred	(144)
Rework expenses	6,490
Cost of sales	561,588
Allowances for loss	1,908
Total Cost of Sales	**$ 563,671**

Note: Total of individual items not exceeding 5% of total amount.

ENE TECHNOLOGY INC

Statement of Sales Expenses

January1 to December 31, 2109

(Expressed in NTD thousands)

Item	Amount	
Salary expenses	$	32,181
Freight		8,876
Commission expenses		3,552
Others		12,575
	$	**57,184**

Statement of Management Expenses

Item	Amount	
Salary expenses	$	35,627
Depreciation		8,732
Service consultant		6,565
Others		22,475
	$	**73,399**

Note: Total of individual items not exceeding 5% of total amount.

ENE TECHNOLOGY INC

Statement of Research and Development Expenses

January 1 to December 31, 2021

(Expressed in NTD thousands)

Item	Amount
Salary	$ 35,306
Miscellaneous	17,260
Masks	3,580
Others	7,879
	$ 64,025

Note: Total of individual items not exceeding 5% of total amount.