

UNITED RENEWABLE ENERGY CO., LTD.**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019**

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of United Renewable Energy Co., Ltd.:

Opinion

We have audited the financial statements of United Renewable Energy Co., Ltd. (“the Company”), which comprise the balance sheets as of December 31, 2020, and the statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue recognition

Please refer to note 4 (p) “Revenue recognition” for accounting policy and note 6 (v) “Revenue from contracts with customers” of the parent company only financial statements for further information.

Description of key audit matter:

The Company’s revenues are derived from the sales of solar modules and cells. Revenue recognition is also dependent on whether the specified sales terms in each individual contract are met. In consideration of the high volume of sales transactions, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding of revenue recognition policies and assessing whether revenue recognition policies are appropriate based on sales terms and revenue recognition criteria; understanding the design and process of implementation of internal controls and testing operating effectiveness; testing selected sales samples and agreeing to customer orders, delivery note and related documentation supporting sales recognition; testing sales cut-off, on a sample basis, for transactions incurred within a certain period before or after the balance sheet date by reviewing related sales terms, inspecting delivery documents, and other related supporting document to evaluate whether the revenue was recorded in proper period.

2. Assessment of impairment of non-financial assets

Please refer to note 4 (n) “Impairment of non-financial assets” for accounting policy and note 5 “assumptions and judgments, and major sources of estimation uncertainty for impairment of non-financial assets” of the parent company only financial statements for further information.

Description of key audit matter:

The Company belongs to a high capital expenditure industry, and its production capacity relies on the customer needs. However, in an environment where market supply exceeds demand, product prices continue to decline. Therefore, the assessment of long-term non-financial asset impairment is important. The process of asset impairment assessment relies on the subjective judgment of the management. It is an accounting estimate with a high degree of uncertainty. Therefore, the assessment of impairment of non-financial assets is one of the key areas our audit focused on.

How the matter was addressed in our audit:

Our principal audit procedures included: assessing the cash-generating units recognized by the management that might have internal and external signs of impairment, and considering whether all assets that required annual impairment tests have been fully included in the assessment scope; evaluating whether the evaluation method used by the management to measure the recoverable amount of each cash-generating unit complies with the International Financial Reporting Standards, and reviewing its related calculations and various assumptions used, as well as conducting sensitivity analysis on important assumptions.

3. Investment accounted for using the equity method

Please refer to note 4 (i) “Investment in subsidiaries ” for accounting policy and note 6 (g) “Investment accounted for using the equity method” of the parent company only financial statements for further information.

Description of key audit matter:

The Company invests in the construction of power plants via its subsidiaries, accounted for using the equity method. The assessment of impairment of the subsidiaries’ property, plant and equipment, and the evaluation of the power plants under construction are affected by the market environment and government policies, resulting in uncertainties in the recoverability of its non-financial assets. Therefore, the investment accounted for using the equity method is one of the key areas our audit focused on.

How the matter was addressed in our audit:

Our principal audit procedures included: assessing the policies of investments accounted for using the equity method whether they comply with the government regulations; planning and auditing the 2020 financial reports of the investments accounted for using the equity method in accordance with the regulations of Taiwan Auditing Standards in order to recognize the investment gains and losses under the equity method; performing the abovementioned audit procedures related to the impairment of non-financial assets.

In addition, regarding the evaluation of the power plant under construction, the audit procedures include:

- (a) Obtaining the comparative information of the total budget and actual accumulated expenditures of the projects currently under construction for the long-term equity investment, and understanding the completion progress of each power plant project and additional costs needed to be invested as of the reporting date.
- (b) Reviewing the net realizable value of the power plants under construction as assessed by the management, including whether the evaluation method used complies with the International Financial Reporting Standards; checking the calculation of the net realizable value of the power plants under construction by the management, and evaluating the source of the estimated sales price.

Other Matter

We did not audit the financial statements of the Company as of December 31, 2019. Those financial statements were audited by other auditors who expressed an unqualified opinion with emphasis of matter and other matter paragraphs on those statements dated March 26, 2020.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 auditor's report to the related disclosures in the 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 auditor's 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investments accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the 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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 auditors' report are Cheng-Chien Chen and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 25, 2021

Notes to Readers

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

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(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
UNITED RENEWABLE ENERGY CO., LTD.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019				December 31, 2020		December 31, 2019			
		Amount	%	Amount	%			Amount	%	Amount	%		
Assets								Liabilities and Equity					
Current assets:								Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 3,605,677	13	4,842,610	12	2100	Short-term borrowings (note 6(l))	\$ 2,320,002	9	2,688,848	7		
1110	Financial assets at fair value through profit or loss - current (note 6(b))	2,714	-	2,392	-	2120	Financial liabilities at fair value through profit or loss - current (note 6(b))	5,437	-	755	-		
1120	Financial assets at fair value through other comprehensive income - current (note 6(c))	114,715	-	114,414	-	2130	Contract liabilities - current (notes 6(v) and 7)	261,976	1	252,409	1		
1140	Contract assets - current (notes 6(v) and 7)	-	-	45,940	-	2170	Notes and accounts payable	1,164,553	4	1,162,458	3		
1170	Notes and accounts receivable, net (notes 6(e) and (v))	1,815,386	7	1,461,274	4	2180	Accounts payable to related parties (note 7)	166,180	1	355,607	1		
1180	Accounts receivable from related parties (notes 6(e) and 7)	155,970	1	391,540	1	2280	Lease liability - current (note 6(n))	10,610	-	13,077	-		
1200	Other receivables	19,793	-	292,525	1	2320	Current portion of long-term liabilities (note 6(m))	2,335,756	9	2,412,274	6		
1210	Other receivables from related parties (note 7)	403,188	1	566,577	2	2399	Other current liabilities (notes 6(o) and 7)	1,591,973	5	1,185,968	3		
130X	Inventories (note 6(f))	1,487,041	6	2,206,693	6	Total current liabilities		<u>7,856,487</u>	<u>29</u>	<u>8,071,396</u>	<u>21</u>		
1410	Prepayments (notes 7 and 9)	319,866	1	336,000	1	Non-Current liabilities:							
1476	Other financial assets (note 8)	1,020,807	4	418,076	1	2540	Long-term borrowings (note 6(m))	3,088,571	11	9,443,162	24		
1479	Other current assets	197,833	1	544,317	1	2580	Lease liability - non-current (note 6(n))	258,841	1	384,067	1		
Total current assets		<u>9,142,990</u>	<u>34</u>	<u>11,222,358</u>	<u>29</u>	2650	Credit balance of investments accounted for using equity method (note 6(g))	1,279,873	5	264,541	1		
Non-current assets:								2670	Other non-current liabilities (notes 6(o) and (r))	258,907	1	217,626	-
1517	Financial assets at fair value through other comprehensive income - non-current (notes 6(c) and 8)	249,676	1	2,323,725	6	Total non-current liabilities		<u>4,886,192</u>	<u>18</u>	<u>10,309,396</u>	<u>26</u>		
1535	Financial assets at amortized cost - non-current (note 6(d))	140,475	1	149,975	-	Total liabilities		<u>12,742,679</u>	<u>47</u>	<u>18,380,792</u>	<u>47</u>		
1550	Investments accounted for using the equity method (notes 6(g) and 8)	4,819,040	18	8,942,776	23	Equity (note 6(s))							
1600	Property, plant and equipment (notes 6(h), 7 and 8)	4,439,234	16	10,151,154	26	3110	Ordinary shares	26,650,863	99	26,653,375	68		
1755	Right-of-use assets (note 6(i))	192,327	1	391,844	1	3200	Capital surplus	7,877	-	118,989	-		
1760	Investment property (note 6(j))	2,741,259	10	-	-	3350	Accumulated deficit	(11,581,063)	(43)	(6,000,644)	(15)		
1780	Intangible assets (note 6(k))	1,924	-	4,234	-	3400	Other equity	(802,046)	(3)	(31,028)	-		
1840	Deferred tax assets (note 6(r))	622,822	2	621,087	2	3500	Treasury shares	(18,699)	-	(18,699)	-		
1915	Prepayments - non-current (notes 7 and 9)	1,942,715	7	2,140,674	5	Total equity		<u>14,256,932</u>	<u>53</u>	<u>20,721,993</u>	<u>53</u>		
1920	Refundable deposits	706,987	3	847,319	2								
1942	Other receivables from related parties - non-current (note 7)	2,000,162	7	2,186,254	6								
1990	Other non-current assets (note 8)	-	-	121,385	-								
Total non-current assets		<u>17,856,621</u>	<u>66</u>	<u>27,880,427</u>	<u>71</u>								
Total assets		<u>\$ 26,999,611</u>	<u>100</u>	<u>39,102,785</u>	<u>100</u>	Total liabilities and equity		<u>\$ 26,999,611</u>	<u>100</u>	<u>39,102,785</u>	<u>100</u>		

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
UNITED RENEWABLE ENERGY CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		<u>2020</u>		<u>2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Net operating revenues (notes 6(v) and 7)	\$ 10,716,898	100	14,911,766	100
5110	Operating costs (notes 6(f)(t), 7 and 12)	<u>11,052,705</u>	<u>103</u>	<u>15,687,440</u>	<u>105</u>
5900	Gross loss from operations	(335,807)	(3)	(775,674)	(5)
5920	Add: Realized profit from sales	<u>24,147</u>	<u>-</u>	<u>52,618</u>	<u>-</u>
5950	Realized gross loss	<u>(311,660)</u>	<u>(3)</u>	<u>(723,056)</u>	<u>(5)</u>
Operating expenses (notes 6(e)(t) and 12):					
6100	Selling expenses	321,263	3	765,350	5
6200	General and administrative expenses	775,609	7	878,522	6
6300	Research and development expenses	154,162	2	161,832	1
6450	Impairment loss (reversal of impairment loss) on trade receivable	<u>(14,875)</u>	<u>-</u>	<u>(5,598)</u>	<u>-</u>
	Total operating expense	<u>1,236,159</u>	<u>12</u>	<u>1,800,106</u>	<u>12</u>
6500	Other income and expenses	<u>(891,547)</u>	<u>(8)</u>	<u>(1,132,505)</u>	<u>(7)</u>
	Loss from operations	<u>(2,439,366)</u>	<u>(23)</u>	<u>(3,655,667)</u>	<u>(24)</u>
Non-operating income and expenses:					
7010	Other income (notes 6(x) and 7)	311,704	3	208,103	2
7020	Other gains and losses (notes 6(g)(h) and (x))	(157,592)	(1)	(142,958)	(1)
7050	Finance costs (note 6(n))	(349,226)	(3)	(553,899)	(4)
7060	Share of gain (loss) of subsidiaries and associates accounted for using equity method (note 6(g))	(3,517,700)	(33)	(1,581,970)	(11)
7100	Interest income	<u>13,165</u>	<u>-</u>	<u>40,802</u>	<u>-</u>
		<u>(3,699,649)</u>	<u>(34)</u>	<u>(2,029,922)</u>	<u>(14)</u>
	Loss before income tax	(6,139,015)	(57)	(5,685,589)	(38)
7950	Less: income tax expense (note 6(r))	<u>-</u>	<u>-</u>	<u>476</u>	<u>-</u>
8200	Net loss	<u>(6,139,015)</u>	<u>(57)</u>	<u>(5,686,065)</u>	<u>(38)</u>
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss:				
8316	Unrealized gain(loss) on investments in equity instruments at fair value through other comprehensive income	125,711	1	792,673	5
8330	Share of other comprehensive income(loss) of subsidiaries accounted for using equity method	(11,966)	-	10,748	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign statements	(327,526)	(3)	(175,050)	(1)
8380	Share of other comprehensive income (loss) of subsidiaries accounted for using equity method	<u>(46,042)</u>	<u>-</u>	<u>209,029</u>	<u>1</u>
8300	Total other comprehensive income (loss)	<u>(259,823)</u>	<u>(2)</u>	<u>837,400</u>	<u>5</u>
	Total comprehensive loss	<u>\$ (6,398,838)</u>	<u>(59)</u>	<u>(4,848,665)</u>	<u>(33)</u>
	Loss per share				
9750	Basic loss per share (NT dollars) (note 6(u))	<u>\$ (2.31)</u>		<u>(2.26)</u>	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
UNITED RENEWABLE ENERGY CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Share capital			Other equity				Total equity
	Ordinary shares	Capital surplus	Accumulated deficits	Exchange differences on translation of foreign financial statements	Unrealized gains (loss) on financial assets at fair value through other comprehensive income	Unearned employees benefits	Treasury shares	
Balance at January 1, 2019	\$ 25,157,599	1,011,023	(675,712)	(330,085)	(527,897)	(16,586)	(18,699)	24,599,643
Net loss for the year ended December 31, 2019	-	-	(5,686,065)	-	-	-	-	(5,686,065)
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	33,979	803,421	-	-	837,400
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	(5,686,065)	33,979	803,421	-	-	(4,848,665)
Other changes in capital surplus:								
Offset of deficit against capital surplus	-	(369,468)	369,468	-	-	-	-	-
Issuance of new shares	1,500,000	(522,000)	-	-	-	-	-	978,000
Compensation cost of employee shares options	-	3,638	-	-	-	-	-	3,638
Compensation cost of restricted shares for employees	-	333	-	-	-	8,483	-	8,816
Distribution of restricted shares for employees	22,050	(4,741)	-	-	-	(17,309)	-	-
Cancellation of restricted shares for employees	(26,274)	204	-	-	-	6,998	-	(19,072)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	(7,968)	-	7,968	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	(367)	-	-	-	-	(367)
Balance at December 31, 2019	26,653,375	118,989	(6,000,644)	(296,106)	283,492	(18,414)	(18,699)	20,721,993
Net loss for the year ended December 31, 2020	-	-	(6,139,015)	-	-	-	-	(6,139,015)
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	(373,568)	113,745	-	-	(259,823)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	(6,139,015)	(373,568)	113,745	-	-	(6,398,838)
Other changes in capital surplus:								
Changes in equity of associates and joint ventures accounted for using equity method	-	7,819	-	-	-	-	-	7,819
Offset of deficit against capital surplus	-	(123,629)	123,629	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(84,834)	-	-	-	-	(84,834)
Changes in ownership interests in subsidiaries	-	473	-	-	-	-	-	473
Compensation cost of restricted shares for employees	-	-	-	-	-	12,558	-	12,558
Distribution of restricted shares for employees	7,950	1,201	(1,591)	-	-	(7,560)	-	-
Cancellation of restricted shares for employees	(10,462)	1,429	-	-	-	6,000	-	(3,033)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	522,193	-	(522,193)	-	-	-
Adjustments to capital surplus and retained earnings for changes in subsidiaries equity	-	1,595	(801)	-	-	-	-	794
Balance at December 31, 2020	\$ 26,650,863	7,877	(11,581,063)	(669,674)	(124,956)	(7,416)	(18,699)	14,256,932

