

**ENE TECHNOLOGY INC AND  
SUBSIDIARIES**

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

**September 30<sup>th</sup> , 2020 AND 2019**

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## **Translated Independent Auditor's Review Report**

To the Board of Directors of ENE TECHNOLOGY INC.:

### **Introduction**

We have reviewed the consolidated balance sheets of ENE TECHNOLOGY INC and subsidiaries as of September 30<sup>th</sup>, 2020 and 2019, and the related consolidated statements of comprehensive income for the period of July 1<sup>st</sup> to September 30<sup>th</sup>, 2020 and 2019, January 1<sup>st</sup> to September 30<sup>th</sup>, 2020 and 2019 and the consolidated statements of changes in equity and of cash flow for the period January 1<sup>st</sup> to September 30<sup>th</sup>, 2020 and 2019, and notes to the consolidated financial statements including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of above said financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standards 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Qualified Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly the consolidated financial status of ENE TECHNOLOGY INC. and subsidiaries as of September 30<sup>th</sup>, 2020 and 2019, and of its consolidated financial performance for the period July 1<sup>st</sup> to September 30<sup>th</sup>, 2020 and 2019, and of its

consolidated statements of cash flow for the period January 1<sup>st</sup> to September 30<sup>th</sup>, 2020 and 2019 in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standards 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

KPMG  
Tseng, Mei-Yu  
Lu, Chien-Hui

November 3<sup>rd</sup>, 2020

**The Balance Sheet as of September 30<sup>th</sup>, 2020 and 2019 are reviewed, not audited**  
**ENE TEHCNOLOGY INC**  
**Consolidated Balance Sheets**  
**2020.09.30, 2019.12.31 and 2019.09.30**

**Unit: NTD\$ Thousands**

Asset		2020.09.30		2020.12.31		2020.9.30		Liabilities and Equity		2020.9.30		2019.12.31		2019.9.30	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current Asset:</b>								<b>Current Liabilities:</b>							
1100	Cash & cash equivalents (Note 6(1))	\$ 161,920	19	97,750	11	131,812	14	2100	Short term loan (Note6(3), (9) & 8)	\$ 274,272	31	291,149	34	258,500	27
		-	-	-	-	-		2170	Account payable	62,607	7	41,494	5	123,238	13
1170	Notes and accounts receivables							2180	Related parties account payable (note7)	5,959	1	5,624	1	8,955	1
	(note6((3), (16) & 8)	181,401	21	166,141	19	180,075	19	2201	Salary payable	10,593	1	8,633	1	11,616	1
1180	Accounts receivables from related							2280	Lease liabilities – current (note6(11))	6,514	1	3,258	-	4,546	-
	parties (Note6(3), (16) 7 & 8)	26,785	3	14,584	2	19,685	2	2300	Other current liabilities (note6 (5))	13,406	2	12,644	2	16,790	2
130X	Inventories (Note6(4))	137,231	16	229,079	26	260,865	27	2322	Long term loan matured within one						
1470	Prepaid expenses & other current assets	22,769	3	20,281	2	26,357	3		year (note6(10))	7,273	1	-	-	-	-
1476	Other financial assets – current									380,624	44	362,802	43	423,645	44
	(Note6(8) & 8)	303,310	35	312,155	36	309,249	32	<b>Non-current liabilities:</b>							
	<b>Non-Current Asset:</b>	833,416	97	839,990	96	928,043	97	2541	Long term loan(Note6(10))	12,727	1	-	-	-	-
		-	-	-	-	-		2570	Deferred income tax liabilities	23	-	27	-	30	-
1600	Real estate, plant and equipment (note6(5))	11,044	1	8,854	1	10,164	1	2580	Lease liabilities – non-current						
1755	Right-of-use asset(note6(6))	16,559	1	5,451	1	6,601	1		(note6(11))	10,351	1	2,289	-	2,138	-
		-	-	-	-	-				23,101	2	2,316	-	2,168	-
1840	Deferred tax asset	3,573	-	3,573	-	3,573	-	<b>Total Liabilities</b>		403,725	46	365,118	43	425,813	44
1975	Net defined benefit asset – non-current	5,640	1	5,640	1	5,534	1	<b>Equity (Note6(14)):</b>							
1980	Other financial asset – non-current							3110	Ordinary share capital	749,767	86	749,767	87	749,767	78
	(note6(8) & 8)	3,317	-	3,200	-	3,198	-	3200	Capital surplus	81,967	9	81,967	9	81,967	9
		40,133	3	26,718	4	29,070	3	3350	Accumulated loss	(357,001)	(40)	(325,252)	(38)	(295,555)	(30)
								3400	Other equity	(4,909)	(1)	(4,892)	(1)	(4,879)	(1)
								<b>Total Equity</b>		469,824	54	501,590	57	531,300	56
<b>Total Asset</b>		<b>\$ 873,549</b>	<b>100</b>	<b>866,708</b>	<b>100</b>	<b>957,113</b>	<b>100</b>	<b>Total Liabilities &amp; Equity</b>		<b>\$ 873,549</b>	<b>100</b>	<b>866,708</b>	<b>100</b>	<b>957,113</b>	<b>100</b>

(Please refer to accompanying notes to consolidated financial statements)

**Consolidated Statements of Comprehensive Income**  
**Reviewed, not Audited**  
**ENE TECHNOLOGY INC and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**

Unit: NTD\$ Thousands

		<u>20200701~20200930</u>		<u>20190701~20190930</u>		<u>20200101~20200930</u>		<u>20190101~20190930</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4110	<b>Operating revenue</b> (Note6(16) & 7)	\$ 197,269	100	153,595	100	475,114	100	415,881	100
5000	<b>Operating cost</b> (Note6(4) & 7)	154,015	78	118,116	77	365,310	77	322,929	78
	<b>Gross profit</b>	43,254	22	35,479	23	109,804	23	92,952	22
	<b>Operating expenses</b> (note6(3) & 7):								
6100	Selling expenses	12,240	7	14,702	10	34,554	7	41,698	10
6200	General and admin expenses	14,517	7	17,824	11	44,673	9	49,718	12
6300	Research and development expenses	14,270	7	15,703	10	48,252	10	46,227	11
6450	Allowances for credit loss	55	-	54	-	888	-	206	-
	<b>Total operating expenses</b>	41,082	21	48,283	31	128,367	26	137,849	33
	<b>Operating profit</b>	2,172	1	(12,804)	(8)	(18,563)	(3)	(44,897)	(11)
	<b>Non-operating income &amp; expenses:</b>								
7020	Other gains and losses (note6(18))	(7,238)	(4)	(778)	-	(13,375)	(3)	4,311	1
7100	Interest income	317	-	2,046	1	2,683	1	7,644	2
7510	Interest expense (note6(11))	(777)	-	(789)	(1)	(2,494)	(1)	(2,341)	(1)
		(7,698)	(4)	479	-	(13,186)	(3)	9,614	2
	<b>Loss before income tax</b>	(5,526)	(3)	(12,325)	(8)	(31,749)	(6)	(35,283)	(9)
	<b>Income tax expenses</b> (note6(13))	-	-	-	-	-	-	-	-
	<b>Net loss for the period</b>	(5,526)	(3)	(12,325)	(8)	(31,749)	(6)	(35,283)	(9)
8300	<b>Other comprehensive profit and loss:</b>								
8360	<b>Items may be reclassified to profit or loss</b>								
8361	Cumulative translation differences of foreign operation	93	-	(76)	-	(21)	-	(15)	-
8399	Income tax relating to items may be reclassified (Note6(13))	(19)	-	15	-	4	-	3	-
	<b>Total items that be reclassified to profit &amp; loss</b>	74	-	(61)	-	(17)	-	(12)	-
8300	<b>Other comprehensive profit and loss</b>	74	-	(61)	-	(17)	-	(12)	-
	<b>Total comprehensive income</b>	<u>\$ (5,452)</u>	<u>(3)</u>	<u>(12,386)</u>	<u>(8)</u>	<u>(31,766)</u>	<u>(6)</u>	<u>(35,295)</u>	<u>(9)</u>
	<b>Earnings per share (in dollar)</b> (note6(15))								
9750	<b>Basic earnings per share</b>	<u>\$ (0.07)</u>		<u>(0.16)</u>		<u>(0.42)</u>		<u>(0.47)</u>	

