Stock Code：6243

ENE TECHNOLOGY INC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

December 31st, 2021 AND 2020

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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:

1. 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.

2. 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:

1. 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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 Amount	2021 %	2020 Amount	2020 %
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

	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 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

1. Basis of measurement

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

   a. Financial assets at fair value through profit or loss.

   b. Financial assets at fair value through other comprehensive income measured at fair value

   c. 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 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:

A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.

B. The Company holds the asset primarily for the purpose of trading.

C. The Company expects to realize the asset within twelve months after the reporting period.

D. 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:

A. The Company expects to settle the liability in its normal operating cycle.
B. The Company holds the liability primarily for the purpose of trading.
C. The liability is due to be settled within twelve months after the reporting period.
D. 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 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 amortised 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 recoverying 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 the 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)**

6.15 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 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 mat urity 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:

a. credit risk
b. liquidity risk
c. 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:

	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

(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
Contact Number：886-3-666-2888

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:

1. 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. 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**		**2020.12.31**	
		Amount	**%**	**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**		**108.12.31**	
		Amount	**%**	**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

		2021		2020	
		Amount	**%**	**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

				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
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:

   a. Financial assets at fair value through profit or loss.

   b. Financial assets at fair value through other comprehensive income measured at fair value

   c. 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:

A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
B. The Company holds the asset primarily for the purpose of trading.
C. The Company expects to realize the asset within twelve months after the reporting period.
D. 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:

A. The Company expects to settle the liability in its normal operating cycle.
B. The Company holds the liability primarily for the purpose of trading.
C. The liability is due to be settled within twelve months after the reporting period.
D. 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:

- 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 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 amortised 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 recoverying 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:

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. 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:

(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 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

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 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:

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 the circumstances from the same taxable entity and the same taxation authority:
    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 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:

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(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

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 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.

b. Please refer to Note 6(20) 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	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

108.12.31					
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:

a. credit risk
b. liquidity risk
c. 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 31st, 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 31st, 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:

1. Please refer to N6(6) for recognized related liabilities on property, plant and equipment.

2. 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 (Shenzen)	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	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	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	2020
Key personnel of the Company -Siguard	$	24,845	35,769

		Related parties account payables	
		2021.12.31	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

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	-	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.