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
UNITED RENEWABLE ENERGY CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Loss before income tax	\$ (6,139,015)	(5,685,589)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,315,807	2,217,292
Amortization expense	2,310	3,864
Expected credit loss (gain)	(14,875)	12,753
Net loss(gain) on financial assets or liabilities at fair value through profit or loss	4,360	(1,637)
Finance cost	349,226	553,899
Interest income	(13,165)	(40,802)
Dividends income	(89,028)	(73,953)
Compensation cost of restricted shares for employees	10,826	(301)
Share of loss of subsidiaries and associates accounted for using equity method	3,517,700	1,581,970
Loss (gain) on disposal of property, plant and equipment	(188,040)	12,120
Loss (gain) on disposal of investments	(80,408)	138,117
Impairment loss on property, plant and equipment	891,547	1,120,558
Impairment loss on prepayment	116,788	1,766
Compensation cost of employee shares options	-	3,638
Others	68,988	59,966
Total adjustments to reconcile profit (loss)	5,892,036	5,589,250
Changes in operating assets and liabilities:		
Contract assets - current	45,940	(32,559)
Notes and accounts receivable	(401,747)	510,705
Accounts receivable from related parties	248,106	164,402
Other receivables	276,824	(314,935)
Other receivables from related parties	217,577	132,985
Inventory	624,694	(436,371)
Prepayments (including non-current)	99,577	73,186
Other current assets	345,012	60,933
Contract liabilities - current	9,567	60,102
Notes and accounts payable (including related parties)	(78,459)	(435,653)
Provisions	95,058	(130,063)
Other current liabilities	313,139	(488,695)
Total changes in operating assets and liabilities	1,795,288	(835,963)
Cash inflow generated from (used in) operations	1,548,309	(932,302)
Income taxes received (paid)	1,472	(187)
Net cash flows generated from (used in) operating activities	1,549,781	(932,489)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(48,840)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,241,455	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,470	-
Acquisition of investments accounted for using equity method	(872,430)	(634,695)
Proceeds from disposal of associates	705,876	-
Proceeds from disposal of subsidiaries	110,746	150,066
Proceeds from capital reduction of investments accounted for using equity method	1,250,081	-
Acquisition of property, plant and equipment	(25,940)	(213,174)
Proceeds from disposal of property, plant and equipment	1,059,800	269,968
Decrease (increase) in refundable deposits	140,332	(21,724)
Decrease (increase) in other receivables from related parties	-	(74,976)
Decrease (increase) in other financial assets	(479,705)	3,548,462
Interest received	6,136	49,263
Dividends received	159,138	114,067
Net cash flows generated from investing activities	4,253,119	3,187,257
Cash flows from financing activities:		
Decrease in short-term loans	(282,273)	(3,416,844)
Decrease in short-term bills payable	-	(79,963)
Repayments of bonds payable	-	(3,728,400)
Proceeds from long-term borrowings	1,562,610	12,365,564
Repayments of long-term borrowings	(7,960,609)	(10,243,976)
Increase in guarantee deposits received	55,779	4,539
Payment of lease liabilities	(25,666)	(19,196)
Proceeds from issuance of ordinary shares	-	978,000
Interest paid	(335,865)	(521,422)
Net cash used in financing activities	(6,986,024)	(4,661,698)
Effect of exchange rate changes	(53,809)	(36,937)
Net decrease in cash and cash equivalents	(1,236,933)	(2,443,867)
Cash and cash equivalents at beginning of period	4,842,610	7,286,477
Cash and cash equivalents at end of period	\$ 3,605,677	4,842,610

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
UNITED RENEWABLE ENERGY CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

United Renewable Energy Co., Ltd., formerly Neo Solar Power Corp., (the “Company”) was incorporated in the Republic of China on August 26, 2005. It specializes in manufacturing high-quality solar cells, solar cell modules and wafers. The Company’s main business activities include researching, developing, designing, manufacturing and selling solar cells, as well as participating in other solar-related businesses. Its ordinary shares have been listed on the Taiwan Stock Exchange (TWSE) since January 2009.

On October 1, 2018, the Company merged with former Gintech Energy Corporation (“Gintech”) and Solartech Energy Corporation (“Solartech”), with the Company as the sole surviving company. On March 31, 2019, the Company merged with former General Energy Solutions Inc. (GES), with the Company as the surviving company and GES as the dissolved entity.

(2) Approval date and procedures of the financial statements

The parent company only financial statements were approved and released by the Company’s board of directors on March 25, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1 to December 31, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	The amendments clarify that the ‘costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows: <ul style="list-style-type: none"> ● the incremental costs – e.g. direct labor and materials; and ● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. 	January 1, 2022

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- 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 “Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(4) Summary of significant accounting policies

The significant accounting policies presented in the parent company only financial statements are summarized as follows. The following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;

(ii) Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies at the dates when the value was measured. Non-monetary items denominated in foreign currencies measured at historical cost are translated into the functional currencies at the dates of transaction date.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period;
- (iv) The asset is cash or a 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.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period;
- (iv) 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 issuing equity instruments do not affect its classification.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting shortterm cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) 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 (FVTPL), 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.

(i) 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; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its 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;
- its contractual terms give rise on specified 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.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

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.

Equity investments 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 (Usually on the ex-dividend date).

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, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables, other receivable, leases receivable, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

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.

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.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. 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 amounts due.

5) Derecognition 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.

(ii) 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.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

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) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) 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.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. 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.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The parent company only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate. When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

When preparing the parent company 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 the Company's ownership interest in a subsidiary that do not result in a loss of control of a subsidiary are equity transactions with owners.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings: 15~21 years
- 2) Machinery and equipment: 4~11 years
- 3) Other equipment: 3~11 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(l) Leases

(i) 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

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used 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 designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

On the lease establishment date or when reassessing whether the contract includes a lease, the Company allocates the consideration in the contract to individual lease components based on the relative individual price. However, when leasing land and buildings, the company chose not to distinguish between non-lease components and treat lease components and non-lease components as a single lease component.

(ii) As a lessee

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, and 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 payments included in the measurement of the lease liability comprise the following:

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

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

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 assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has selected not to recognize right-of-use assets and lease liabilities for short-term leases of other equipment and leases of low value lease object. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are 1~4 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For 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 of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(o) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(p) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

(i) Sale of goods

The Company engages in the manufacturing of solar cells and modules. The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer and when the customer obtains control of the promised assets.

The Company provides a standard warranty for sale of goods and bears the obligation to refund defects, in which the Company recognizes a warranty liability provision for this obligation.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Construction contracts

Customers provide construction contracts with specifications while the solar plants are still under construction. Because the customer controls the asset during the construction period, the Company recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The customer pays the fixed amount according to payment schedule. If the Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional. For some variable considerations, accumulated experience is used to estimate the amount of variable consideration, using the expected value method.

If the Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Company shall recognize revenue only to the extent of the costs expected to be recovered.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(iii) Power electric revenue

The Company recognized its power electric revenue based on the actual electric units and electric rate.

(iv) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) 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 Group 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.

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and 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.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(t) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(u) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur 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 to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The management, when preparing the standalone financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", must make judgments, estimates and assumptions which will affect the adopted accounting policies and the assets, liabilities, revenues and expense amounts. The actual results could differ from those estimates.

The management continues to review the estimates and underlying assumptions, and changes in accounting estimates are recognized in the period in the period of change and affected future period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

- (a) For the judgment regarding significant influence of investees, please refer to the consolidated financial report 2020.
- (b) Judgment of whether the Group has substantive control over its investees:

The Group is not the single largest shareholder of the investee and it also cannot obtain more than half of the voting rights at board of directors and a shareholders' meeting. Therefore, it is determined that the Group only has significant influence on associates.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

Impairment assessment of long-term non-financial asset

In the process of evaluating the potential impairment of assets, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment losses or reversal in future years.

The Company's accounting policies and disclosure has adopted the fair value to measure its financial, non-financial assets and liabilities. The company has established relevant internal control systems for fair value measurement, including assigning personnel to review significant fair value measurements (including third-level fair value), and regularly review significant unobservable input values and adjustments.

While measuring its assets and liabilities, the Company uses the observable market input values as much as possible. The definition of each fair value category is pursuant to the input values used by valuation techniques summarized as follows:

- (a) Level I: Quoted prices (unadjusted) in active markets for identified assets or liabilities.
- (b) Level II: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) Level III: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the Company recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note 6(y) of the financial instruments.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand, checking accounts and demand deposits	\$ 3,599,508	4,842,610
Time deposits	6,169	-
Cash and cash equivalents listed in the consolidated cash flow statements	\$ 3,605,677	4,842,610

Please refer to note 6(y) for the interest rate risk, and the fair value sensitivity analysis of the financial assets and liabilities of the Company.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(b) Financial assets and liabilities at fair value through profit and loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Financial assets mandatorily measured at fair value through profit or loss:		
Derivatives not used for hedging		
Foreign exchange swap contracts	\$ <u>2,714</u>	<u>2,392</u>
Financial liabilities designated at fair value through profit or loss:		
Derivatives not used for hedging		
Forward exchange contracts	\$ <u>5,437</u>	<u>755</u>

- (i) The Company entered into such foreign exchange forward contracts and cross-currency swap contracts to mitigate risks that arises from exposure to exchange rate risk in business operations. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (in Thousands)</u>
<u>December 31, 2020</u>			
Foreign exchange swap contracts	USD/NTD	February 9, 2021~ March 22, 2021	EUR20,000/ USD564,600
Selling Forward exchange contracts	EUR/USD	January 4, 2021~ April 6, 2021	EUR6,900/ USD8,313
<u>December 31, 2019</u>			
Foreign exchange swap contracts	USD/NTD	January 21, 2020	USD22,000/ NTD661,573
Selling Forward exchange contracts	EUR/USD	January 17, 2020	EUR3,000/ USD3,339

- (ii) Financial instruments revalued at fair value through profit and loss were as follows:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Revaluation of derivatives listed in profit and loss	\$ <u>37,967</u>	<u>29,468</u>

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(c) Financial assets at fair value through other comprehensive income

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Equity instrument measured at fair value through other comprehensive income:		
Domestic investments		
Listed ordinary shares	\$ 328,498	2,368,216
Unlisted ordinary shares	20,601	49,497
Overseas investments - unlisted ordinary shares	<u>15,292</u>	<u>20,426</u>
Total	<u>\$ 364,391</u>	<u>2,438,139</u>
Current	\$ 114,715	114,414
Non-current	<u>249,676</u>	<u>2,323,725</u>
Total	<u>\$ 364,391</u>	<u>2,438,139</u>

- (i) The Company's equity instruments are not held for trading, therefore has been designated at fair value through other comprehensive income.
- (ii) Please refer to note 13(a) for details on the above mentioned equity instruments and fair value, among which the shares of ThinTech Materials Technology Co., Ltd. ("TTMC") were privately placed and its ordinary shares are subject to transfer restrictions in accordance with Article 43-8 of the Securities and Exchange Act.
- (iii) The Company recognized dividend income of \$89,028 thousand and \$73,953 thousand for the years ended December 31, 2020 and 2019, respectively, from the financial assets designated at fair value through other comprehensive income.
- (iv) Due to the changes in strategic layout in 2020, the Company sold parts of financial assets at fair value through other comprehensive income for \$2,241,455 thousand, and the accumulated disposal gain was \$534,159 thousand. Therefore, the Company transferred this account from other equity to retained earnings. The Company did not dispose any strategic investments in 2019. During the period, the accumulated gains and losses were not transferred into equity.
- (v) For credit risk and market risk, please refer to note 6(y).
- (vi) The financial assets mentioned above had been pledged as collateral for long-term borrowings; please refer to note 8.

(d) Financial assets at amortized cost

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Convertible preference shares - Phanes Holding Inc.	<u>\$ 140,475</u>	<u>149,975</u>

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

- (i) The Company assessed its expected cash flows until maturity, which covers the entirety of interests and principle, and therefore, measured at amortized costs.
- (ii) Phanes Holding Inc. a project developer, is an overseas unlisted company. In order to build a long-term cooperative strategic relationship with Phanes Holding Inc. the Company subscribed to the entire five-year callable preference shares (C-Shares III) for 24,000 shares, at par value, amounting to USD5,000 thousand.
- (iii) The above preference shares carried no voting rights and no dividend rights. Instead they carried preferential rights on dividends specified at 7% of the par value. The preference shares can be redeemed prior to, or later than, the maturity date under the agreement between the Company and Phanes Holding Inc. For the years ended December 31, 2020 and 2019, the interest income of convertible preference shares amounted to \$8,180 thousand and \$9,541 thousand, respectively. As of December 31, 2020 and 2019, the interest receivables, classified as other receivables from related parties, amounted to \$29,176 thousand and \$20,997 thousand, respectively.

(iv) Credit risk

The Company considers the debtor's current financial situation and the industry's prospects to derive at the 12-months or lifetime Expected Credit Loss (ECL) of the debt instrument. The Company came to the conclusion that the debtor's credit risk is low and has sufficient ability to pay off the contracted cash flow, and therefore, there was no ECL rate.

- (v) As of December 31, 2020 and 2019, financial assets at amortized cost had not been pledged as security.