(Please refer to accompanying notes to consolidated financial statements)

**Consolidated Statements of Changes in Equity are Reviewed, not Audited**

**ENE TECHNOLOGY INC and Subsidiaries**

**Consolidated Statements of Changes in Equity**

**January 1<sup>st</sup> to September 30<sup>th</sup>, 2020 and 2019**

**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 20190101	\$ 749,767	81,967	(260,272)	133	(5,000)	(4,867)	566,595
Net loss of the period	-	-	(35,283)	-	-	-	(35,283)
Other comprehensive income of the period	-	-	-	(12)	-	(12)	(12)
Total comprehensive income	-	-	(35,283)	(12)	-	(12)	(35,295)
Balance as of 20190930	<u>\$ 749,767</u>	<u>81,967</u>	<u>(295,555)</u>	<u>121</u>	<u>(5,000)</u>	<u>(4,879)</u>	<u>531,300</u>
Balance as of 20200101	<u>\$ 749,767</u>	<u>81,967</u>	<u>(325,252)</u>	<u>108</u>	<u>(5,000)</u>	<u>(4,892)</u>	<u>501,590</u>
Net loss of the period	-	-	(31,749)	-	-	-	(31,749)
Other comprehensive income of the period	-	-	-	(17)	-	(17)	(17)
Total comprehensive income	-	-	(31,749)	(17)	-	(17)	(31,766)
Balance as of 20200930	<u>\$ 749,767</u>	<u>81,967</u>	<u>(357,001)</u>	<u>91</u>	<u>(5,000)</u>	<u>(4,909)</u>	<u>469,824</u>

(Please refer to accompanying notes to consolidated financial statements)

**Consolidated Statements of Cash Flows are Reviewed, Not Audited**

**ENE TECHNOLOGY INC and Subsidiaries**

**Consolidated Statements of Cash Flows**

**January 1<sup>st</sup> to September 30<sup>th</sup> , 2020 and 2019**

**Unit: NTD\$ Thousands**

	<b><u>20200101~0930</u></b>	<b><u>20190101~0930</u></b>
<b>Cash Flow from operating activities:</b>		
<b>Income before income tax</b>	\$ (31,749)	(35,283)
<b>Adjustments:</b>		
Income and expenses/loss items		
Depreciation	7,566	10,526
Amortization	-	112
Expected credit impairment loss	888	206
Allowance for inventory evaluation & obsolesce loss	943	4,177
Interest expense	2,494	2,341
Interest income	(2,683)	(7,644)
Others not affecting cash flow	-	(4)
Total of income and expense/loss items	<u>9,208</u>	<u>9,714</u>
<b>Changes in operating assets and liabilities:</b>		
Increase in notes and account receivables	(16,148)	(14,793)
Increase account receivable from related parties	(12,201)	(14,297)
Inventory (increase) decrease	90,905	(151,206)
Increase of other operating asset	(2,488)	(10,057)
Total changes in operating assets and liabilities	<u>60,068</u>	<u>(190,353)</u>
Increase in account payable	21,113	17,401
Increase (decrease) in account payable from related parties	335	(1,262)
Increase (decrease) in other operating liabilities	(2,087)	1,334
Total changes in operating liabilities	<u>19,361</u>	<u>17,473</u>
Total of Net changes in operating assets and liabilities	<u>79,429</u>	<u>(172,880)</u>
Cash inflows (outflow)from operating activities	56,888	(198,449)
Interest received	2,857	7,810
Interest paid	(2,536)	(2,341)
<b>Net cash inflow (outflow) from operating activities</b>	<u>57,209</u>	<u>(192,980)</u>

**(continued)**

**(Please refer to accompanying notes to consolidated financial statements)**

**Consolidated Statements of Cash Flows are Reviewed, Not Audited**

**ENE TECHNOLOGY INC and Subsidiaries**

**Consolidated Statements of Cash Flows**

**January 1<sup>st</sup> to September 30<sup>th</sup> , 2020 and 2019**

**Unit: NTD\$ Thousands**

	<b><u>20200101~0930</u></b>	<b><u>20190101~0930</u></b>
<b>Cash flows from investment activities:</b>		
Acquisition of real estate, plant and equipment	\$ -	(1,785)
Decrease (increase) in Refundable deposits	(115)	314
Decrease (increase) in other financial asset - current	8,671	(14,476)
Increase in other financial asset – non-current	(4)	(5)
<b>Net Cash inflow (outflow) from investment activities</b>	<b><u>8,552</u></b>	<b><u>(15,952)</u></b>
<b>Cash flows from financing activities:</b>		
Increase in short term loan	216,130	315,700
Decrease in short term loan	(233,064)	(302,700)
Increase in long term loan	20,000	-
Lease liabilities principle repayment	(4,683)	(5,496)
<b>Net cash inflows (outflow) from financing activities</b>	<b><u>(1,617)</u></b>	<b><u>7,504</u></b>
Effect of exchange rate to cash and cash equivalent	26	(22)
Net increase (decrease) in cash and cash equivalent	64,170	(201,450)
Cash and cash equivalent at beginning of period	97,750	333,262
Cash and cash equivalent at end of period	<b><u>\$ 161,920</u></b>	<b><u>131,812</u></b>

**(Please refer to accompanying notes to consolidated financial statements)**

**ENE TECHNOLOGY INC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**(REVIEWED, NOT AUDITED)**  
**(All amounts are expressed in Thousands of New Taiwan Dollars,**  
**excepted otherwise indicated)**  
**ENE TECHNOLOGY INC. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**For Periods Ended September 30<sup>th</sup>, 2020 and 2019**

**1. Company History**

ENE TECHNOLOGY INC. (the “Company”) was incorporated as a company by shares on May 20<sup>th</sup>, 1998. The Company was inaugurated in Hsinchu Science Industrial Park on Aug 31<sup>st</sup>, 2001 with current registered address of 4F, No.21, Lixing Rd, Hsinchu Science Industrial Park. The Company was listed on Taipei Exchange on April 22<sup>nd</sup>, 2003 and listed on Taiwan Stock Exchange on December 17<sup>th</sup>, 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 28<sup>th</sup>, 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 November 3<sup>rd</sup>, 2020.