(e) Notes and accounts receivables

	December 31, 2020	December 31, 2019
Notes and accounts receivable	\$ 2,148,390	1,800,696
Accounts receivable from related parties	155,977	400,004
Less: Loss Allowance	<u>(333,011)</u>	<u>(347,886)</u>
	<u>\$ 1,971,356</u>	<u>1,852,814</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

	December 31, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,347,002	0%~0.09%	825
1 to 30 days past due	153,965	0%~0.49%	653
31 to 60 days past due	77,850	0%~1.52%	1,132
61 to 90 days past due	17,393	0%~2.83%	354
91 to 120 days past due	1,931	0%~7.91%	-
121 to 150 days past due	1,844	0%~17.05%	-
151 to 180 days past due	2,467	0%~54.55%	1,092
More than 181 days past due	376,489	0%~100%	3,529
Signs of Counterparty Default	<u>325,426</u>	100%	<u>325,426</u>
Total	<u>\$ 2,304,367</u>		<u>333,011</u>

	December 31, 2019		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 782,125	0%~0.22%	938
1 to 30 days past due	328,683	0%~4.09%	6,451
31 to 60 days past due	147,634	0%~4.10%	2,443
61 to 90 days past due	98,441	0%~11.53%	3,466
91 to 120 days past due	20,778	0%~19.89%	3,789
121 to 150 days past due	26,219	0%~27.55%	589
151 to 180 days past due	5,402	0%~26.35%	845
More than 181 days past due	465,062	0%~100%	3,009
Signs of Counterparty Default	<u>326,356</u>	100%	<u>326,356</u>
Total	<u>\$ 2,200,700</u>		<u>347,886</u>

The movement in the allowance for notes and trade receivables were as follows:

	For the years ended December 31,	
	2020	2019
Balance at January 1	\$ 347,886	355,847
Impairment loss reversed	(14,875)	(5,598)
Amounts written off	-	(2,363)
Balance at December 31	<u>\$ 333,011</u>	<u>347,886</u>

The aforementioned notes and accounts receivables of the Company had not been pledged as collateral as of December 31, 2020 and 2019.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(f) Inventories

	December 31, 2020	December 31, 2019
Finished goods and products	\$ 1,047,163	1,648,727
Raw materials	314,691	463,792
Construction in progress	72,008	59,477
Work in progress	53,179	34,697
	<u>\$ 1,487,041</u>	<u>2,206,693</u>

- (i) The construction in progress listed above is the construction cost incurred to build the power plant that the Company is intending to sell.
- (ii) The details of the cost of sales were as follows:

	For the years ended December 31,	
	2020	2019
Cost of goods sold	\$ 10,076,775	14,220,774
Unallocated production overheads	592,419	1,420,751
Write-down and retirement of inventories	94,959	49,979
Others	288,552	(4,064)
Total	<u>\$ 11,052,705</u>	<u>15,687,440</u>

- (iii) The inventories of the Company had not been pledged as collateral.

(g) Investments accounted for using the equity method

	December 31, 2020	December 31, 2019
Subsidiaries	\$ 3,369,034	7,912,257
Credit balance of investments accounted for using equity method	1,279,873	264,541
	4,648,907	8,176,798
Associates	170,133	765,978
	<u>\$ 4,819,040</u>	<u>8,942,776</u>

- (i) Please refer to note 13(b) for list of investments, percentage of ownership and main activities.
- (ii) Subsidiaries

Please refer to the 2020 annual consolidated financial statements for other related information.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(iii) Associates

- 1) The Company sold the 40% shares of Neo Cathay. for \$705,876 thousand, the gain of disposal was \$80,408 thousand, which was classified as other gain and loss.
- 2) The Company' s financial information on investments in individually insignificant associates accounted for using equity method at the reporting date was as follows. This financial information was included in the parent company only financial statements:

	December 31, 2020	December 31, 2019
Carrying amount of individually insignificant associates' equity	\$ 170,133	765,978
For the years ended		
December 31,		
	2020	2019
Attributable to the Company		
Net income (loss)	\$ 6,457	(200,559)
Other comprehensive income (loss)	(9,699)	(1,099)
Comprehensive income (loss)	\$ (3,242)	(201,658)

- (iv) The investments accounted for using the equity method have been pledged as collateral for bank loans, refer to note 8.

(h) Property, plant and equipment

The movements of cost, depreciation and impairment loss of the property, plant and equipment of the Company were as follows:

	Land	Buildings	Machinery and equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost:						
Balance on January 1, 2020	\$ 1,436,596	7,148,288	17,538,460	525,566	92,104	26,741,014
Additions	-	-	-	-	26,900	26,900
Disposals	-	(1,251,583)	(1,381,636)	(47,530)	-	(2,680,749)
Reclassification	-	-	90,734	9,851	(102,126)	(1,541)
Reclassification to investment property	(747,300)	(2,510,319)	-	-	-	(3,257,619)
Reclassification to lease property	-	-	(106,962)	(24,927)	-	(131,889)
Balance on December 31, 2020	\$ 689,296	3,386,386	16,140,596	462,960	16,878	20,696,116
Balance on January 1, 2019	\$ 1,436,596	7,148,288	17,360,914	529,580	472,240	26,947,618
Additions	-	-	-	278	210,764	211,042
Disposals	-	-	(390,455)	(23,126)	-	(413,581)
Reclassification	-	-	568,001	18,834	(590,900)	(4,065)
Balance on December 31, 2019	\$ 1,436,596	7,148,288	17,538,460	525,566	92,104	26,741,014

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Equipment to be inspected and construction in progress</u>	<u>Total</u>
Accumulated depreciation						
Balance on January 1, 2020	\$ -	1,888,036	14,260,151	441,673	-	16,589,860
Additions	-	288,252	975,699	33,421	-	1,297,372
Impairment loss	-	124,199	755,340	12,008	-	891,547
Disposals	-	(462,203)	(1,295,786)	(45,744)	-	(1,803,733)
Reclassify to investment property	-	(586,275)	-	-	-	(586,275)
Reclassify to lease property	-	-	(106,962)	(24,927)	-	(131,889)
Balance on December 31, 2020	<u>\$ -</u>	<u>1,252,009</u>	<u>14,588,442</u>	<u>416,431</u>	<u>-</u>	<u>16,256,882</u>
Balance on January 1, 2019	\$ -	1,165,224	11,854,931	388,017	-	13,408,172
Additions	-	324,562	1,801,058	67,003	-	2,192,623
Impairment loss	-	398,250	715,877	6,431	-	1,120,558
Disposals	-	-	(111,715)	(19,778)	-	(131,493)
Balance on December 31, 2019	<u>\$ -</u>	<u>1,888,036</u>	<u>14,260,151</u>	<u>441,673</u>	<u>-</u>	<u>16,589,860</u>
Carrying amounts:						
Balance on December 31, 2020	<u>\$ 689,296</u>	<u>2,134,377</u>	<u>1,552,154</u>	<u>46,529</u>	<u>16,878</u>	<u>4,439,234</u>
Balance on January 1, 2019	<u>\$ 1,436,596</u>	<u>5,983,064</u>	<u>5,505,983</u>	<u>141,563</u>	<u>472,240</u>	<u>13,539,446</u>
Balance on December 31, 2019	<u>\$ 1,436,596</u>	<u>5,260,252</u>	<u>3,278,309</u>	<u>83,893</u>	<u>92,104</u>	<u>10,151,154</u>

1) The Company sold the building to non-related parties with the considerations of \$1,038,306 thousand, the gain of disposal was \$248,926 thousand. Besides, it should repay the bank mortgage in priority when received the payment.

2) Impairment loss

Due to the transformation of business strategy, the Company considered that some of the equipment are insufficient which may not be recovered the future economic benefit. Therefore, the Company recognized as impairment loss in 2020 and 2019 were \$891,547 thousand and \$1,120,558 thousand respectively, which was classified as other gain and loss.

3) Collateral

Property, plant and equipment were pledged as collateral for long term borrowings and short term borrowings. Please refer to note 8.

4) Reclassify to investment property

During 2020, some building was transferred to investment property, because it were no longer used by the Company and it was decided that the building would be leased to a third party. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment property at the reporting date, refer to note 6(j).

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(i) Right-of-use assets

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2020	\$ 393,439	10,737	587	11,750	416,513
Additions	1,134	-	-	5,239	6,373
Disposals	(122,792)	(5,361)	-	(7,626)	(135,779)
Reclassification to investment property	(75,293)	-	-	-	(75,293)
Balance at December 31, 2020	<u>\$ 196,488</u>	<u>5,376</u>	<u>587</u>	<u>9,363</u>	<u>211,814</u>
Balance at January 1, 2019	\$ 392,965	24,168	587	9,209	426,929
Additions	474	-	-	4,124	4,598
Deductions	-	(13,431)	-	(1,583)	(15,014)
Balance at December 31, 2019	<u>\$ 393,439</u>	<u>10,737</u>	<u>587</u>	<u>11,750</u>	<u>416,513</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2020	\$ 12,185	6,675	261	5,548	24,669
Additions	11,972	1,485	261	4,717	18,435
Deductions	(6,018)	(5,197)	-	(7,024)	(18,239)
Reclassification to investment property	(5,378)	-	-	-	(5,378)
Balance at December 31, 2020	<u>\$ 12,761</u>	<u>2,963</u>	<u>522</u>	<u>3,241</u>	<u>19,487</u>
Balance at January 1, 2019	\$ -	-	-	-	-
Additions	12,185	6,675	261	5,548	24,669
Balance at December 31, 2019	<u>\$ 12,185</u>	<u>6,675</u>	<u>261</u>	<u>5,548</u>	<u>24,669</u>
Carrying amount:					
Balance at December 31, 2020	<u>\$ 183,727</u>	<u>2,413</u>	<u>65</u>	<u>6,122</u>	<u>192,327</u>
Balance at December 31, 2019	<u>\$ 381,254</u>	<u>4,062</u>	<u>326</u>	<u>6,202</u>	<u>391,844</u>

(j) Investment property

The investment property includes the property owned by the Company. The irrevocable period of leasing the investment property is 3~10 years, parts of contracts stipulate that the lessee has options to extend the period upon expiration.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

The details of investment property are as follows:

	<u>Properties</u>		<u>Right-of-use asset</u>	<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	<u>Land</u>	
Cost or deemed cost:				
Balance at January 1, 2020	\$ -	-	-	-
Reclassification from property, plant and equipment	747,300	2,510,319	-	3,257,619
Reclassification from right-of-use assets	-	-	75,293	75,293
Balance at December 31, 2020	<u>\$ 747,300</u>	<u>2,510,319</u>	<u>75,293</u>	<u>3,332,912</u>
Accumulated depreciation and impairment loss:				
Balance at January 1, 2020	\$ -	-	-	-
Reclassification from property, plant and equipment	-	586,275	-	586,275
Reclassification from right-of-use assets	-	-	5,378	5,378
Balance at December 31, 2020	<u>\$ -</u>	<u>586,275</u>	<u>5,378</u>	<u>591,653</u>
Carrying amount:				
Balance at December 31, 2020	<u>\$ 747,300</u>	<u>1,924,044</u>	<u>69,915</u>	<u>2,741,259</u>
Fair value:				
Balance at December 31, 2020				<u>\$ 3,223,643</u>

Since the investment property listed above lacks comparable market information, its fair value is determined by the management authority of the Company with reference to the latest transaction price in the neighboring area where the individual investment property is located, and fair value is measured in accordance with the third-level fair value.

Investment property includes several commercial real estates leased to others. Each lease contract includes the original irrevocable period of three to ten years, and the subsequent lease period is negotiated with the lessee, and no contingent rent is collected. Please refer to note 6(p) for other related information.

At December 31, 2020, the investment property had been pledged as collateral for long-term borrowings; please refer to note 8.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(k) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2020 and 2019, were as follows:

	<u>Computer software cost</u>
Cost:	
Balance at December 31, 2020	\$ <u>9,243</u>
Balance at January 1, 2019	\$ 9,290
Disposal	<u>(47)</u>
Balance at January 1, 2019	\$ <u>9,243</u>
Accumulated amortization and impairment losses:	
Balance at January 1, 2020	\$ 5,009
Amortization	<u>2,310</u>
Balance at December 31, 2020	\$ <u>7,319</u>
Balance at January 1, 2019	\$ 1,192
Amortization	3,864
Disposal	<u>(47)</u>
Balance at December 31, 2019	\$ <u>5,009</u>
Carrying value:	
Balance at December 31, 2020	\$ <u>1,924</u>
Balance at January 1, 2019	\$ <u>8,098</u>
Balance at December 31, 2019	\$ <u>4,234</u>

As of December 31, 2020 and 2019, the intangible assets of the Company had not been pledged as collateral for its loans.

(l) Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Secured bank loans	\$ 93,837	244,459
Unsecured bank loans	<u>2,226,165</u>	<u>2,444,389</u>
Total	\$ <u>2,320,002</u>	<u>2,688,848</u>
Unused credit lines	\$ <u>2,179,456</u>	<u>2,700,284</u>
Range of interest rates	<u>0.95%~1.86%</u>	<u>1.73%~3.61%</u>

For the collateral for borrowings, please refer to note 8.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(m) Long-term liabilities

(i) Long-term borrowings

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
<u>Secured bank loans</u>		
10.13 billion syndicated loan from First Bank	\$ 4,562,171	9,803,460
KGI Bank Loan	250,000	250,000
Machinery and equipment financing from EQUVO Pte. Ltd., Taiwan Branch (Singapore)	-	488,134
Other financing loan	-	15,089
<u>Unsecured bank loans</u>		
King's Town Bank loan	430,587	904,916
0.5 billion syndicated loan from First Bank	112,500	225,000
Inventories repurchase financing loans	<u>69,069</u>	<u>168,837</u>
	5,424,327	11,855,436
Less: Current portion	<u>(2,335,756)</u>	<u>(2,412,274)</u>
Total	<u>\$ 3,088,571</u>	<u>9,443,162</u>
Unused credit lines	<u>\$ 1,276,100</u>	<u>506,040</u>
Range of interest rates	<u>1.74%~5.34%</u>	<u>1.49%~6.92%</u>

1) The long term loan contracts listed above will expire in February 2024.

2) The related restrictions are as follows:

The Company entered into \$10.13 billion and \$500 million syndicated loans with First Bank. According to the terms and conditions on the contract, it requires the Company to maintain certain financial ratios based on its annual and semiannual consolidated financial reports during the credit period. Although the Interest Protection Multiples (IPM) and the net tangible assets did not meet the above requirements, no breach of contract was committed. Instead, the Company will only have to pay compensation fees to all joint credit banks each month until the next utilization date or the base date of interest rate adjusted to improve the financial ratio.

3) Other loan agreements

The Company entered long term borrowings contracts with non-financial institutions. Notes payable were used by the Company to repay the outstanding principal amount, including interest, in equal installments. As of December 31, 2020 and 2019, the amount of outstanding notes payable are 70,156 thousands and 187,582 thousands respectively.

(ii) For the collateral for borrowings, please refer to note 8.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(n) Lease liabilities

Carrying amount of the lease liabilities of the Company were as follows:

	December 31, 2020	December 31, 2019
Current	<u>\$ 10,610</u>	<u>13,077</u>
Non-current	<u>\$ 258,841</u>	<u>384,067</u>

For the maturity analysis, please refer to note 6(y) financial instruments.

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2020	2019
Interest on lease liabilities	<u>\$ 12,506</u>	<u>13,522</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 3,787</u>	<u>3,771</u>
Expenses relating to short-term leases	<u>\$ 13,700</u>	<u>11,778</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 39</u>	<u>327</u>

The amounts recognized in the statement of cash flows for the Company was as follows:

	For the years ended December 31,	
	2020	2019
Total cash outflow for leases	<u>\$ 43,192</u>	<u>48,595</u>

(o) Provisions

	Warranties	Onerous contract	Total
Balance at January 1, 2020	\$ 168,804	-	168,804
Provisions made during the year	16,447	175,916	192,363
Provisions reversed during the year	(97,305)	-	(97,305)
Balance at December 31, 2020	<u>\$ 87,946</u>	<u>175,916</u>	<u>263,862</u>
Balance at January 1, 2019	\$ 298,867	-	298,867
Provisions made during the year	49,173	-	49,173
Provisions reversed during the year	(179,236)	-	(179,236)
Balance at December 31, 2019	<u>\$ 168,804</u>	<u>-</u>	<u>168,804</u>

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

- (i) The Company's provision is mainly related to product sales, wherein the estimate was based on historical warranty trends and may vary as a result of the entry of new materials, altered manufacturing processes or other events affecting the product quality.
- (ii) The Company's provision for onerous contract liabilities was due to the signing of a long term purchase contract with the silicon raw material supplier. According to the contract, the Company purchases material at a fixed price and deducts the advance payment. In response to fluctuations in the spot market price, the Company has recognized the relevant liabilities, accounted as operating cost. The parties agreed that the delivery quantity and price agreed upon in the contract are delivered.

(p) Operating lease

The Company leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(j) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2020
Less than one year	\$ 242,060
One to five years	676,275
More than five years	<u>14,363</u>
Total undiscounted lease payments	<u><u>\$ 932,698</u></u>

Rental income from investment properties was 48,303 thousand in 2020.

(q) Employee benefits

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$49,709 thousand and \$71,587 thousand for the years ended December 31, 2020 and 2019, respectively.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(r) Income Taxes

(i) The components of income tax in the years 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	2019
Current tax expense		
Current period	\$ -	-
Adjustment for prior periods	-	476
Income tax expense	<u>\$ -</u>	<u>476</u>

(ii) For the years ended December 31, 2020 and 2019, there was no income tax recognized in other comprehensive income.

(iii) Reconciliation of income tax and profit before tax for 2020 and 2019 was as follows:

	For the years ended December 31,	
	2020	2019
Profit excluding income tax	<u>\$ (6,139,015)</u>	<u>(5,685,589)</u>
Income tax using the Company's domestic tax rate	\$ 1,227,803	1,137,118
Tax effect of permanent differences	(247,530)	(25,514)
Change in unrecognized deferred tax asset	(980,273)	(1,111,604)
Others	-	(476)
Total	<u>\$ -</u>	<u>(476)</u>

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets and liabilities have not been recognized in respect of the following items:

	December 31, 2020	December 31, 2019
Deferred tax assets		
Tax losses	\$ 1,982,895	2,142,907
Tax effect of deductible Temporary Differences	<u>2,070,789</u>	<u>1,484,538</u>
	<u>\$ 4,053,684</u>	<u>3,627,445</u>
Deferred tax liabilities		

The Company unrecognized any deferred tax liabilities in December 31, 2020 and 2019.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

2) Recognized deferred tax assets

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

	Depreciation of property, plant and equipment	Allowance for inventory valuation loss	Loss carry forwards and others	Total
Deferred tax asset				
Balance on January 1, 2020	\$ 4,341	1,161	615,585	621,087
Recognized in profit or loss	(4,341)	(1,161)	7,237	1,735
Balance on December 31, 2020	<u>\$ -</u>	<u>-</u>	<u>622,822</u>	<u>622,822</u>
Balance on January 1, 2019	7,427	1,677	631,517	640,621
Recognized in profit or loss	(3,086)	(516)	(15,932)	(19,534)
Balance on December 31, 2019	<u>\$ 4,341</u>	<u>1,161</u>	<u>615,585</u>	<u>621,087</u>
	Unrealized exchange gain or loss	Unrealized gains on financial instruments at fair value through profit or loss	Other	Total
Deferred tax liabilities				
Balance on January 1, 2020	\$ -	35,156	7,670	42,826
Recognized in profit or loss	-	(871)	2,606	1,735
Balance on December 31, 2020	<u>\$ -</u>	<u>34,285</u>	<u>10,276</u>	<u>44,561</u>
Balance on January 1, 2019	19,800	29,605	6,206	55,611
Recognized in profit or loss	(19,800)	5,551	1,464	(12,785)
Balance on December 31, 2019	<u>\$ -</u>	<u>35,156</u>	<u>7,670</u>	<u>42,826</u>

The Company's tax returns for the years through 2018 were assessed by the National Tax Bureau.

(s) Capital and other equity

(i) Ordinary shares

	December 31, 2020	December 31, 2019
Authorized share capital	<u>\$ 36,000,000</u>	<u>32,000,000</u>
Issued share capital	<u>\$ 26,650,863</u>	<u>26,653,375</u>
Total shares issued	<u>\$ 2,665,086</u>	<u>2,665,338</u>

Of the Company's authorized shares, \$80,000 thousand shares had been reserved for the issuance of employee share options.

A resolution was passed during the board meeting held on June 14, 2019 for the issuance of 150,000 thousand ordinary shares for cash under public subscription, with par value of \$10 per share, issued at a discount of \$6.52. The Company has received the approval from the Financial Supervisory Commission for its capital increase on August 13, 2019, with December 10, 2019 as the base date.

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To meet the strategy of the Company, a resolution was passed during the general meeting of shareholders held on June 22, 2020 for a \$4,000,000 thousand capital increase for cash. After the capital increase, the Company's capital amounted to \$36,000,000 thousand, with 3,600,000 ordinary shares, at a par value of \$10 per share.

(ii) Information on capital surplus of the Company were as follows:

	December 31, 2020	December 31, 2019
Share premium	\$ -	123,629
Changes in equity of the invested company accounted for using equity method	7,819	-
Changes in ownership interests in subsidiaries	473	-
Difference between the consideration and carrying amount of the subsidiaries that has not been increased in proportion to shareholding	1,595	-
Restricted shares for employees	<u>(2,010)</u>	<u>(4,640)</u>
	<u>7,877</u>	<u>118,989</u>

Both resolutions were approved during the general meetings of the shareholders held on June 22, 2020 and June 17, 2019 to offset the deficit against the capital surplus of \$123,629 thousand and \$369,468 thousand, respectively.

(iii) Retained Earnings

According to the Articles of Incorporation, after tax earnings are initially used to offset cumulative losses, and 10% of the remainder is set aside as a legal reserve, except when the legal reserve of the Company reaches its paid in capital, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which will be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

In accordance with the Company Law, two thirds of authorized board of directors must be present, and more than half of the directors present will reach an agreement to distribute the dividends and bonuses or all or a portion of the legal reserve and capital reserve as stipulated in Item 11 of Article 241 of the Company Law in the form of cash, which is reported to the meeting of shareholders.

The Articles of Incorporation of the Company also stipulate a dividend policy that the issuance of share dividends takes precedence over the payment of cash dividends. In principle, cash dividends should be not less than 10% of total dividends distributed.

On June 22, 2020 and June 17, 2019, the Company has accumulated deficit and the Company's board of directors resolved not to appropriate the earnings. Related information can be found on the Market Observation Post System website of the Taiwan Stock Exchange.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(iv) Treasury shares

The Company acquired treasury shares as result of merging Gintech Energy on October 1, 2018. Related information were as follows:

	Number of shares held (in thousands of shares)	Carrying Amount	Market Price
Balance at December 31, 2020	\$ 1,883	18,699	26,839
Balance at December 31, 2019	\$ 1,883	18,699	14,427

The shares of the Company held by Utech has been treated as treasury shares. They were same as general shareholders except for the rights of cash injection and the rights of voting.

(t) Share-based payment

As of December 31, 2020, the Company's share-based payment plan are:

(i) Restricted employee shares

	Restricted share plan for employees					
	Issued in 2017	Issued in 2019	Issued in 2020	Issued by the original Gintech Energy	Issued by the original Solartech Energy	
Grant date	September 15, 2017	November 11, 2019	August 11, 2020	October 1, 2018	October 1, 2018	
Number of shares granted (in thousand shares)	1,855	2,205	795	1,225	4,896	
Contract term	2 years	2 years	2 years	0.5 years	2 years	
Recipients	Employees of the former Neo Solar Power Corporation	Employees of the Company	Employees of the Company	Employees of former Gintech Energy	Employees of former Solartech Energy	
Vested conditions	Still in service two years after the grant date	Still in service two years after the grant date	Still in service two years after the grant date	Still in service two years after the grant date	Still in service three years after the grant date	
Other conditions	-	-	-	Taken on by the Group after the merging, with the outstanding amount of shares adjusted according to the exchange ratio on the merge date	Taken on by the Group after the merging, with the outstanding amount of shares adjusted according to the exchange ratio on the merge date	

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UNITED RENEWABLE ENERGY CO., LTD.
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Relevant information of the new restricted employee shares of the Company is as follows:

Expressed in Thousands of shares

	For the years ended December 31,	
	2020	2019
Outstanding at 1 January (number)	3,212	5,252
Issued during the year (number)	795	2,205
Vested during the year (number)	(1,475)	(1,619)
Forfeited during the year (number)	(1,046)	(2,626)
Outstanding at 31 December (number)	<u>1,486</u>	<u>3,212</u>

(ii) Information for the cost of share-based payment

	For the years ended December 31,	
	2020	2019
Wages expense	<u>\$ 10,826</u>	<u>(301)</u>

(iii) Cash capital increase to retain employee stock options

A resolution was passed during the board meeting held on June 14, 2019 for the issuance of 150,000 thousand ordinary shares for cash under public subscription, with par value of \$10 per share. The Group has received the approval from the Financial Supervisory Commission for its capital increase on August 13, 2019, with November 29, 2019 as the grant date and December 10, 2019 as the base date.

Cash capital increase for employee stock options using the Black-Scholes model is as follow:

	<u>Cash-settled</u>
Share price at grant date	\$ 7.18
Exercise price	\$ 6.52
Expected volatility (%)	34.35 %
Expected life	21 days
Expected dividend	-
Risk-free interest rate (%)	0.45 %

Expected volatility is based on the Company's historical stock price information. The remuneration costs recognized by the Company in 2019 were 3,638 thousand.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(u) Loss per share

Calculations on loss per share of the Company were as follow:

	For the years ended December 31,	
	2020	2019
Basic loss per share:		
Loss attributable to ordinary shareholders of the Company	\$ <u>(6,139,015)</u>	<u>(5,686,065)</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	<u>2,660,510</u>	<u>2,511,855</u>
Loss per share	\$ <u>(2.31)</u>	<u>(2.26)</u>

The ordinary share equivalents of the Company were not included in this calculation due to their anti-dilutive effects.

(v) Revenue from contracts with customers

(i) Disaggregation of revenue:

	For the years ended December 31,	
	2020	2019
<u>Primary geographical markets</u>		
Revenue from sale of products	\$ 10,023,885	13,353,906
Other	<u>693,013</u>	<u>1,557,860</u>
	\$ <u>10,716,898</u>	<u>14,911,766</u>

	For the years ended December 31,	
	2020	2019
<u>Timing of revenue recognition</u>		
Performance obligation at a point in time	\$ 10,686,279	14,777,748
Performance obligation over time	<u>30,619</u>	<u>134,018</u>
	\$ <u>10,716,898</u>	<u>14,911,766</u>

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UNITED RENEWABLE ENERGY CO., LTD.
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(ii) Contract balance

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable	<u>\$ 1,971,356</u>	<u>1,852,814</u>	<u>2,555,098</u>
Contract assets			
Power plant construction contract	\$ -	45,940	13,381
Less: allowance for impairment	-	-	-
	<u>\$ -</u>	<u>45,940</u>	<u>13,381</u>
Contract liabilities			
Sales of products	\$ 261,976	252,409	187,109
Power plant construction contract	-	-	5,198
	<u>\$ 261,976</u>	<u>252,409</u>	<u>192,307</u>

- 1) For details on trade receivables and allowance for impairment, please refer to note 6(e).
- 2) The beginning balance of contract liabilities recognized as revenue for the years ended December 31, 2020 and 2019 were \$186,838 thousand and \$137,536 thousand respectively.

(w) Employee compensation and directors' remuneration

According to the Articles of Association, once the Company has annual profit, it should appropriate no less than 3% of the profit to its employees and 2% or less to its directors and supervisors as remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

The recipients of above mentioned remuneration may include employees of controlling or affiliated companies who meet certain conditions, and the relevant conditions and methods are authorized by the board of directors or by persons authorized by them.

Due to net loss for the years ended December 31, 2020 and 2019, the Company didn't estimate its employees', directors' and supervisors' remuneration.

(x) Non-operating Income and Expenses

(i) Other income

	For the years ended December 31,	
	2020	2019
Lease income	\$ 90,834	24,813
Dividend income	89,028	73,953
Service income	57,220	60,280
Other income	74,622	49,057
	<u>\$ 311,704</u>	<u>208,103</u>

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(ii) Other gains and losses

	For the years ended December 31,	
	2020	2019
Gain (Loss) on foreign currency exchange	\$ (12,952)	11,617
Gain (Loss) on disposals of investments	80,408	(138,117)
Contract compensation losses	(385,438)	-
Other	160,390	(16,458)
	\$ (157,592)	(142,958)

The Company failed to fulfill the procurement contract obligations with Supplier K. Therefore, Supplier K filed a lawsuit against the Company in the Hsin Chu District Court, requesting for the compensation of \$500,000 thousand. On October 13, 2017, the Hsin Chu District Court ruled in favor of Supplier K, wherein the Company has to pay for the damages caused to Supplier K with interest. The Company disagreed with the decision made by the Hsin Chu District Court; therefore, filed an appeal to the Taiwan High Court. On January 27, 2021, Taiwan High Court ruled against the Company, in which the Company disagreed with this decision. Hence, the Company filed an appeal, wherein the case is still in progress. In order to protect the legal rights and interests of the Company, a lawyer has been appointed to settle the case. In addition, the Company has evaluated and recognized all the possible losses.

(y) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Company has a large customer base, and is diversified across different industries and geographical locations, not related to each other, therefore, the concentration of credit risk is not large.

3) Credit risk of receivables and debt securities

The Company's financial assets at amortized cost, accounts receivable and other receivables are all with low risk on the reporting date. Therefore, the Company measures the allowance for impairment based on the 12 months expected credit loss. Please refer to note 6(d) and (e) for relevant credit risk information.