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

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

The new standards, amendments, principles and interpretations endorsed by the FSC effective from 2020 adopted by the Company are as follows:

**ENE TECHNOLOGY INC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

<b><u>New Standards/Amendments/Principles and Interpretations</u></b>	<b><u>Effective date by International Accounting Standards Board</u></b>
Amendments to IFRS 3 “Definition of a Business”	2020.Jan.01
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	2020.Jan.01
Amendments to IAS 1 and IAS 8 “Definition of Material”	2020.Jan.01
Amendments to IFRS 16 “Covid-19 Related Rent Concessions”	2020.Jun.01

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

(2) The impact of IFRSs issued by IASB and endorsed by the FSC

The following IFRSs that have been issued by the IASB and endorsed by the FSC is to be effective in 2021:

<b><u>New, Revised or Amended Standards and Interpretations</u></b>	<b><u>Effective Date Issued by IASB</u></b>
Amendments to IFRS 4 “Extension of the temporary exemption from applying IFRS 9”	2021. Jan.01

The above standards and interpretations shall not have any material impact on financial position and results of operations of the Company.

(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:

<b><u>New, Revised or Amended Standards and Interpretations</u></b>	<b><u>Effective Date Issued by IASB</u></b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”	Effective date TBD by IASB
IFRS 17 “Insurance Contracts”	2023.Jan.01
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	2023.Jan.01
Amendments to IAS 16 “Property, Plant and Equipment-Proceeds before Intended Use”	2022.Jan.01
Amendments to IAS 37 “Onerous Contracts-Cost of Fulfilling a Contract”	2022.Jan.01
Annual Improvements to IFRS Standards 2018-2020	2022.Jan.01
Amendments to IFRS 3, “Reference to the conceptual framework”	2022.Jan.01
Amendments to IFRS 17 “Insurance Contracts”	2023.Jan.01

## ENE TECHNOLOGY INC and Subsidiaries

### Notes to Consolidated Financial Statements

Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16 “Interest rate benchmark reform-second stage” 2021.Jan.01

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

#### 4. Summary of Significant Accounting Policies

##### (1) Statement of Compliance

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

Other than the below described, the significant accounting policies applied in the consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended December 31<sup>st</sup>, 2019, and have been applied consistently to all periods presented in the consolidated financial statements. Please refer to Note 4 of the consolidated financial statements dated December 31<sup>st</sup>, 2019 for details.

##### (2) Basis of consolidation

###### 1. List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiaries	Business	Percentage of Ownership			Note
			2020.9.30	2019.12.31	2019.9.30	
ENE	Janus Power Electronics Pty Ltd. (Janus Power)	Electronic components	100%	100%	100%	
ENE	ENE Touch Technology Co.,Ltd	Electronic materials distributor	100%	100%	100%	

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

##### (3) Income tax

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

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

Income taxes that are recognized directly in equity or other comprehensive income are

## ENE TECHNOLOGY INC and Subsidiaries

### Notes to Consolidated Financial Statements

measured in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases at the rates that are expected to be applied in the year in which the asset is realized or the liability is settled.

#### (4) Employee benefits

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

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

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

In preparation of the consolidated financial statements, critical accounting judgements and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in Note 5 of the consolidated financial statements dated December 31<sup>st</sup>, 2019.

### 6. Descriptions on Significant Accounts

Other than items described below, the descriptions of significant accounts in the accompanying consolidated financial statement is not materially different from those described in Note 6 of the consolidated financial statement dated December 31<sup>st</sup>, 2019.

#### (1) Cash and Cash Equivalent

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Cash	\$ 217	74	122
Cash in Bank and Cheque	135,303	71,276	105,290
Term Deposit	26,400	26,400	26,400
	<u>\$ 161,920</u>	<u>97,750</u>	<u>131,812</u>

#### (2) Financial Assets

##### 1. 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

## ENE TECHNOLOGY INC and Subsidiaries

### Notes to Consolidated Financial Statements

shareholdings of Touchsens Ltd have been evaluated through other comprehensive income. The Company holds Touchsens shares at the equivalent of NT\$5,000 thousands have been recognized as loss in prior year.

The Company has not sold any strategic investment for the period ending September 30<sup>th</sup> 2020 and 2019, thus there was no transfer of equity gain or loss during the period.

2. Please refer to note 6(19) for information on the credit risks and market risks.
3. The above said financial assets were not pledged for collateral.

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

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Notes receivable	\$ -	225	-
Account receivable	184,434	168,061	182,415
Receivables from related parties	<u>26,785</u>	<u>14,584</u>	<u>19,685</u>
	211,219	182,870	202,100
Less: allowance for doubtful accounts	<u>(3,033)</u>	<u>(2,145)</u>	<u>(2,340)</u>
	<u><b>\$ 208,186</b></u>	<u><b>180,725</b></u>	<u><b>199,760</b></u>

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

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

	<u>2020.9.30</u>	
Notes & account receivables carrying amount	Weighted average loss rate	Loss Allowance
Not past due	\$ 185,544	0.00%
Past due 0~30 days	508	0.00%
Past due over 121 days	<u>-</u>	100.00%
Total	<u><b>\$ 186,052</b></u>	<u><b>-</b></u>

**ENE TECHNOLOGY INC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

	<b>2019.12.31</b>		
	<b>Notes &amp; account receivables carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss Allowance</b>
Not past due	\$ 171,126	0.00%	-
Past due 0~30 days	320	0.00%	-
Past due 61-90 days	10	0.00%	-
Past due over 121 days	-	100.00%	-
Total	<b><u>\$ 171,456</u></b>		<b><u>-</u></b>

  

	<b>2019.9.30</b>		
	<b>Notes &amp; account receivables carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss Allowance</b>
Not past due	\$ 190,776	0.00%	-
Past due 0~30 days	60	0.00%	-
Past due 31-60 days	75	0.00%	-
Past due over 121 days	-	100.00%	-
Total	<b><u>\$ 190,911</u></b>		<b><u>-</u></b>

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

	<b>2020.9.30</b>		
	<b>Notes &amp; account receivables carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss Allowance</b>
Not past due	\$ 20,989	2.04%	428
Past due 0~30 days	1,787	20.49%	366
Past due 31~60 days	234	51.72%	121
Past due 61~90 days	47	70.97%	33
Past due 91~120 days	86	77.75%	61
Past due over 121 days	2,024	100.00%	2,024
Total	<b><u>\$ 25,167</u></b>		<b><u>3,033</u></b>