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UNITED RENEWABLE ENERGY CO., LTD.
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(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Over 3 years</u>
December 31, 2020					
Non-derivative financial liabilities					
Bank borrowings	\$ 7,860,186	4,756,276	3,103,910	-	-
Lease liabilities	415,011	19,211	17,616	14,582	363,602
Non-interest bearing liabilities	2,562,243	2,562,243	-	-	-
Derivative financial liabilities (Note)					
Inflow	(798,127)	(798,127)	-	-	-
Outflow	800,849	800,849	-	-	-
	<u>\$10,840,162</u>	<u>7,340,452</u>	<u>3,121,526</u>	<u>14,582</u>	<u>363,602</u>
December 31, 2019					
Non-derivative financial liabilities					
Bank borrowings	\$ 14,998,138	5,347,354	3,185,688	6,465,096	-
Lease liabilities	640,904	25,797	23,612	20,849	570,646
Non-interest bearing liabilities	2,410,399	2,410,399	-	-	-
Derivative financial liabilities					
Outflow	(761,726)	(761,726)	-	-	-
Inflow	760,090	760,090	-	-	-
	<u>\$18,047,805</u>	<u>7,781,914</u>	<u>3,209,300</u>	<u>6,485,945</u>	<u>570,646</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Company's significant exposure to foreign currency risk was as follows:

	<u>December 31, 2020</u>			<u>December 31, 2019</u>		
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD</u>
Financial assets						
Monetary items						
USD	\$ 129,154	28.0950	3,628,582	173,634	29.9950	5,208,152
EUR	8,850	34.5400	305,679	4,183	33.6200	140,632
CNY	2,202	4.3220	9,517	9,897	4.3000	42,557

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

	December 31, 2020			December 31, 2019		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Non-Monetary items						
USD	135,240	28.0950	3,799,578	156,655	29.9950	4,698,857
USD	544	28.0950	15,292	681	29.9950	20,426
GBP	4,126	38.2700	157,915	4,644	39.3900	182,919
MYR	10,870	6.7015	72,842	12,310	7.0380	86,638
Financial liabilities						
Monetary items						
USD	132,810	28.0950	3,731,297	149,145	29.9950	4,473,604
EUR	1,448	34.5400	50,014	550	33.6200	18,491
JPY	102,113	0.2724	27,816	617,203	0.2760	170,348

The Company's exposure to currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, and accounts and other payables that are denominated in foreign currency. The weakening or strengthening of 1% on the above mentioned foreign currency against the New Taiwan Dollars would have decrease or increase the net profit (loss) before tax for the years ended 2020 and 2019 by \$1,347 thousand and \$7,289 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the two periods.

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended 2020 and 2019, foreign exchange gain (loss) (including realized and unrealized portions), please refer to note 6 (x).

2) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.25%, the Company's net income would have decreased / increased by \$3,154 thousand and \$15,915 thousand for the years ended December 31, 2020 and 2019 with all other variable factors remaining constant. This is mainly due to the exposure of the fair value interest rate risk of the Company's variable interest rate deposit and loans.

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Notes to the Financial Statements

In addition, the Company's financial assets and liabilities with fixed interest rate are measured at amortized cost. The profit and loss of financial instruments are unaffected by fluctuations in interest rate on the reporting date, therefore, no sensitivity analysis has been disclosed.

3) Other market price risk

The Company's exposure to price risk on equity investments mainly arises from the investment of financial assets measured at fair value through other comprehensive income. If the price of the securities fluctuates on the reporting date (the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss), the impact on the consolidated income items are as follow:

Prices of securities at the reporting date	For the years ended December 31,	
	2020	2019
	Increasing 5%	\$ 16,425
Decreasing 5%	\$ (16,425)	(121,907)

4) Fair value of financial instruments

a) Fair value hierarchy

The Company's financial assets and liabilities measured at fair value through profit and loss, financial assets and liabilities for hedging and financial assets measured at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of various types of financial assets and liabilities (including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required) are listed as follows:

	December 31, 2020				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss					
Derivative financial assets	\$ 2,714	-	2,714	-	2,714
Financial assets at fair value through other comprehensive income					
Listed domestic stocks	\$ 328,498	169,038	159,460	-	328,498
Non-quoted equity instruments measured at fair value	35,893	-	-	35,893	35,893
Subtotal	\$ 364,391	169,038	159,460	35,893	364,391

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UNITED RENEWABLE ENERGY CO., LTD.
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	December 31, 2019				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	\$ 755	-	755	-	755
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	14,544,284				
Accounts payable (including related parties)	1,518,065				
Lease liabilities	397,144				
Other financial liabilities	892,334				
	<u>\$ 17,351,827</u>				

b) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

i) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

ii) Financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

c) Valuation techniques for financial instruments measured at fair value

i) Non-derivative financial instruments

If the financial instruments have a quoted price in an active market, the fair value should be determined on that price. The price quoted in major exchanges and over-the-counter trading are all considered basis for fair value determination for listed equity instruments.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide.

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UNITED RENEWABLE ENERGY CO., LTD.

Notes to the Financial Statements

The financial instruments held by the Company are distinguished according to the evaluation sources used to determine its fair value as follows:

- Financial instruments with an active market: including listed company stocks and fund beneficiary certificates, etc. The fair value of these instruments are determined by reference to their respective market quotes.
- Financial instruments without active market: Fair value is based on valuation techniques or reference counterparty quotes. The fair value obtained through evaluation techniques can refer to the current fair value of other financial instruments with similar conditions and characteristics, discounted cash flow method or other evaluation techniques, including calculations based on market information available on the date of the consolidated balance sheet.

ii) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models; forward foreign exchange contracts are usually evaluated based on the current forward exchange rate, and the fair value of other types of derivative financial instruments are determined based on appropriate option pricing models (such as the Black-Scholes model) or other evaluation methods.

d) Reconciliation of Level 3 fair values

The changes in Level 3 fair values for the six months ended in June 30, 2020 and 2019 are as follow:

	Non quoted equity instrument - fair value through other comprehensive incmoe	
	2020	2019
Opening balance	\$ 69,923	108,038
Total gains and losses recognized in other comprehensive income	1,711	(38,115)
Redemption	(6,845)	-
Reclassified	(28,896)	-
Ending balance	\$ 35,893	69,923

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As of December 31, 2020 and 2019, the total gains and losses were included in “unrealized gains and losses of financial assets at fair value through other comprehensive income”. The relevant assets were as follow:

	2020	2019
Total gains and losses recognized:		
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ <u>1,711</u>	<u>(38,115)</u>

- e) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss – derivative instruments” and “fair value through other comprehensive income – equity investments”.

Most of the fair value classified as Level 3 are singular significant unobservable input value, except for equity investments without an active market, which has multiple significant unobservable input data. The significant unobservable input values of equity instruments without an active market are independent of each other, thus there are no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	Black-Scholes options pricing model	<ul style="list-style-type: none"> · Value multiplier (1.63 for December 31, 2019) · Stock price volatility (38.22% for December 31, 2019) 	<ul style="list-style-type: none"> · The higher the value multiplier, the higher the fair value · The higher the volatility, the lower the fair value

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

- f) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

December 31, 2019	Input value	Increase(+) or decrease(-)	The effect of fair value fluctuations in other comprehensive income	
			Favorable	Unfavourable
Financial assets measured at fair value through other comprehensive income equity instruments without an active market	1.63	+5%	1,471	-
	1.63	-5%	-	(1,354)
	38.22%	+1%	-	(294)
	38.22%	-1%	294	-

The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

- (z) Financial risk management

- (i) Overview

The Company is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

Note 6(z) presents detailed information on exposure to each of the above risks and on the objectives, policies, and processes for measuring and managing risk.

- (ii) The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee ensures that the supervision of the management is in compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by an Internal Audit. The Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(aa) Capital management

The Company's objectives for managing capital to safeguard its capacity to continue to operate, to continue to provide a return for shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

The main management of the Company regularly reviews the Company's capital structure, including the cost of various capital and related risks. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities. There were no such significant changes in the debt ratio at December 31, 2020 and 2019.

(ab) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, were as follows:

- (i) Acquisition of Right-of-use assets by lease, please refer to note 6(i).
(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Foreign exchange movements and others	December 31, 2020
Long-term borrowings	\$ 11,855,436	(6,397,999)	(33,110)	5,424,327
Short-term borrowings	2,688,848	(282,273)	(86,573)	2,320,002
Lease liabilities	397,144	(25,666)	(102,027)	269,451
Total liabilities from financing activities	<u>\$ 14,941,428</u>	<u>(6,705,938)</u>	<u>(221,710)</u>	<u>8,013,780</u>

	January 1, 2019	Cash flows	Foreign exchange movements and others	December 31, 2019
Long-term borrowings	\$ 9,783,678	2,121,588	(49,830)	11,855,436
Short-term borrowings	6,143,020	(3,416,844)	(37,328)	2,688,848
Shor-term notes payable	79,963	(79,963)	-	-
Lease liabilities	426,929	(19,196)	(10,589)	397,144
Total liabilities from financing activities	<u>\$ 16,433,590</u>	<u>(1,394,415)</u>	<u>(97,747)</u>	<u>14,941,428</u>

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UNITED RENEWABLE ENERGY CO., LTD.
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(7) Related-party transactions:

(a) Name and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Company</u>
Zhongyang Corporation	Subsidiary
Ever Lite Power Inc.	Subsidiary (Note 7)
Apex Solar Corporation	Subsidiary
Solartech Materials Corporation	Subsidiary
Hsin Jin Optoelectronics	Subsidiary
Utech Solar Corporation (“Utech”)	Subsidiary
Best Power Service Corp.	Subsidiary
Prime Energy Corp.	Subsidiary (Note 7)
Huiyang Corporation	Subsidiary (Note 7)
NSP System Development Corp. (“NSP System”)	Subsidiary
Neo Solar Power (Nanchang) Ltd. (“NSP Nanchang”)	Subsidiary (Note 5)
Hsin Jin Solar Energy Co., Ltd.	Subsidiary
Shinkai Energy Power Ltd. Co.	Subsidiary
New Ray Investment Corp.	Subsidiary
Si Two Corp.	Subsidiary
Yong Zhou Ltd.	Subsidiary
GES Japan Corporation (“GES Japan”)	Subsidiary
Young Liang Ltd.	Subsidiary
Yong Yao Ltd.	Subsidiary (Note 6)
Yong Shun Ltd.	Subsidiary (Note 7)
Shanyang Green Power Ltd. Co.	Subsidiary
Tienyang Green Power Ltd. Co.	Subsidiary
Deyang Green Power Ltd. Co.	Subsidiary
Feng Yang Green Power Ltd. Co.	Subsidiary
Jeyang Green Power Ltd. Co.	Subsidiary
DelSolar (Wu Jiang) Ltd.	Subsidiary
United Agriculture Ecology Ltd. Co.	Subsidiary
United Renewable Energy Engineering Co., Ltd.	Subsidiary
Lianxi Energy Power Ltd. Co.	Subsidiary
Lianzhang Energy Power Ltd. Co.	Subsidiary
Liancheng Energy Power Ltd. Co.	Subsidiary
Dashiangying Energy Power Ltd. Co.	Subsidiary
Shanshang Energy Power Ltd. Co.	Subsidiary
Yanshan Energy Power Ltd. Co.	Subsidiary
Jiangung Energy Power Ltd.	Subsidiary

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Beryl Construction LLC	Subsidiary
Clean Focus Renewables Inc.	Subsidiary
DelSolar US Holdings (Delaware) Corporation (“DelSolar US”)	Subsidiary
ELECTRONIC J.R.C. S.R.L.	Subsidiary
GES Energy Middle East FZE (“GES ME”)	Subsidiary
General Energy Solutions UK Limited	Subsidiary
General Energy Solutions USA. Inc. (“GES USA”)	Subsidiary
Gintech (Thailand) Limited (“Gintech (Thailand)”)	Subsidiary
Neo Solar Power Vietnam Co., Ltd	Subsidiary
NSP Germany GmbH	Subsidiary
NSP Indygen UK Ltd.	Subsidiary
NSP SYSTEM NEVADA HOLDING CORP. (“NSP NEVADA”)	Subsidiary
NSP UK Holding Limited	Subsidiary
NSP Systems (BVI) Ltd. (“NSP BVI”)	Subsidiary
URE NSP CORPORATION	Subsidiary
ThinTech Materials Technology Co., Ltd.	Other related party
Taiwan Speciality Chemicals Corporation	Other related party (Note 3)
Sino-American Silicon Products Inc. (“SAS”)	Other related party (Note 3)
Top Green Energy Technologies Inc.	Other related party
Phanes Holding Inc.	Other related party
Clean Focus Yield Limited (“CFY”)	Other related party (Note 1)
Clean Focus Corporation (“CFC”)	Other related party (Note 1)
Si One Corp.	Associate (Note 4)
Da Li Energy Co., Ltd.	Associate (Note 4)
Yong Han Ltd. (“Yong Han”)	Associate (Note 4)
Yun Yeh Energy Inc.	Associate (Note 4)
Neo Cathay Electric Power Corp.	Associate (Note 4)
Neo Cathay Power Corp. (“Neo Cathay”)	Associate (Note 4)
Sunshine PV Corporation (“Sunshine PV”)	Associate (Note 2)
DS Energy Technology Co., Ltd.	Associate
V5 Technologies Co., Ltd.	Associate
Gintung Energy Corporation	Associate
Solarbright energy Co., Ltd.	Associate

Note 1: Former associates of the Company, wherein the subsidiary of the Company disposed all of CFY’s shares in January 2020. In addition, due to the fact that the directors of CFY are the same as those of the Company, therefore, the Company has significant control over CFY; hence CFY and its subsidiaries were listed as other related parties of the Company.

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Note 2: The Company resigned from the board of directors of Sunshine PV in May 2019, and no longer has significant control over it. Therefore, only show the transactions as of May 2019.

Note 3: The Company didn't serve as director of SAS in June 2020, and no longer has significant control over it. Therefore, only show the transactions as of June 2020.

Note 4: The Company disposed Neo Cathay's shares in September 2020, and no longer has significant control over it and its subsidiaries. Therefore, only show the transactions as of September 2020.

Note 5: The subsidiary of the Company disposed NSP Nanchang's shares in third quarter of 2020, and no longer has significant control over it. Therefore, only show the transactions as of July 2020.

Note 6: The Company disposed Yong Yao Ltd.'s shares in December 2019, and no longer has significant control over it. Therefore, only show the transactions as of December 2019.

Note 7: Liquidated and dissolved in 2020.

(b) Significant transactions with related parties

(i) Sales, accounts receivable and contract assets

Details of sales (discount) by the Company to related parties were as follows:

	For the years ended December 31,	
	2020	2019
Subsidiaries	\$ 246,615	1,320,686
Associates	44,325	249,312
Other related parties	(2,585)	11,210
	\$ 288,355	1,581,208

The terms of sale between the Company and related parties are negotiated by both parties based on the market conditions of the relevant products. The details of the accounts receivable and contract assets from the above transactions were as follows:

	December 31, 2020		December 31, 2019	
	Accounts Receivable	Contract Assets	Accounts Receivable	Contract Assets
Subsidiaries				
Gintech (Thailand)	\$ 149,964	-	158,620	-
NSP System	3	-	94,616	-
Others	5,543	-	28,025	-
Associates				
CFC	-	-	105,197	-
Yong Han	-	-	-	45,940
Others	-	-	13,546	-
Other related parties				
CFC	467	-	-	-
Less: Impairment allowance	(7)	-	(8,464)	-
	\$ 155,970	-	391,540	45,940

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(ii) Purchases, accounts payable, contract liabilities and prepayments

Details of purchases by the Company to related parties were as follows:

	For the years ended December 31,	
	2020	2019
Subsidiaries	\$ 1,141,585	655,821
Associates	1,457	-
Other related parties	79,957	11,620
	\$ 1,222,999	667,441

The terms of the purchase between the Company and related parties are based on conditions agreed upon by both parties. The details of the accounts payable and contract liabilities from the above transactions were as follows:

	December 31, 2020		December 31, 2019	
	Accounts Payable	Contract Liabilities	Accounts Payable	Contract Liabilities
Subsidiaries				
Gintech (Thailand)	\$ 28,845	420	275,811	-
Utech	137,335	-	49,218	-
Others	-	-	23,926	-
Other related parties	-	-	6,652	11
	\$ 166,180	420	355,607	11

In addition, the details of prepayments made by the Company related to purchase were as follows:

	December 31, 2020	December 31, 2019
Other related parties		
SAS	\$ -	1,117,975
Subsidiaries	-	54,835
	\$ -	1,172,810

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- (iii) The following are mainly generated from mutual advance payments for building power facilities between the Company and related parties, which were including in other receivables and other current liabilities:

	<u>Other receivables</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiaries		
DelSolar US	\$ 753,690	969,633
GES ME	592,455	629,372
NSP NEVADA	495,011	562,020
GES USA	247,419	189,162
Others	284,759	381,406
Associates	840	241
Other related parties	<u>29,176</u>	<u>20,997</u>
	<u>\$ 2,403,350</u>	<u>2,752,831</u>
	<u>Other current liabilities</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiaries		
GES Japan	\$ -	169,202
NSP BVI	205,092	-
Others	<u>37,609</u>	<u>7,508</u>
	<u>\$ 242,701</u>	<u>176,710</u>

- (iv) Sale of property, plant and equipment

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	<u>\$ 4,997</u>	<u>265,815</u>

- (v) Purchase of property, plant and equipment

	<u>For the years ended December 31,</u>		<u>Payables on equipment (classified as other current liabilities)</u>	
	<u>2020</u>	<u>2019</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiaries	<u>\$ 6,102</u>	<u>-</u>	<u>6,005</u>	<u>-</u>

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UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(vi) Loaning of funds and interest income

Details of loaning of funds between the Company and related parties from January 1 to December 31, 2019 were as follows. There were no such loans from January 1 to December 31, 2020.

	<u>Maximum balance of the current period</u>	<u>Ending balance</u>	<u>Interest rate</u>
Associates			
CFY	\$ 107,590	-	5 %
Sunshine PV	200,000	-	1.608 %
Subsidiaries	24,000	-	3 %
		<u>\$ -</u>	

Details on interest income received by the Company due to the above mentioned loaning of funds and investments in convertible preference shares issued by other related parties were as follows:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Other related parties		
Phanes Holding Inc.	\$ 8,180	9,541
Associates	-	4,145
Subsidiaries	-	288
	<u>\$ 8,180</u>	<u>13,974</u>

(vii) Other income

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries		
NSP System	\$ 42,028	42,373
Others	15,276	19,460
Associates	3,988	13,853
Other related parties	222	5,446
	<u>\$ 61,514</u>	<u>81,132</u>

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(viii) Dividend income

	For the years ended December 31,	
	2020	2019
Other related parties		
SAS	\$ -	65,581
Others	<u>7,000</u>	<u>1,600</u>
	<u>\$ 7,000</u>	<u>67,181</u>

(ix) Other expense

	For the years ended December 31,	
	2020	2019
Subsidiaries	\$ 4,697	33,365
Associates	<u>15</u>	<u>48</u>
	<u>\$ 4,712</u>	<u>33,413</u>

(c) Key management personnel compensation

	For the years ended December 31,	
	2020	2019
Short-term employee benefits	\$ 70,185	86,630
Post-employment benefits	1,604	2,076
Share-based payments	<u>3,645</u>	<u>1,686</u>
Total	<u>\$ 75,434</u>	<u>90,392</u>

Please refer to note 6(t) for further explanations related to share-based payments.

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(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	December 31, 2020	December 31, 2019
Property, plant and equipment	\$ 3,318,929	8,728,542
Investment property	2,671,322	-
Financial assets at fair value through other comprehensive income	-	2,172,922
Restricted bank deposit (accounted for as current assets and non current assets)	1,020,807	539,461
Investments accounted for using the equity method	-	608,967
Refundable deposit	<u>706,987</u>	<u>847,319</u>
	<u>\$ 7,718,045</u>	<u>12,897,211</u>

(9) Significant contingent liabilities and unrecognized commitments:

(a) Unrecognized contract commitments

(i) Unrecognized contract commitments

	December 31, 2020	December 31, 2019
Unused letter of credit (in USD thousand)	<u>\$ 4,211</u>	<u>3,411</u>
Bank guarantee (Note 13(a))	<u>\$ 3,046,655</u>	<u>3,334,640</u>

- (ii) The Company entered into separate long-term purchase agreements with several different silicon wafer suppliers. The Company has to make advance payments as guarantee and the suppliers shall meet the supply of materials in accordance with the contract terms. The advance payment may not be used for any other purposes than to deduct the payables arising from the purchase which is decided by both parties according to market price. In addition, the Company will recognize the impairments on the prepaid amounts according to the suppliers' operations as follows:

	December 31, 2020	December 31, 2019
Advance payment	<u>\$ 2,160,495</u>	<u>2,213,188</u>
Accumulated impairment loss	<u>\$ 164,853</u>	<u>51,732</u>

(10) Losses due to major disasters: None

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Notes to the Financial Statements

(11) Subsequent Events:

- (a) A resolution was decided during the board meeting held on March 25, 2021 for the Group to reduce its capital to cover for its deficit 11,571,176 thousand. The above resolution is subject for approval during the shareholders' meeting, and agreed by the relevant securities authority. Please see the Market Observation Post System for more details.
- (b) Judgment of damages litigation between the Group and the supplier, please refer to note 6 (x).
- (c) To expand the scale of operations and increase the use asset efficiently, the Group expects to issue ordinary shares or/and global depositary receipts or/and private shares in cash, with the maximum limit of 250,000 thousand ordinary shares. The above transaction will be submitted for discussion in the shareholders' meeting to be held in May 2021

(12) Others:

Employee benefits, depreciation and amortization expense are summarized based on functions as follows:

Functions Nature	For the years ended December 31, 2020			For the years ended December 31, 2019		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expense						
Salaries	713,059	365,996	1,079,055	1,165,132	416,177	1,581,309
Labor and health insurance	75,476	31,563	107,039	118,077	36,517	154,594
Pension	31,302	18,407	49,709	50,506	21,081	71,587
Remuneration of directors	-	8,280	8,280	-	8,280	8,280
Others	72,124	27,939	100,063	100,084	33,264	133,348
Depreciation expense	1,056,042	259,765	1,315,807	1,991,830	225,462	2,217,292
Amortization expense	-	2,310	2,310	124	3,740	3,864

The additional information of headcount and employee benefit are follows:

	2020	2019
Headcount	<u>1,689</u>	<u>2,317</u>
The number of non-employee director	<u>7</u>	<u>7</u>
Average cost of employee benefits	<u>\$ 794</u>	<u>840</u>
Average cost of salaries	<u>\$ 642</u>	<u>685</u>
Average of salaries expense variation	<u>(6.28)%</u>	<u>(2.14)%</u>
Remuneration of supervisors	<u>\$ -</u>	<u>-</u>

Employee remuneration includes basic salary for fixed items, bonuses for allowances and variable items, dividends, and other rewards in the form of stocks. The actual salary received will be determined based on factors such as seniority, rank, work performance, overall contribution, and special achievements.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

The manager is responsible for the Company's business performance. The remuneration is issued based on the employee's remuneration policy, target achievement status, future risks, current year's employee bonus payment policy, and reference to the past payment situation, as well as peer salary level verification, which will be implemented after a review and an evaluation have been made by the remuneration committee, to be submitted to the board of directors for approval.

The Company's remuneration to directors includes the directors' remuneration and monthly transportation allowance. It is set out in accordance with Article 33 of the Company's articles of association. However, independent directors of the Company receive a fixed monthly remuneration, and is excluded in the distribution of earnings.

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the years ended December 31, 2020:

- (i) Lending to other parties: None
- (ii) Guarantee and Endorsement for other parties: Please see Table 1 attached.
- (iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included): Please see Table 2 attached.
- (iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Group's paid-in capital: Please see Table 3 attached.
- (v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital: None.
- (vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: Please see Table 4 attached.
- (vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital: Please see Table 5 attached.
- (viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital: Please see Table 6 attached.
- (ix) Information regarding trading in derivative financial instruments: Please refer to Note 6(b) for related information.

(b) Information on investees:

The followings are the information on investees for the years ended December 31, 2020: Please see Table 7 attached.

(c) Information on investment in Mainland China : Please see Table 8 attached.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the Financial Statements

(d) Major shareholders:

Shareholder's Name	Shareholding	
	Shares	Percentage
National Development Fund, Executive Yuan	175,119,300	6.57 %
Management Committee of Yaohua Glass Corporation Ltd.	167,145,851	6.27 %

Note 1: This Table provides the information of number of ordinary shares and special shares which were delivered through non-physical registration (including treasury shares) owned by major shareholders with ownership of 5% or greater and was calculated by Taiwan Depository & Clearing Corporation using the last business day at the end of the quarter. There might be a difference between the share capital listed on the Company's financial statements and the actual number of shares delivered through non-physical registration due to different basis of calculation.

Note 2: If the shareholder delivered the shares to the trust, the above information would be revealed by the individual trust account under fiduciary account opened by the trustee. As for the shareholders handled the insider ownership declarations with shareholdings over 10% in accordance with the Securities and Exchange Act, their shareholdings include the shares owned by themselves plus the shares delivered to the trust which they have the right on allocating the trust properties, please refer to the Market Observation Post System website for information about insider ownership declaration.

(14) Segment information:

Please see the Consolidated Financial Statements for the year ended December 31, 2020.

UNITED RENEWABLE ENERGY CO., LTD.
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED December 31, 2020

TABLE 1 (In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Counter-party of guarantee and endorsement		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum amount for guarantees and endorsements	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship with the Company										
0	The Company	NSP Nevada	(2)	2,851,386	46,110	-	-	-	-	7,128,466	Y	N	N
0	The Company	NSP Indygen	(2)	2,851,386	356,220	-	-	-	-	7,128,466	Y	N	N
0	The Company	Apex	(2)	2,851,386	263,000	263,000	261,000	-	1.84	7,128,466	Y	N	N
0	The Company	Gintech (Thailand)	(2)	2,851,386	897,510	283,080	-	-	1.99	7,128,466	Y	N	N
0	The Company	GES USA	(2)	2,851,386	559,176	421,425	421,425	-	2.96	7,128,466	Y	N	N
0	The Company	NSP System	(2)	2,851,386	500,000	500,000	136,400	-	3.51	7,128,466	Y	N	N
0	The Company	GES UK	(2)	2,851,386	604,600	561,900	85,971	-	3.94	7,128,466	Y	N	N
0	The Company	Yong Liang	(2)	2,851,386	1,017,250	1,017,250	76,887	-	7.14	7,128,466	Y	N	N
0	The Company	The Company(Note3)	(2)	2,851,386	51,120	-	-	-	-	7,128,466	N	N	N

Note 1: The relation between guarantor and guarantee :

- (1) Ordinary business relationship.
- (2) Subsidiary which owned more than 50 percent by the guarantor.
- (3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
- (4) An investee owned more than 90 percent by the guarantor or its subsidiary.
- (5) Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
- (6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
- (7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: In accordance with the "Rules of Guarantees by the Company," the ceiling for the total guaranteed amount was 50% of the Company's net asset value, and the limit on the guaranteed amount for a single party was 20% of the Company's net asset value. But for business purposes, the limit of the guaranteed amount was the total of the purchases from or sales to the Company within the most recent year.

Note 3: In accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" Article 4.1.1. (3), although, the guaranteed party is the Company, the Company issued a separate promissory note to a non-financial enterprise to meet the financing needs, which is still in accordance with the term "endorsements/guarantees" under Article 4 of the regulations.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED December 31, 2020

TABLE 2

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	2020.12.31				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	Shares							
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income- current	3,003	114,715	0.39%	114,715	
	ThinTech Materials Technology Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income- non-current	7,000	159,460	9.52%	159,460	1
	GIGA SOLAR MATERIALS CORPORATION	-	Financial assets at fair value through other comprehensive income- non-current	266	54,323	0.44%	54,323	
	Taiwan Speciality Chemicals Corporation	-	Financial assets at fair value through other comprehensive income- non-current	1,691	18,601	0.58%	18,601	
	NTNU Innovation Investment Holding Company	-	Financial assets at fair value through other comprehensive income- non-current	200	2,000	2.00%	2,000	
	ASIA GLOBAL VENTURE CAPITAL II CO., LTD	-	Financial assets at fair value through other comprehensive income- non-current	770	15,292	10.00%	15,292	
	SUN APPENNINO CORPORATION	-	Financial assets at fair value through other comprehensive income- non-current	-	-	26.09%	-	
	FICUS CAPITAL CORPORATION	-	Financial assets at fair value through other comprehensive income- non-current	-	-	28.07%	-	
Convertible preference shares-Phanes Holding Inc.	Other related party	Financial assets at amortized cost- non-current	24	140,475	100.00%	140,475		

Note 1 : Private placement ordinary shares, subjected to transfer restrictions in accordance with Article 43-8 of the Securities and Exchange Act.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED December 31, 2020

TABLE 3

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares (thousands)	Amount
The Company	Shares NSP BVI	Investment accounted for using the equity method	(Note1)	Subsidiary	50,050	1,411,425	-	-	31,700	955,755	955,755	193,123	18,350	648,793
												(Note3)		
The Company	JRC	Investment accounted for using the equity method	(Note2)	Subsidiary	1	466	144	427,680	-	-	-	(215,725)	145	212,421
							(Note2)					(Note3)		
The Company	Neo Cathay	Investment accounted for using the equity method	San Ching Engineering	Non-related party	60,000	608,967	-	-	60,000	705,876	625,468	80,408	-	-
												(Note6)		
The Company	Shares-Utech	Investment accounted for using the equity method	(Note2)	Subsidiary	39,324	(264,541)	37,996	379,152	(26,962)	-	-	(1,392,703)	50,358	(1,278,092)
								(Note2)				(Note3)		
The Company	Shares-SAS	Financial assets at fair value through other comprehensive income- non-current	(Note4)	(Note5)	21,860	2,172,922	-	-	21,860	2,241,455	1,707,296	534,159	-	-

Note 1 : Cash capital reduction.