**ENE TECHNOLOGY INC and Subsidiaries**  
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	<b>2019.12.31</b>		
	<b>Notes &amp; account receivables carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss Allowance</b>
Not past due	\$ 9,374	1.88%	176
Past due 0~30 days	27	17.32%	5
Past due 31~60 days	113	57.04%	64
Past due over 121 days	<u>1,900</u>	<u>100.00%</u>	<u>1,900</u>
Total	<u><b>\$ 11,414</b></u>		<u><b>2,145</b></u>

	<b>2019.9.30</b>		
	<b>Notes &amp; account receivables carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss Allowance</b>
Not past due	\$ 8,274	2.70%	223
Past due 0~30 days	923	17.32%	160
Past due 31~60 days	5	54.71%	3
Past due 61~90 days	112	70.26%	79
Past due over 121 days	<u>1,875</u>	<u>100.00%</u>	<u>1,875</u>
Total	<u><b>\$ 11,189</b></u>		<u><b>2,340</b></u>

Changes for loss allowance (including related parties) are:

	<b>2020 Jan to Sept</b>	<b>2019 Jan to Sept</b>
Balance of January 1 <sup>st</sup>	\$ 2,145	2,134
Recognized loss	<u>888</u>	<u>206</u>
Balance of September 30 <sup>th</sup>	<u><b>\$ 3,033</b></u>	<u><b>2,340</b></u>

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

- 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 September 30<sup>th</sup>, 2020 were as follows:

**ENE TECHNOLOGY INC and Subsidiaries**  
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<b>2020.09.30</b>					
<b>Purchaser</b>	<b>Amount transferred</b>	<b>Quota</b>	<b>Amount advanced (recognized in short term loan)</b>	<b>Interest rate collar</b>	<b>Collateral</b>
CTBC Bank	\$ 12,037 (USD412 K)	70,000	8,772 (USD300 K)	1.45%	Account receivables and Bank note \$70,000

  

<b>2019.12.31</b>					
<b>Purchaser</b>	<b>Amount transferred</b>	<b>Quota</b>	<b>Amount advanced (recognized in short term loan)</b>	<b>Interest rate collar</b>	<b>Collateral</b>
CTBC Bank	\$ 25,186 (USD837 K)	70,000	20,149 (USD670 K)	3.25%	Account receivables and Bank note \$70,000

Please refer to Note (8) for details on notes receivables and account receivables (including related parties) pledged as collateral for the period ending 2020.09.30, 2019.12.31 and 2019.09.30.

**(4) Inventory**

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Raw materials	\$ 7,471	14,788	11,998
Work in Process	35,745	180,215	197,855
Finished product	94,015	34,076	51,012
	<b>\$ 137,231</b>	<b>229,079</b>	<b>260,865</b>

Details of operating cost are :

	<b>2020 Jul to Sept</b>	<b>2019 Jul to Sept</b>	<b>2020 Jan to Sept</b>	<b>2019 Jan to Sept</b>
Cost of goods sold	\$ 150,096	117,505	363,376	318,509
Allowance for inventory valuation loss	3,683	389	943	4,177
Other operating costs	236	222	991	243
	<b>\$ 154,015</b>	<b>118,116</b>	<b>365,310</b>	<b>322,929</b>

The inventories were not pledged for collateral for the period ending 2020.09.30, 2019.12.31

**ENE TECHNOLOGY INC and Subsidiaries**  
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and 2019.09.30.

(5) Real estate, plant and equipment

1. Information on cost and amortization of the real estate, plant and equipment of the Company is:

	<b>R&amp;D equipment</b>	<b>Improve- ment on lease</b>	<b>Office and other equipment</b>	<b>Equipment to be verified</b>	<b>Total</b>
Cost:					
Balance on January 1 <sup>st</sup> 2020	\$ 20,768	2,526	46,434	-	69,728
Acquisition	-	-	581	4,284	4,865
Balance on Sept 30 <sup>th</sup> 2020	<b><u>\$ 20,768</u></b>	<b><u>2,526</u></b>	<b><u>47,015</u></b>	<b><u>4,284</u></b>	<b><u>74,593</u></b>
Balance on January 1 <sup>st</sup> 2019	\$ 20,768	2,066	43,766	-	66,600
Acquisition	-	460	2,668	-	3,128
Balance on Sept 30 <sup>th</sup> 2019	<b><u>\$ 20,768</u></b>	<b><u>2,526</u></b>	<b><u>46,434</u></b>	<b><u>-</u></b>	<b><u>69,728</u></b>
Amortization:					
Balance on January 1 <sup>st</sup> 2020	\$ 20,734	529	39,611	-	60,874
Amortization	34	223	2,418	-	2,675
Balance on Sept 30 <sup>th</sup> 2020	<b><u>\$ 20,768</u></b>	<b><u>752</u></b>	<b><u>42,029</u></b>	<b><u>-</u></b>	<b><u>63,549</u></b>
Balance on January 1 <sup>st</sup> 2019	\$ 19,243	276	35,101	-	54,620
Amortization	1,319	177	3,448	-	4,944
Balance on Sept 30 <sup>th</sup> 2019	<b><u>\$ 20,562</u></b>	<b><u>453</u></b>	<b><u>38,549</u></b>	<b><u>-</u></b>	<b><u>59,564</u></b>
Carrying amount:					
January 1 <sup>st</sup> 2020	<b><u>\$ 34</u></b>	<b><u>1,997</u></b>	<b><u>6,823</u></b>	<b><u>-</u></b>	<b><u>8,854</u></b>
Sept 30 <sup>th</sup> 2020	<b><u>\$ -</u></b>	<b><u>1,774</u></b>	<b><u>4,986</u></b>	<b><u>4,284</u></b>	<b><u>11,044</u></b>
January 1 <sup>st</sup> 2019	<b><u>\$ 1,525</u></b>	<b><u>1,790</u></b>	<b><u>8,665</u></b>	<b><u>-</u></b>	<b><u>11,980</u></b>
Sept 30 <sup>th</sup> 2019	<b><u>\$ 206</u></b>	<b><u>2,073</u></b>	<b><u>7,885</u></b>	<b><u>-</u></b>	<b><u>10,164</u></b>

2. Changes to the account payable related to real estate, plant and equipment for the period ended September 30<sup>th</sup>, 2020 and 2019 are an addition of NT\$4,865 thousands and a decrease of NT\$1,343 thousands.
3. Real estate, plant and equipment of the Company dated on September 30<sup>th</sup> of 2019 and 2020 were not pledged for collateral.