Note 2 : Issuance of common stock for cash and difference between consideration and carrying amount of subsidiaries's net assets due to the amount of the Group's proportionate interest.

Note 3 : Included share of loss (gains) of associates accounted for using equity method and cumulative translation adjustment.

Note 4 : Securities sold on the open market of stock exchange.

Note 5 : Originally was other related party of the Group, the Company didn't serve as a director of SAS since the end of June 2020, and no longer has a significant influence over it. Therefore, SAS is non-related parties since July 2020.

Note 6 : The Group disposed of all the equity shares of Neo Cathay in the third quarter of 2020. Please refer to Note 6(g) and 7.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
DISPOSAL PROPERTIES, PLANTS AND ERUIPMENT AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED December 31, 2020

TABLE 4 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Property name	Date of Transaction	Original acquisition date	Book value	Transaction amount	Price collection situation	Disposal gain	Trading partner	Relationship with the Holding Company	Purpose of disposal	Reference for price determination	Other agreement terms
The Company	Jhunan Science Park Jhunan plant A	109/7/9	97/3/1~100/8/25	789,380	1,038,306	As shown in the contract	248,926	Taiwan Mask Corporation	Non-related party	Increase asset use efficiency	Refer to the actual transaction prices, market conditions of neighboring real estate, and the appraisal report.	N

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED December 31, 2020

TABLE 5

(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Utech	Subsidiary	Purchase	565,527	7%	OA 14 days after receipt	-	-	(137,335)	(10.32%)	
The Company	Gintech(Tailand)	Subsidiary	Purchase	573,180	7%	60 days from the invoice date	-	-	(28,845)	(2.17%)	
The Company	Gintech(Tailand)	Subsidiary	Sale	(148,988)	1%	60 days from the invoice date	-	-	149,964	6.51%	

Note : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED December 31, 2020

TABLE 6

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (Note1)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	DelSolar US	Subsidiary	753,690	-	753,690	Receivable according to the financial situation	-	-
The Company	GES ME	Subsidiary	592,455	-	592,455	Receivable according to the financial situation	1,066	-
The Company	NSP NEVADA	Subsidiary	495,011	-	495,011	Receivable according to the financial situation	-	-
The Company	GES USA	Subsidiary	247,419	-	120,991	Receivable according to the financial situation	-	-
The Company	Gintech (Thailand)	Subsidiary	149,964	0.9	57,361	Receivable according to the financial situation	-	-

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
 INVESTEEES(EXCLUDING INFORMATION ON INVESTEEES IN MAINLAND CHINA)
 FOR THE YEAR ENDED December 31, 2020

TABLE 7

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2020			Highest % of Ownership during 2020	Investee recognized		Note
				December 31, 2020	December 31, 2019	Shares (Thousands)	% of Ownership	Carrying Value		Net Income (Loss) of the Investee	Investment Gain (Loss)	
The Company	UES	Independent State of Samoa	Investment company	NTD 1,918,131	NTD 1,910,636	62,188	100%	739,862	100%	(1,098,294)	(1,134,337)	
	DelSolar Cayman	Cayman Islands	Investment company	NTD 4,906,789	NTD 4,906,789	155,126	100%	604,644	100%	(292,433)	(292,080)	
	NSP BVI	British Virgin Islands	Investment company	NTD 470,424	NTD 1,426,179	18,350	100%	648,793	100%	214,343	214,343	
	GES ME	The United Arab Emirates	Solar related business	NTD 418,805	NTD 418,805	4	100%	182,811	100%	(152,564)	(152,564)	
	Apex	Taiwan	Solar related business	NTD 165,994	NTD 165,994	36,379	100%	197,084	100%	6,194	6,194	
	NSP UK	UK	Investment company	NTD 71,881	NTD 138,967	1,780	100%	157,915	100%	49,184	49,184	
	NSP System	Taiwan	Solar related business	NTD 144,200	NTD 144,200	14,420	100%	92,183	100%	(53,235)	(3,907)	Note 1
	Prime Energy	Taiwan	Electronic component manufacturing and selling	NTD -	NTD 90,000	-	-%	-	100%	(17)	(17)	
	New Ray Investment	Taiwan	Investment company	NTD 115,000	NTD 115,000	11,500	100%	59,478	100%	(6)	(6)	
	Zhongyang	Taiwan	Solar related business	NTD 24,121	NTD 24,121	3,500	100%	26,824	100%	(8,386)	(8,386)	
	Huiyang	Taiwan	Solar related business	NTD -	NTD 30,427	-	-%	-	-%	-	-	Note 1
	UREE	Taiwan	Solar related business	NTD 25,300	NTD 20,000	2,530	100%	1,372	100%	(18,417)	(18,417)	
	DelSolar Singapore	Singapore	Investment company	NTD 29,743	NTD 29,743	1,250	100%	16,634	100%	(1,630)	(1,630)	
	BPS	Taiwan	Solar related business	NTD 6,000	NTD 6,000	600	60.00%	15,277	60.00%	9,873	5,924	
	SMC	Taiwan	Solar related business	NTD 9,720	NTD 9,720	1,000	100%	9,850	100%	6	6	
	Utech	Taiwan	Electronic component manufacturing	NTD 717,070	NTD 337,114	50,356	99.87%	(1,278,092)	99.87%	(1,393,646)	(1,392,703)	Note 2
	Yong Liang	Taiwan	Solar related business	NTD 249,000	NTD 249,000	24,900	100%	268,875	100%	18,993	18,993	
	Yong Zhou	Taiwan	Solar related business	NTD 46,500	NTD 46,500	-	100%	(1,781)	100%	(7,610)	(7,610)	
	Ever Lite	Taiwan	Electronic component selling	NTD -	NTD -	-	-%	-	-%	-	-	Note 1
	Yong Shun	Taiwan	Solar related business	NTD -	NTD 2,000	-	-%	-	-%	(1)	(1)	Note 1
	JRC	Dominican	Solar related business	NTD 431,397	NTD 3,717	145	59.69%	212,421	59.69%	(28,329)	(7,956)	Note 2
	GES UK	UK	Investment company	NTD 2,943,653	NTD 3,170,893	95,890	100%	1,394,413	100%	(773,159)	(797,232)	Note 3
	Neo Cathay	Taiwan	Investment company	NTD -	NTD 600,000	-	-	-	40%	57,626	23,050	Note 4
	TSST	Malaysia	Solar related business	NTD 417,692	NTD 417,692	97,701	42.12%	72,842	42.12%	(9,726)	(4,097)	
	V5 Technology	Taiwan	Electronic component manufacturing and selling	NTD 114,084	NTD 114,084	7,789	32.73%	65,420	41.43%	(12,878)	(9,168)	
	Gintung	Taiwan	Electronic component manufacturing	NTD 34,341	NTD 34,341	13,460	36.38%	-	36.38%	12,637	-	
	DSET	Taiwan	Solar related business	NTD 10,500	NTD 10,500	1,050	29.17%	2,043	35%	(9,295)	(3,156)	
	Solar PV	Cayman Islands	Investment company	NTD -	NTD -	-	-%	-	-%	-	-	Note 1
	Dashiangying	Taiwan	Agriculture related business	NTD 100	NTD 100	10	100%	67	100%	(4)	(4)	
	Shinkai	Taiwan	Agriculture related business	NTD 100	NTD 100	10	100%	67	100%	(4)	(4)	
	Shanshang	Taiwan	Solar related business	NTD 20,100	NTD 100	2,010	100%	20,059	100%	(12)	(12)	
	Jiangung	Taiwan	Agriculture related business	NTD 100	NTD 100	10	100%	67	100%	(4)	(4)	
	Dungshr	Taiwan	Electronic component	NTD 2,100	NTD 100	210	100%	144	100%	(1,927)	(1,927)	
	Yanshan	Taiwan	Agriculture related business	NTD 100	NTD 100	10	100%	67	100%	(4)	(4)	
	Hemvan	Taiwan	Solar related business	NTD 30,000	NTD -	3,000	30%	29,828	30%	(572)	(172)	

Note 1 : As of December 31 2020, the company had liquidated and dissolved.

Note 2 : As of December 31 2020, the company had issued new shares.

Note 3 : As of December 31 2020, the company had redeemed.

Note 4 : As of December 31 2020, the company disposed of all the equity shares.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
 INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE YEAR ENDED December 31, 2020

TABLE 8 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Investment flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Highest % of Ownership during 2020	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outflow	Inflow							
DelSolar Wu Jiang	Solar related business	USD 120,000 \$ 3,371,400	Note 1	USD 120,000 \$ 3,371,400	-	-	USD 120,000 \$ 3,371,400	(91,463)	100%	100%	(91,463)	198,129	-
NSP Nanchang	Solar related business	USD 0 \$ -	Note 2	USD 5,000 \$ 140,475	-	-	USD 5,000 \$ 140,475	註2	-	100%	(1,395)	-	-

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2020 (US\$ in Thousands)	Investment Amount Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
USD 143,450 4,030,228	USD 149,618 4,203,518	8,554,159

Note 1 : Investments Mainland China through a third region.

Note 2 : The Group disposed of all the shares of NSP Nanchang in the third quarter of 2020.

Note 3 : The exchange rate used is the rate on December 31, 2020.

United Renewable Energy Co., Ltd.
Statement of cash and cash equivalents
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand and petty cash	Petty cash and cash on hand	\$ 381
Bank deposits	Check deposits	4,104
	Demand deposits	2,907,266
	Time deposits	6,169
	Foreign currency deposit (USD:17,883 thousand; JPY:1,690 thousand; CNY:2,211 thousand; EUR:2,859 thousand; GBP:2,001 thousand)	<u>687,757</u>
		<u><u>\$ 3,605,677</u></u>

Note: The foreign currency exchange rates on the balance sheet date are as follows:

USD dollar currency:28.095

JPY dollar currency:0.2724

CNY dollar currency:4.322

EUR dollar currency:34.54

GBP dollar currency:38.27

United Renewable Energy Co., Ltd.

Statement of trade receivables

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Customer Name</u>	<u>Description</u>	<u>Amount</u>
Non-related parties		
Client EZ	Operating	\$ 407,997
Client DQ	"	282,696
Client FA	"	249,530
Others (less than 10% for each customer)	"	<u>1,208,167</u>
Subtotal		2,148,390
Less: Loss allowance		<u>333,004</u>
Total		<u>\$ 1,815,386</u>

Note1:Accounts receivable – related party is not included in the accounts receivable referred to above.
Please refer to Note 7 to the financial statements for details.

United Renewable Energy Co., Ltd.

Statement of inventories

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable value
Finished goods	\$ 1,109,598	815,330
Work in process	69,631	110,494
Raw materials	556,475	564,239
Construction in progress	72,008	72,008
Subtotal	1,807,712	1,562,071
Less: Allowance for reduction of inventory to market	(320,671)	
Total	\$ 1,487,041	

Statement of other current assets

Item	Description	Amount
Temporary payments		\$ 160,259
Tax Overpaid Retained for Offsetting the Future Tax Payable		34,110
Others (individual amount does not exceed 10%)		3,464
		\$ 197,833