**ENE TECHNOLOGY INC and Subsidiaries**  
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(6) Right-of-use asset

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

	<u>Buildings</u>	<u>Vehicles</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance at 2020.01.01	\$ 7,078	4,536	451	12,065
Acquire	16,005	-	-	16,005
Disposal	(948)	-	-	(948)
Effects of foreign exchange	(26)	-	-	(26)
Balance at 2020.09.30	<b><u>\$ 22,109</u></b>	<b><u>4,536</u></b>	<b><u>451</u></b>	<b><u>27,096</u></b>
Balance at 2019.01.01	\$ -	-	-	-
Effects of retrospective application	8,742	4,014	451	13,207
Disposal	(1,627)	-	-	(1,627)
Effects of foreign exchange	(26)	-	-	(26)
Balance at 2019.09.30	<b><u>\$ 7,089</u></b>	<b><u>4,014</u></b>	<b><u>451</u></b>	<b><u>11,554</u></b>
Accumulated depreciation and loss:				
Balance at 2020.01.01	\$ 5,071	1,127	416	6,614
Depreciation of the period	3,946	910	35	4,891
Disposal	(948)	-	-	(948)
Effects of foreign exchange	(20)	-	-	(20)
Balance of 2020.09.30	<b><u>\$ 8,049</u></b>	<b><u>2,037</u></b>	<b><u>451</u></b>	<b><u>10,537</u></b>
Balance at 2019.01.01	\$ -	-	-	-
Depreciation of the period	4,438	832	312	5,582
Disposal	(610)	-	-	(610)
Effects of foreign exchange	(19)	-	-	(19)
Balance of 2019.09.30	<b><u>\$ 3,809</u></b>	<b><u>832</u></b>	<b><u>312</u></b>	<b><u>4,953</u></b>
Carrying amount:				
Balance at 2020.01.01	<b><u>\$ 2,007</u></b>	<b><u>3,409</u></b>	<b><u>35</u></b>	<b><u>5,451</u></b>
Balance of 2020.09.30	<b><u>\$ 14,060</u></b>	<b><u>2,499</u></b>	<b><u>-</u></b>	<b><u>16,559</u></b>
Balance at 2019.01.01 (Effects of retrospective application of IFRS16)	<b><u>\$ 8,742</u></b>	<b><u>4,014</u></b>	<b><u>451</u></b>	<b><u>13,207</u></b>
Balance of 2019.09.30	<b><u>\$ 3,280</u></b>	<b><u>3,182</u></b>	<b><u>139</u></b>	<b><u>6,601</u></b>

**ENE TECHNOLOGY INC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

(7) Intangible Assets

	<u>Patents</u>	<u>Computer Software Cost</u>	<u>Total</u>
Carrying value:			
2020.01.01	\$ -	-	-
2020.09.30	\$ -	-	-
2019.01.01	\$ 57	55	112
2019.09.30	\$ -	-	-

There is no significant addition, disposal, allowance for loss or reversal of the intangible assets during the period ending September 30<sup>th</sup>, 2020 and 2019. Please refer to Note 12(1) for details. Please refer to Note 6(7) of the 2019 Consolidated Financial Report for other related information.

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

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Current:			
Restricted cash in bank	\$ 298,272	306,943	304,022
Term deposit ( > 3 months)	5,000	5,000	5,000
Others	38	212	227
	<u>\$ 303,310</u>	<u>312,155</u>	<u>309,249</u>
Non-Current			
Refundable deposit	\$ 2,288	2,175	2,177
Restricted cash in bank	1,029	1,025	1,021
	<u>\$ 3,317</u>	<u>3,200</u>	<u>3,198</u>

There is no loss in other financial assets – current and non-current (excluding other receivables) for the period ended 2020.09.30, 2019.12.31 and 2019.09.30.

Other receivables and allowances for loss of the Company for the period ended 2020.09.30, 2019.12.31 and 2019.09.30.:

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Other receivables	\$ -	22,269	22,269
Less: allowances for loss	-	(22,269)	(22,269)
	<u>\$ -</u>	<u>-</u>	<u>-</u>

## ENE TECHNOLOGY INC and Subsidiaries

### Notes to Consolidated Financial Statements

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

The Company has concluded in July 2020 that other receivables are uncollectable, thus removes the item and its allowances for loss (NT\$22,269 thousands) from the book.

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

#### (9) Short term loan

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Guarantee bank loan	\$ 265,500	271,000	258,500
Financing on AR	8,772	20,149	-
	<u><b>\$ 274,272</b></u>	<u><b>291,149</b></u>	<u><b>258,500</b></u>
Unused quota	<u><b>\$ 94,500</b></u>	<u><b>118,851</b></u>	<u><b>91,490</b></u>
Range of interests	<u><b>0.89%~ 1.45%</b></u>	<u><b>1.105%~ 3.25%</b></u>	<u><b>1.105%~ 1.17%</b></u>

For the period 2020.01.01~2020.09.30, new loan amount is NT\$216,130 thousands and NT\$315,700 thousands. Interest rate ranges from 0.89%~3% and 1.099%~1.523%. Amounts due are NT\$233,604 thousands and NT\$302,700 thousands.

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

#### (10) Long Term Liabilities

	<u>109.9.30</u>	<u>108.12.31</u>	<u>108.6.30</u>
Guarantee bank loan	\$ 17,000	-	-
Non-guarantee bank loan	3,000	-	-
	20,000	-	-
less : maturity within one year	(7,273)	-	-
Total	<u><b>\$ 12,727</b></u>	<u><b>-</b></u>	<u><b>-</b></u>
Unused quota	<u><b>\$ -</b></u>	<u><b>-</b></u>	<u><b>-</b></u>
Range of interests	<u><b>1.2685%~ 2.1617%</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

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

**ENE TECHNOLOGY INC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

(11) Lease Liabilities

Carry amount of the lease liabilities are:

	<u>109.9.30</u>	<u>108.12.31</u>	<u>108.9.30</u>
Current	<u>\$ 6,514</u>	<u>3,258</u>	<u>4,546</u>
Non-current	<u>\$ 10,351</u>	<u>2,289</u>	<u>2,138</u>

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

Loss recognized as:

	<u>2020 Jul to Sept</u>	<u>2019 Jul to Sept</u>	<u>2020 Jan to Sept</u>	<u>2010 Jan to Sept</u>
Interest expense from lease liabilities	<u>\$ 80</u>	<u>34</u>	<u>118</u>	<u>137</u>
Expense of short term lease	<u>\$ 26</u>	<u>52</u>	<u>91</u>	<u>177</u>
Expense of low-value assets (excluding short-term lease of low-value assets)	<u>\$ 25</u>	<u>4</u>	<u>88</u>	<u>47</u>

Amount recognized in cash flow statement :

	<u>2020 Jan to Sept</u>	<u>2010 Jan to Sept</u>
Total cash outflow of lease	<u>\$ 4,980</u>	<u>5,857</u>

1. Real estate leases

The Company has rented house and architecture for operation purposes. The Office lease contract is normally 2 to 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 decides to exempt the related right-to-use assets and lease liabilities.

(12) Employee benefits

There were no significant market fluctuations, significant curtailments, settlements or other

## ENE TECHNOLOGY INC and Subsidiaries

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significant one-off event in the prior fiscal year, pension costs in the financial statements were measured and disclosed according to the actuarial results determined on December 31<sup>st</sup>, 2019 and 2018.

Please refer to Note 12(1) for information related to the Company pension costs for the period ended September 30<sup>th</sup>, 2020 and 2019.

#### (13) Income tax

##### 1. The amount of income tax expenses was:

	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Jul to Sept</b>	<b>Jul to Sept</b>	<b>Jan to Sept</b>	<b>Jan to Sept</b>
Current income tax expense	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

##### 2. Other income tax expense (benefit) recognized under other comprehensive income are:

	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Jul to Sept</b>	<b>Jul to Sept</b>	<b>Jan to Sept</b>	<b>Jan to Sept</b>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of financial statements of foreign affiliates	<u>\$ 19</u>	<u>(15)</u>	<u>(4)</u>	<u>(3)</u>

##### 3. Approval of income tax

The tax authority has assessed the Company's income tax returns up to 2018.

#### (14) Capital and other equity interest

Other than items described in the following, there were no significant changes in the Company capital and other equity interest for the nine months ended September 30<sup>th</sup>, 2020 and 2019. Please refer to Note 6(14) of the consolidated financial statements for the year ended December 31<sup>st</sup>, 2019 for related information about the shareholder's equity.

##### 1. Capital reservation

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Issue stock premium	\$ 68,283	68,283	68,283
Treasury stock trading	11,534	11,534	11,534
Long term investment	2,150	2,150	2,150
	<u>\$ 81,967</u>	<u>81,967</u>	<u>81,967</u>

##### 2. Retained earnings

According to the Articles of Incorporation of the Company, when the Company has profit as

## ENE TECHNOLOGY INC and Subsidiaries

### Notes to Consolidated Financial Statements

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

The dividends policy of the Company is stipulated in accordance with the Company Law and the Articles of Incorporations of the Company, and 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.

There were no differences between the 2019 and 2018 Loss Appropriation Statement proposed by the Board of the Directors and the ones approved in the shareholder meeting on 2020.06.10<sup>th</sup> and 2019.06.13<sup>th</sup>. Related details can be viewed in MOPS website.

#### 3. Other equity interest (earnings after tax)

	Exchange differences on translation of financial statements of foreign affiliates	Unrealized profit and loss through other complicated profit and loss through fair value of financial assets	Total
Balance on 2020.01.01	\$ 108	(5,000)	(4,892)
Exchange differences on translation of financial statements of foreign affiliates	(17)	-	(17)
Balance on 2020.09.30	<b>\$ 91</b>	<b>(5,000)</b>	<b>(4,909)</b>
Balance on 2019.01.01	\$ 133	(5,000)	(4,867)
Exchange differences on translation of financial statements of foreign affiliates	(12)	-	(12)
Balance on 2019.09.30	<b>\$ 121</b>	<b>(5,000)</b>	<b>(4,879)</b>

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(15) Earnings per share

The calculation of basic earnings per share was as following:

	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Jul to Sept</b>	<b>Jul to Sept</b>	<b>Jan to Sept</b>	<b>Jan to Sept</b>
Basic earnings per share:				
Net income for the period	\$ <u>(5,526)</u>	<u>(12,325)</u>	<u>(31,749)</u>	<u>(35,283)</u>
Weighted average number of ordinary shares outstanding during the year (in thousands)	<u>74,977</u>	<u>74,977</u>	<u>74,977</u>	<u>74,977</u>
Basic earnings per share (NT dollars)	\$ <u>(0.07)</u>	<u>(0.16)</u>	<u>(0.42)</u>	<u>(0.47)</u>

(16) Revenue from Contracts with Customers

1. Segmentation of revenue

	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Jul to Sept</b>	<b>Jul to Sept</b>	<b>Jan to Sept</b>	<b>Jan to Sept</b>
Major regional markets				
China	\$ 120,772	102,455	284,911	279,201
Taiwan	75,583	50,428	187,404	133,077
Others	914	712	2,799	3,603
	<u>\$ 197,269</u>	<u>153,595</u>	<u>475,114</u>	<u>415,881</u>
Major products				
NB and peripheral consumer related ICs	\$ 159,712	141,816	413,442	382,561
Others	37,557	11,779	61,672	33,320
	<u>\$ 197,269</u>	<u>153,595</u>	<u>475,114</u>	<u>415,881</u>

2. Contract Balance

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Notes and account receivables (including related parties)	\$ 211,219	182,870	202,100
Less: Allowances for loss	(3,033)	(2,145)	(2,340)
Total	<u>\$ 208,186</u>	<u>180,725</u>	<u>199,760</u>

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

## ENE TECHNOLOGY INC and Subsidiaries

### Notes to Consolidated Financial Statements

#### (17) 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. 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.

The Company has not allocated any remuneration to employees, directors and supervisors as the Company was at loss for the period January 1<sup>st</sup> to September 30<sup>th</sup> 2020 and 2019. If there is any differences between the estimation and actual amount, it will be regarded as accounting estimation change and recognized as loss of the year.

The Company was at loss for the year 2019 and 2018, so there was no remuneration allocated to the employees, Directors and Supervisors. Please refer to the MOPS for details.

#### (18) Non-operating income and expenses

The details of other gains and losses were as follows:

	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Jul to Sept</b>	<b>Jul to Sept</b>	<b>Jan to Sept</b>	<b>Jan to Sept</b>
Foreign exchange gains (losses)	\$ (7,230)	(675)	(13,391)	4,409
Miscellaneous income and expenses	(8)	(103)	16	(98)
	<b><u>\$ (7,238)</u></b>	<b><u>(778)</u></b>	<b><u>(13,375)</u></b>	<b><u>4,311</u></b>

#### (19) Financial instruments

##### 1. Credit risk

##### (1) Concentration of credit risk

The customer base is concentrated in NB industry. The credit risk is relatively high as 5 customers are taking up 85%, 87% and 89% of the balance for account receivables (including related parties) on 2020.09.30, 2019.12.31 and 2019.09.30 respectively. To lower 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.

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B. Other financial assets at amortized cost include other receivables and term deposits.  
Please refer to the following information for estimated or realized credit loss for the  
above indicated financial assets:

<b>2020.9.30</b>			
<b>Credit Rating</b>	<b>Evaluation after amortized cost</b>		
	<b>12 months expected loss</b>	<b>Impairment provision during the period – not impaired</b>	<b>Impairment provision during the period – impaired</b>
BBB-AAA	\$ 306,627	-	-
Carrying amount	\$ 306,627	-	-

<b>2019.12.31</b>			
<b>Credit Rating</b>	<b>Evaluation after amortized cost</b>		
	<b>12 months expected loss</b>	<b>Impairment provision during the period – not impaired</b>	<b>Impairment provision during the period – impaired</b>
BBB-AAA	\$ 315,355	-	-
D	-	-	22,269
Total carrying amount	315,355	-	22,269
Allowance for loss	-	-	(22,269)
Cost after amortization	\$ 315,355	-	-
Carrying amount	\$ 315,355	-	-

<b>2019.9.30</b>			
<b>Credit Rating</b>	<b>Evaluation after amortized cost</b>		
	<b>12 months expected loss</b>	<b>Impairment provision during the period – not impaired</b>	<b>Impairment provision during the period – impaired</b>
BBB-AAA	\$ 312,447	-	-
D	-	-	22,269
Total carrying amount	312,447	-	22,269
Allowance for loss	-	-	(22,269)
Cost after amortization	\$ 312,447	-	-
Carrying amount	\$ 312,447	-	-

There is no impairment provision or reversal after amortized cost of financial assets for the period January 1<sup>st</sup> to September30<sup>th</sup>, 2020 and 2019.