United Renewable Energy Co., Ltd.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Investee Company Name	Beginning balance		Additions		Reclassified		Decrease		Cumulative translation adjustment	Share of income (loss) for using equity method	Other	Change in capital surplus from investments in associates and joint ventures accounted for using equity method	Dividends income from subsidiary	Adjustment s from unrealized gain (loss)	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Ending balance			Net asset value	Note	
	Shares(in thousands)	Amount	Shares(in thousands)	Amount	Shares(in thousands)	Amount	Shares(in thousands)	Amount								Shares(in thousands)	Share holding ratio(%)	Amount			
Investment in subsidiaries																					
General Energy Solutions UK Limited	103,890	\$ 2,443,709	-	-	-	-	(8,000)	(227,240)	(133,548)	(797,232)	(84,363)	173,085	-	20,002	-	95,890	100.00 %	1,394,413	1,413,887		
Ultimate Energy Solution Limited	61,930	1,987,414	258	7,495	-	-	-	-	(120,710)	(1,134,337)	-	-	-	-	-	62,188	100.00 %	739,862	739,862		
NSP Systems (BVI) Ltd.	50,050	1,411,425	-	-	-	-	(31,700)	(955,755)	(36,827)	(214,343)	-	-	-	15,607	-	18,350	100.00 %	648,793	648,793	Note 1	
DelSolar Holding (Cayman) Ltd.	155,126	923,603	-	-	-	-	-	-	(27,352)	(292,080)	473	-	-	-	-	155,126	100.00 %	604,644	617,114		
GES Energy Middle East FZE	4	357,850	-	-	-	-	-	-	(22,475)	(152,564)	-	-	-	-	-	4	100.00 %	182,811	331,411		
Yong Liang Ltd.	24,900	246,742	-	-	-	-	-	-	-	18,993	-	-	(2,910)	6,050	-	24,900	100.00 %	268,875	265,875		
Apex Solar Corporation	50,500	190,890	-	-	-	-	(14,121)	-	-	6,194	-	-	-	-	-	36,379	100.00 %	197,084	197,084		
NSP UK Holding Limited	3,580	182,919	-	-	-	-	(1,800)	(67,086)	(6,632)	49,184	(470)	-	-	-	-	1,780	100.00 %	157,915	157,915		
NSP System Development Corp.	14,420	140,877	-	-	-	-	-	-	-	(3,907)	-	(45,683)	896	-	-	14,420	100.00 %	92,183	103,348		
Prime Energy Corp.	9,000	79,992	-	-	-	-	(9,000)	(79,975)	-	(17)	-	-	-	-	-	-	-	-	-		
New Ray Investment Corp.	11,500	72,524	-	-	-	-	-	-	-	(6)	-	-	(1,073)	-	(11,967)	11,500	100.00 %	59,478	59,478		
Zhongyang Corporation	3,500	37,104	-	-	-	-	-	-	-	(8,386)	-	-	(1,894)	-	-	3,500	100.00 %	26,824	26,824		
Huiyang Corporation	3,100	29,977	-	-	-	-	(3,100)	(29,977)	-	-	-	-	-	-	-	-	-	-	-		
Best Power Service Corp.	600	21,353	-	-	-	-	-	-	-	5,924	-	(12,000)	-	-	-	600	60.00 %	15,277	25,462		
Delsolar Holding Singapore Pte. Ltd.	1,250	18,565	-	-	-	-	-	-	(301)	(1,630)	-	-	-	-	-	1,250	100.00 %	16,634	16,634		
United Renewable Energy Engineering Co., Ltd.	2,000	14,489	530	5,300	-	-	-	-	-	(18,417)	-	-	-	-	-	2,530	100.00 %	1,372	1,372		
Solartech Materials Corporation	1,000	9,844	-	-	-	-	-	-	-	6	-	-	-	-	-	1,000	100.00 %	9,850	9,850		
Yong Zhou Ltd.	-	5,829	-	-	-	-	-	-	-	(7,610)	-	-	-	-	-	-	100.00 %	(1,781)	(1,781)		
Yong Shun Energy Power Ltd. Co.	200	799	-	-	-	-	(200)	(798)	-	(1)	-	-	-	-	-	-	-	-	-		
ELECTRONIC J.R.C. S.R.L	1	466	144	427,680	-	-	-	-	(16,024)	(7,956)	-	(173,085)	(253)	(18,407)	-	145	59.69 %	212,421	214,999		
Dashiangying Energy Power Ltd. Co.	10	71	-	-	-	-	-	-	-	(4)	-	-	-	-	-	10	100.00 %	67	67		
Shinkai Energy Power Ltd. Co.	10	71	-	-	-	-	-	-	-	(4)	-	-	-	-	-	10	100.00 %	67	67		
Shanshang Energy Power Ltd. Co.	10	71	2,000	20,000	-	-	-	-	-	(12)	-	-	-	-	-	2,010	100.00 %	20,059	20,059		
Jiangung Energy Power Ltd.	10	71	-	-	-	-	-	-	-	(4)	-	-	-	-	-	10	100.00 %	67	67		
United intelligence Co., Ltd.	10	71	200	2,000	-	-	-	-	-	(1,927)	-	-	-	-	-	210	100.00 %	144	144		
Yanshan Energy Power Ltd. Co.	10	71	-	-	-	-	-	-	-	(4)	-	-	-	-	-	10	100.00 %	67	67		
Ever Lite Power Inc.	-	1	-	-	-	-	-	(1)	-	-	-	-	-	-	-	-	-	-	-		
Solartech Japan Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00 %	-	-		
Utech Solar Corporation	39,324	(264,541)	37,996	379,955	-	-	(26,962)	-	-	(1,392,703)	(803)	-	-	-	-	50,358	99.87 %	(1,278,092)	(119,492)		
Sutotal		<u>7,912,257</u>		<u>842,430</u>				<u>(1,360,832)</u>		<u>(363,869)</u>		<u>(85,163)</u>		<u>(63,813)</u>		<u>24,148</u>		<u>(11,967)</u>		<u>3,369,034</u>	
Investments in associates																					
Neo Cathay Power Corp.	60,000	608,967	-	-	-	-	(60,000)	(625,468)	-	23,050	-	-	(6,549)	-	-	-	-	-	-	-	
TS Solartech SDN BHD	97,701	86,638	-	-	-	-	-	-	(9,699)	(4,097)	-	-	-	-	-	97,701	42.12 %	72,842	189,320		
V5 Technologies Co., Ltd.	7,790	66,769	-	-	-	-	-	-	-	(9,168)	-	7,819	-	-	-	7,790	32.73 %	65,420	50,127		
DS Energy Technology Co., Ltd.	1,050	3,604	-	-	-	-	-	-	-	(3,156)	1,595	-	-	-	1,050	29.17 %	2,043	2,043			
Gintung Energy Corporation	13,460	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,460	36.38 %	-	(45,401)		
Solarbright energy Co., Ltd.	-	-	3,000	30,000	-	-	-	-	-	(172)	-	-	-	-	-	3,000	30.00 %	29,828	29,828	Note 2	
Solar PV Corp.	30,500	-	-	-	-	-	(30,500)	-	-	-	-	-	-	-	-	-	-	-	-		
Sutotal		<u>765,978</u>		<u>30,000</u>				<u>(625,468)</u>		<u>(9,699)</u>		<u>6,457</u>		<u>1,595</u>		<u>7,819</u>		<u>(6,549)</u>		<u>170,133</u>	
Total		<u>8,678,235</u>		<u>872,430</u>				<u>(1,986,300)</u>		<u>(373,568)</u>		<u>(3,517,700)</u>		<u>(70,362)</u>		<u>24,148</u>		<u>(11,967)</u>		<u>3,539,167</u>	
Credit balance of investments accounted for using the equity method		264,541																			
Total		<u>\$ 8,942,776</u>																			<u>4,819,040</u>

Note 1: This year decrease due to NSP BVI reduced its capital in 2020.

Note 2: This year's equity investment in associates has been fully impaired, so the gain and loss of the invested company has not been recognized for the equity method.

United Renewable Energy Co., Ltd.

Statement of financial assets at fair value through other comprehensive income - non-current

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Investee Company Name	Beginning balance		Additions		Decrease		Gain (loss) on financial assets at fair value through other comprehensive income	Ending balance		Accumulated impairment loss	Guarantee or collateral provided	Note
	Shares(in thousands)	Amount	Shares(in thousands)	Amount	Shares(in thousands)	Amount		Shares(in thousands)	Amount			
Domestic listed ordinary shares												
Sino-American Silicon Products Inc.	21,860	\$ 2,172,922	-	-	21,860	1,707,296	(465,626)	-	-	N/A	None	
ThinTech Materials Technology Co., Ltd.	4,000	80,880	3,000	48,840	-	-	29,740	7,000	159,460	N/A	None	Note 1
GIGA SOLAR MATERIALS CORPORATION.	-	-	266	25,482	-	-	28,841	266	54,323	N/A	None	Note 2
Domestic unlisted ordinary shares												
Exojet Technology Corporation	5,885	28,896	-	-	5,885	25,482	(3,414)	-	-	N/A	None	Note 2
Taiwan Speciality Chemicals Corporation	1,691	18,601	-	-	-	-	-	1,691	18,601	N/A	None	
NTNU Innovation Investment Holding Company	200	2,000	-	-	-	-	-	200	2,000	N/A	None	
Sutotal		<u>2,303,299</u>		<u>74,322</u>		<u>1,732,778</u>	<u>(410,459)</u>		<u>234,384</u>			
Overseas unlisted ordinary shares												
ASIA GLOBAL VENTURE CAPITAL II CO., LTD.	1,000	20,426	-	-	230	6,845	1,711	770	15,292	N/A	None	
SUN APPENNINO CORPORATION	-	-	-	-	-	-	-	-	-	N/A	None	
FICUS CAPITAL CORPORATION	-	-	-	-	-	-	-	-	-	N/A	None	
Sutotal		<u>20,426</u>		<u>-</u>		<u>6,845</u>	<u>1,711</u>		<u>15,292</u>			
Total		<u>\$ 2,323,725</u>		<u>74,322</u>		<u>1,739,623</u>	<u>(408,748)</u>		<u>249,676</u>			

Note 1: ThinTech Materials Technology Co., Ltd. is private stock shares, according to Article 43-8 of the Securities and Exchange Act, the fair value of financial products that are subjected to transfer restrictions and cannot be sold due to an active market but subject to closed restrictions is determined on the basis of relevant market prices.

Note 2: GIGA SOLAR MATERIALS CORPORATION merged with Exojet Technology Corporation in December, 2020, GIGA SOLAR MATERIALS CORPORATION was the surviving company, conversion ratio of 22.1 registered ordinary shares of Exojet Technology Corporation for every 1 share of GIGA SOLAR MATERIALS CORPORATION's registered ordinary shares.

United Renewable Energy Co., Ltd.

Statement of changes in property, plant and equipment

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6 (h) for relevant information of property, plant and equipment.

Statement of changes in right-of-use assets

Please refer to Note 6 (i) for relevant information of right for use assets.

Statement of changes in investment property

Please refer to Note 6 (j) for relevant information of investment property.

Statement of changes in intangible assets

Please refer to Note 6 (k) for relevant information of intangible assets.

United Renewable Energy Co., Ltd.

Statement of short-term borrowings

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Bank</u>	<u>Description</u>	<u>Balance end of year</u>	<u>Contract Period</u>	<u>Mortgage or guarantee</u>
CTBC bank	Operating turnover	\$ 571,205	2020.11.30-2021.11.30	None
Taiwan Cooperative Bank	"	727,401	2020.06.05-2021.06.05	"
Taiwan Business Bank	"	126,428	2020.11.05-2021.11.05	"
Taichung Bank	"	205,894	2020.12.14-2021.12.14	"
Bank of Shanghai	"	274,836	2020.02.27-2021.02.27	"
Chang Hwa Bank	"	320,401	2020.10.20-2021.09.30	"
KGI Bank	"	<u>93,837</u>	2020.02.25-2021.02.25	Please refer to note 8 for relevant information
		<u>\$ 2,320,002</u>		

Note 1: The range of interest rates for bank borrowings at December 31, 2020 is 0.95%~1.86%.

Note 2: The unused amount of short-term bank loan facilities was \$2,179,456 thousand, as of December 31, 2020.

Statement of account payables

<u>Supplier Name</u>	<u>Description</u>	<u>Amount</u>
Non-related parties:		
Company DY	Operation	\$ 200,362
Company DZ	"	130,170
Others (individual amount does not exceed 10%)	"	<u>834,021</u>
Total		<u>\$ 1,164,553</u>

Note1: Accounts payable resulting from business activities.

Note2: Accounts payable – related parties were not included in the above accounts. Please refer to Note 7 to the financial statements for details.

United Renewable Energy Co., Ltd.
Statement of other current liabilities
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Contract loss allowance		\$ 811,565
Salaries and bonuses payable		220,775
Others (individual amount does not exceed 10%)	Payables for equipment, labor and health insurance, and water and electricity payables	<u>559,633</u>
		<u><u>\$ 1,591,973</u></u>

Statement of lease liabilities

<u>Item</u>	<u>Description</u>	<u>Rental Period</u>	<u>Discount rate</u>	<u>Amount</u>
Land	Plant land and parking spaces	2007.08~2037.12	2.83%~3.37%	\$ 260,651
Buildings	Office	2018.07~2022.12	3.37 %	2,532
Equipment	Business machine	2017.03~2021.03	2.83 %	67
Other assets	Official car	2019.05~2023.10	2.83 %	<u>6,201</u>
				269,451
Less: Lease liabilities due within one year				<u>10,610</u>
				<u><u>\$ 258,841</u></u>

United Renewable Energy Co., Ltd.

Statement of long-term borrowings

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Lender</u>	<u>Type</u>	<u>Balance end of year</u>	<u>Period</u>	<u>Collateral</u>
Bank loans				
10.13 billion syndicated loan from First Bank	Secured loan	\$ 4,562,171	2019.02.25-2024.02.25	Please refer to Note 8 to the financial statements for details.
KGI Bank loan	Secured loan	250,000	2018.12.27-2021.12.27	"
0.5 billion syndicated loan from First Bank	Unsecured loan	112,500	2016.09.09-2021.09.09	
King's Town Bank	Unsecured loan	430,587	2017.06.02-2021.05.10	
Sinopac leasing corporation	Inventory repurchase financing	11,484	2019.08.28-2021.02.28	
Hotai Finance Corporation	Inventory repurchase financing	<u>57,585</u>	2020.06.15-2021.09.15	
		5,424,327		
Less: Long-term bank loans due within one year		<u>2,335,756</u>		
Total		<u>\$ 3,088,571</u>		

Note1: The unused amount of long-term bank loan facilities was \$1,276,100 thousand, as of December 31, 2020.

Note2: The range of interest rates for bank borrowings and other borrowings at December 31, 2020 were 1.74%~2.71% and 5.00%~5.34%, respectively.

United Renewable Energy Co., Ltd.
Statement of operating revenue
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Solar cells and modules	106,007 thousands pieces	\$ 10,121,860
Others(note)		702,246
Sales returns and allowance		<u>(107,208)</u>
		<u>\$ 10,716,898</u>

Note1: Other sales are from construction, sale of power facilities and service revenue.

United Renewable Energy Co., Ltd.
Statement of operating costs
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Raw materials	
Raw materials, beginning of year	\$ 463,792
Add: Purchases	4,275,689
Less: Raw materials, end of year	(314,691)
Transfer to expense, disposal, and others	<u>(341,963)</u>
Raw materials used for the year	4,082,827
Direct labor	547,418
Manufacturing expenses	<u>1,779,575</u>
Manufacturing cost	6,409,820
Add: Beginning WIP goods (including construction in progress)	94,174
Transfer to expense, disposal, and others(including construction in progress)	153,775
Less:Ending WIP goods	<u>(125,187)</u>
Costs of finished goods	6,532,582
Add: Beginning finished goods	1,648,727
Purchases	3,131,111
Less: Finished goods at end of period	(1,047,163)
Transfer to expense, disposal, and others	<u>166,613</u>
Cost of goods sold	10,431,870
Add: Unamortized fixed manufacturing expense	592,419
Power plant maintenance cost	19,149
Cost of electricity sold	<u>9,267</u>
Operating cost	<u>\$ 11,052,705</u>

United Renewable Energy Co., Ltd.
Statement of operating expense
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>
Salaries expense	\$ 70,766	252,495	51,015
Depreciation expense	1,519	237,965	20,281
Transport fee	145,086	5,340	1,362
Certification fee	4,480	2,467	40,323
Others (individual amount does not exceed 10%)	<u>99,412</u>	<u>277,342</u>	<u>41,181</u>
	<u>\$ 321,263</u>	<u>775,609</u>	<u>154,162</u>