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2. Liquidity risk

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

	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>Over 1 year</u>
<b>2020.09.30</b>				
Non-derivative financial liabilities				
Bank Loan	\$ (276,682)	(276,682)	-	-
Lease liabilities (current and non-current)	(17,244)	(3,379)	(3,379)	(10,486)
Long term loan (matured within 1 year)	(20,495)	(3,754)	(3,762)	(12,979)
	<u><b>\$ (314,421)</b></u>	<u><b>(283,815)</b></u>	<u><b>(7,141)</b></u>	<u><b>(23,465)</b></u>
<b>2019.12.31</b>				
Non-derivative financial liabilities				
Bank Loan	\$ (292,098)	(292,098)	-	-
Lease liabilities (current and non-current)	(5,644)	(1,657)	(1,657)	(2,330)
	<u><b>\$ (297,742)</b></u>	<u><b>(293,755)</b></u>	<u><b>(1,657)</b></u>	<u><b>(2,330)</b></u>
<b>2019.09.30</b>				
Non-derivative financial liabilities				
Bank Loan	\$ (259,014)	(259,014)	-	-
Lease liabilities (current and non-current)	(6,788)	(3,297)	(1,316)	(2,175)
	<u><b>\$ (265,802)</b></u>	<u><b>(262,311)</b></u>	<u><b>(1,316)</b></u>	<u><b>(2,175)</b></u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

3. Market risk

(1) Exposure to currency risk

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

## ENE TECHNOLOGY INC and Subsidiaries

### Notes to Consolidated Financial Statements

		Unit: FX in thousands								
		2020.9.30			2019.12.31			2019.9.30		
		FX	Ex Rate	NTD	FX	Ex Rate	NTD	FX	Ex Rate	NTD
<u>Financial assets</u>										
Monetary items										
USD	\$	21,345	29.24	624,118	17,954	30.09	540,230	18,663	31.020	578,919
RMD		505	4.286	2,164	398	4.302	1,711	413	4353	1,797
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		1,676	29.24	49,004	1,717	30.09	51,668	3,029	31.020	93,944

#### (2) Sensitivity analysis

The exposure to foreign current risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalent, account receivables (including related parties, other financial assets (current and non-current), account payables and other current liabilities. A depreciation or appreciation around 5% fluctuation in the NTD/RMD and USD exchange rate on the reporting date, with other factors remain constant, would have increased or decreased the net loss amounted to NTD23,091 thousands and NTD19,471 thousands respectively on September 30<sup>th</sup>, 2020 and 2019.

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

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

:

	2020 Jan to Sept		2019 Jan to Sept	
	FX gain/loss	Ave FX rate	FX gain/loss	Ave FX rate
USD	\$ (13,396)	29.819	4,374	31.05
RMB	5	4.258	35	4.522

#### (4) Interest risk

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

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

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### Notes to Consolidated Financial Statements

If the interest rate decrease or increase 0.25%, with other factors remain constant, the net loss shall be decreased or increased NTD317 thousands or NTD302 thousands respectively for the period January 1<sup>st</sup> to September 30<sup>th</sup> 2020 and 2019. This is due to the cash and cash equivalent, short term loan, other current financial assets-current and long term loan (including long term loan matured within one year).

#### 4. Fair value of financial instruments

##### (1) Categories of financial instruments and fair value

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

		2020.09.30				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
<b>Financial assets measured at amortized cost</b>						
Cash and cash equivalent	\$	161,920	-	-	-	-
Net account receivables (including related parties)		208,186	-	-	-	-
Other financial assets (current and non-current)		306,627	-	-	-	-
<b>Sub-total</b>	<b>\$</b>	<b>676,733</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities measured at amortized cost</b>						
Short term loan	\$	274,272	-	-	-	-
Account payable (including related parties)		68,566	-	-	-	-
Lease liabilities (current and non-current)		16,865	-	-	-	-
Long term loan (matured in 1 year)		20,000	-	-	-	-
<b>Sub-total</b>	<b>\$</b>	<b>379,703</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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		2019.12.31				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalent	\$	97,750	-	-	-	-
Net account receivables (including related parties)		180,725	-	-	-	-
Other financial assets (current and non-current)		315,355	-	-	-	-
Sub-total	\$	593,830	-	-	-	-
Financial liabilities measured at amortized cost						
Short term loan	\$	291,149	-	-	-	-
Account payable (including related parties)		47,118	-	-	-	-
Lease liabilities (current and non-current)		5,547	-	-	-	-
Sub-total	\$	343,814	-	-	-	-

		2019.09.30				
		Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial asset measured at amortized cost						
Cash and cash equivalents	\$	131,812	-	-	-	-
Net account receivables (including related parties)		199,760	-	-	-	-
Other financial assets (current and non-current)		312,447	-	-	-	-
Sub-Total	\$	644,019	-	-	-	-
Financial liabilities measured at amortized costs						
Short term loan	\$	258,500	-	-	-	-
Account payable (including related parties)		132,193	-	-	-	-
Lease liabilities (current and non-current)		6,684	-	-	-	-
Sub-Total	\$	397,377	-	-	-	-

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.

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- 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 regarded as indicators of inactive market.

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 in inactive market, it is an equity tool without public quotes, its fair value shall be its net asset value (expected retrievable funds).

- (3) There was no transfer of fair value level as of September 30<sup>th</sup>, 2020 and 2019.
- (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:

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

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(20) Financial risk management

There were no significant changes in the objectives and policies in the financial risk management from Note 6(20) outlined in the consolidated financial statement for the year ended December 31<sup>st</sup>, 2019.

(21) Capital management

The objectives, policies and processes for capital management were consistent with the consolidated financial statements for the year ended December 31<sup>st</sup>, 2019. There were no significant changes in quantified factors of capital management from information disclosed in the consolidated financial statement for the year ended December 31<sup>st</sup>, 2019. Please refer to Note 6(21) of the consolidated financial statement dated December 31<sup>st</sup>, 2019 for details.

(22) Financing activities not affecting current cash flow

The financing activities not affecting current cash flow in the nine months ended September 30<sup>th</sup>, 2020 and 2019 were:

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

Reconciliation of liabilities arising from financing activities were as follows:

	<b>Short term loan</b>	<b>Lease liabilities</b>	<b>Long term loan</b>
Balancing at January 1 <sup>st</sup> 2020	\$ 291,149	5,547	-
Changes in cash flow from financing activities			
New loan	216,130	-	20,000
Loan repayment	(233,064)	-	-
Payment on lease liabilities	-	(4,683)	-
Sub-total cash flow from financing activities	<u>(16,934)</u>	<u>(4,683)</u>	<u>20,000</u>
Other changes in liabilities related items			
Interest expense	-	118	-
Interest paid	-	(118)	-
Acquire right-of-use assets	-	16,005	-
Effects on foreign exchanges	<u>57</u>	<u>(4)</u>	<u>-</u>
Sub-total other changes in liabilities related items	<u>57</u>	<u>16,001</u>	<u>-</u>
Balance at Sept 30 <sup>th</sup> 2020	<u><b>\$ 274,272</b></u>	<u><b>16,865</b></u>	<u><b>20,000</b></u>
Balance at January 1 <sup>st</sup> 2019	\$ 245,500	13,207	-
Changes in cash flow from financing activities			

**ENE TECHNOLOGY INC and Subsidiaries**  
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New loan	315,700	-	-
Loan repayments	(302,700)	-	-
Payment on lease liabilities	-	(5,496)	-
Sub-total cash flow from financing activities	<u>13,000</u>	<u>(5,496)</u>	<u>-</u>
Other changes in liabilities related items			
Interest expense	-	137	-
Interest paid	-	(137)	-
Disposal right-of-use assets	-	(1,021)	-
Effects on foreign exchanges	-	(6)	-
Sub-total other changes in liabilities related items	<u>-</u>	<u>(1,027)</u>	<u>-</u>
Balance at Sept 30th 2019	<u><b>\$ 258,500</b></u>	<u><b>6,684</b></u>	<u><b>-</b></u>

**7. Related-Party Transactions**

(1) Names and relationship

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

<u>Names</u>	<u>Relationship</u>
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:

	<u>Sales</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>Jul to Sept</u>	<u>Jul to Sept</u>	<u>Jan to Sept</u>	<u>Jan to Sept</u>
Key personnel of the Company (ASUSTek)	<u><b>\$ 27,211</b></u>	<u><b>17,699</b></u>	<u><b>61,805</b></u>	<u><b>40,198</b></u>

	<u>Related parties account receivables</u>		
	<u>20200930</u>	<u>20191231</u>	<u>20190930</u>
Key personnel of the Company (ASUSTek)	<u><b>\$ 26,785</b></u>	<u><b>14,584</b></u>	<u><b>19,685</b></u>

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

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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:

	<b>Purchase and OEM</b>			
	<b>2020 Jul to Sept</b>	<b>2019 Jul to Sept</b>	<b>2020 Jan to Sept</b>	<b>2019 Jan to Sept</b>
Key personnel of the Company-Siguard	<b>\$ 9,190</b>	<b>8,458</b>	<b>28,672</b>	<b>22,661</b>

	<b>Related parties account payables</b>		
	<b>20200930</b>	<b>20191231</b>	<b>20190930</b>
Key personnel of the Company -Siguard	<b>\$ 5,956</b>	<b>5,624</b>	<b>8,955</b>

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:

	<b>Trading items</b>	<b>Amount</b>			
		<b>2020 Jul~Sept</b>	<b>2019 Jul~Sept</b>	<b>2020 Jan~ Sept</b>	<b>2019 Jan~ Sept</b>
Key personnel of the Company	Machines rentals	\$ 3	31	159	39
Key personnel of the Company	Miscellaneous	-	-	68	148
Key personnel of the Company	Program development	-	-	538	-
Key personnel of the Company	Royalty	-	-	-	16
		<b>\$ 3</b>	<b>31</b>	<b>765</b>	<b>203</b>

	<b>Related parties account payables</b>		
	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Key personnel of the Company	<b>\$ 3</b>	<b>-</b>	<b>-</b>

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(3) Transactions with key personnel

Compensation of the key personnel were:

	<u>2020</u> <u>Jul to Sept</u>	<u>2019</u> <u>Jul to Sept</u>	<u>2020</u> <u>Jan to Sept</u>	<u>2019</u> <u>Jan to Sept</u>
Short term employee benefits	\$ 5,232	5,384	14,755	15,674
Post-employment benefits	160	162	475	1,234
	<u>\$ 5,392</u>	<u>5,546</u>	<u>15,230</u>	<u>16,908</u>

**8. Pledged Assets**

<u>Assets</u>	<u>Purpose</u>	<u>20200930</u>	<u>20191231</u>	<u>20190930</u>
Term deposit (other financial assets-non-current)	Purchase and Guarantee deposits of customs duty – non-current)	\$ 1,029	1,025	1,021
Term deposit (other financial assets-current)	Guarantee for short term loan	298,272	306,943	304,022
Account Receivables	Guarantee for short term loan	12,037	25,186	-
		<u>\$ 311,338</u>	<u>333,154</u>	<u>305,043</u>

**9. Significant Commitments and Contingencies**

Other than items described in Note 7, the significant commitments of the Company for the nine months period ending September 30<sup>th</sup> 2020 and 2019 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) Unused L/C:

	<u>20200930</u>	<u>20191231</u>	<u>20190930</u>
Unused L/C	<u>\$ -</u>	<u>3,159</u>	<u>3,257</u>

(3) 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:

	<u>20200930</u>	<u>20191231</u>	<u>20190930</u>
Guarantee Notes	<u>\$ 529,240</u>	<u>460,080</u>	<u>391,010</u>

There were no financing activities on account receivables up till 2020.09.30.

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**10. Losses due to major disasters: None**

**11. Significant subsequent events: None**

**12. Other**

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

<b>By Function</b> <b>Classification</b>	<b>20200701~20200930</b>			<b>20190701~20190930</b>		
	<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>	<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>
Employee benefits						
Salaries	-	22,007	22,007	-	22,585	22,585
Labor and health insurance	-	1,581	1,581	-	1,642	1,642
Pension	-	1,062	1,062	-	1,115	1,115
Others	-	495	495	-	479	479
Depreciations	-	2,377	2,377	-	3,182	3,182
Amortizations	-	-	-	-	14	14

<b>By Function</b> <b>Classification</b>	<b>20200101~20200930</b>			<b>20190101~20190930</b>		
	<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>	<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>
Employee benefits						
Salaries	-	64,550	64,550	-	65,535	65,535
Labor and health insurance	-	4,698	4,698	-	4,763	4,763
Pension	-	3,142	3,142	-	3,187	3,187
Others	-	1,476	1,476	-	1,416	1,416
Depreciations	-	7,566	7,566	-	10,526	10,526
Amortizations	-	-	-	-	112	112

(2) The operation of the Company is not affected by seasonality or periodical factors.

**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

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### Notes to Consolidated Financial Statements

3. Securities held as of September 30<sup>th</sup>, 2020 (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 %	Note1	

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: none
8. Receivables from related parties with amount exceeding the lower of NT\$100 million or 20% of capital stock: none
9. Trading in derivative instruments: none
10. Business relationship and significant intercompany transactions: none

#### (2) Investment

Investment information for the period 2020.01.01~2020.09.30 (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
				Beginning of the period	End of Last year	Shares	Ownership %	Book value			
The Company	Janus Power	New Taipei City	Electronic components	105,542	105,542	700	100.00%	2,655	-	-	Subsidiary of the Company

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### Notes to Consolidated Financial Statements

#### (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)	4,484 (USD150)	4,563 (USD150)	-	9,047 (USD300)	(1,630)	100.00%	(1,630)	3,874	-

##### 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)	8,772 (USD300 Thousands)	281,894

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 2020.01.01 to 2020.09.30.

(4) Major shareholders: no single shareholding exceeding 5%.

## 14. Segment Information

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