

**UNITED RENEWABLE ENERGY CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020**

Address: No.7, Lixing 3rd Road, Hsinchu Science Park, Hsinchu City 30078, Taiwan
Telephone: (03)5780011

The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of United Renewable Energy Co., Ltd. as of and for the year ended December 31, 2021 under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, United Renewable Energy Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: United Renewable Energy Co., Ltd.
Chairman: CHUM SAM HONG
Date: March 11, 2022



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web home.kpmg/tw

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of United Renewable Energy Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 (r) “Revenue recognition” for accounting policy and note 6 (aa) “Revenue from contracts with customers” of the consolidated financial statements for further information.

Description of key audit matter:

The Group's revenues are derived from the sales of solar modules, power plant 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 generated from world-wide operations, 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. The valuation of power plants under construction

Please refer to note 4 (h) “Inventory” for accounting policy and note 5 “assumptions and judgments, and major sources of estimation uncertainty for valuation of power plants under construction” of the consolidated financial statements for further information.

Description of key audit matter:

The Group developed its power plants under construction and sold them to earn profits. Therefore, the project revenue of the power plants under construction and the estimated marketable price are deemed essential by the Group, the valuation of power plants under construction is one of the key areas our audit focused on.

How the matter was addressed in our audit:

Our principal audit procedures included: 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; 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.

3. Assessment of impairment of non-financial assets

Please refer to note 4 (p) “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 consolidated financial statements for further information.

Description of key audit matter:

The Group belongs to a high capital expenditure industry, and its production capacity relies on the customer needs. However, in an environment where market changes rapidly, product prices volatile highly. 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.

Other Matter

United Renewable Energy Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation developed by IFRIC or SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chien Chen and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 18, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated 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' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 5,254,173	17	4,954,658	15	2100	Short-term borrowings (note 6(n))	\$ 50,389	-	2,320,002	7
1110	Financial assets at fair value through profit or loss - current (note 6(b))	74,255	-	2,714	-	2110	Short-term bills payable (note 6(o))	221,253	1	174,810	1
1120	Financial assets at fair value through other comprehensive income - current (note 6(c))	111,712	-	114,715	-	2120	Financial liabilities at fair value through profit or loss - current (note 6(b))	1,924	-	5,437	-
1140	Contract assets - current (notes 6(aa) and 7)	215,187	1	175,041	1	2130	Contract liabilities - current (notes 6(aa) and 7)	506,666	2	348,911	1
1170	Notes and accounts receivable, net (note 6(e))	1,871,520	6	2,078,846	6	2170	Notes and accounts payable	1,355,764	4	1,336,177	4
1180	Accounts receivable from related parties (notes 6(e) and 7)	225,389	1	206,901	1	2260	Liabilities related to non-current assets held for sale (note 6(g))	1,607,188	5	-	-
1200	Other receivables	141,706	-	174,376	1	2280	Lease liability - current (note 6(s))	59,058	-	50,913	-
1210	Other receivables from related parties (note 7)	407,956	1	785,448	2	2320	Current portion of long-term borrowings and preference share liabilities (notes 6(p) and (r))	2,446,656	8	5,381,804	17
130X	Inventories (notes 6(f) and 8)	2,653,595	9	3,517,082	11	2399	Other current liabilities (note 6(t) and 7)	1,727,778	6	1,626,370	5
1410	Prepayments (notes 7 and 9)	1,149,948	4	737,746	2		Total current liabilities	<u>7,976,676</u>	<u>26</u>	<u>11,244,424</u>	<u>35</u>
1460	Non-current assets held for sale (notes 6(g) and 8)	2,145,372	7	-	-		Non-Current liabilities:				
1476	Other financial assets (notes 8)	924,036	3	1,107,101	3	2500	Financial liabilities at fair value through profit or loss - non-current (notes 6(b) and (p))	49,896	-	99,741	-
1479	Other current assets	211,531	1	246,734	1	2530	Total bonds payable (note 6(q))	2,952,450	10	-	-
	Total current assets	<u>15,386,380</u>	<u>50</u>	<u>14,101,362</u>	<u>43</u>	2540	Long-term borrowings (note 6(p))	3,525,712	11	5,115,671	16
	Non-current assets:					2580	Lease liability - non-current (note 6(s))	560,061	2	605,021	2
1510	Financial assets at fair value through profit or loss - non-current (notes 6(b), (q) and (r))	97,096	-	182,058	1	2635	Preference share liabilities - non-current (note 6(r))	4,377	-	13,219	-
1517	Financial assets at fair value through other comprehensive income - non-current (notes 6(c) and 8)	333,791	1	276,774	1	2670	Other non-current liabilities (note 6(t))	313,704	1	358,511	1
1535	Financial assets at amortized cost - non-current (note 6(d))	-	-	140,475	-		Total non-current liabilities	<u>7,406,200</u>	<u>24</u>	<u>6,192,163</u>	<u>19</u>
1550	Investments accounted for using the equity method (notes 6(h) and 7)	211,473	1	176,322	1		Total liabilities	<u>15,382,876</u>	<u>50</u>	<u>17,436,587</u>	<u>54</u>
1600	Property, plant and equipment (notes 6(j), 7 and 8)	8,213,695	26	10,450,989	32	3110	Equity attributable to owners of parent (notes 6(x) and (y))				
1755	Right-of-use assets (note 6(k))	431,008	2	568,497	2	3200	Ordinary shares	16,278,140	52	26,650,863	82
1760	Investment property, net (note 6(l) and 8)	2,844,125	9	2,741,260	8	3350	Capital surplus	999,749	3	7,877	-
1780	Intangible assets (note 6(m))	4,803	-	70,317	-	3400	Accumulated deficit	(1,461,427)	(5)	(11,581,063)	(36)
1840	Deferred tax assets (note 6(w))	629,448	2	639,924	2	3500	Other equity	(667,163)	(2)	(802,046)	(2)
1915	Prepayments - non-current (notes 9)	1,934,036	6	1,979,465	6		Treasury shares	(18,699)	-	(18,699)	-
1920	Refundable deposits (note 8)	654,938	2	732,696	2		Total equity attributable to owners of parent	<u>15,130,600</u>	<u>48</u>	<u>14,256,932</u>	<u>44</u>
1942	Other receivables from related parties - non-current (note 7)	21,255	-	21,581	-	36XX	Non-controlling interests	701,780	2	767,182	2
1990	Other non-current assets (note 8)	453,208	1	378,981	2		Total equity	<u>15,832,380</u>	<u>50</u>	<u>15,024,114</u>	<u>46</u>
	Total non-current assets	<u>15,828,876</u>	<u>50</u>	<u>18,359,339</u>	<u>57</u>						
	Total assets	<u>\$ 31,215,256</u>	<u>100</u>	<u>32,460,701</u>	<u>100</u>		Total liabilities and equity	<u>\$ 31,215,256</u>	<u>100</u>	<u>32,460,701</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

	2021		2020	
	Amount	%	Amount	%
4000 Net operating revenues (notes 6(aa) and 7)	\$ 14,302,408	100	12,511,034	100
5110 Operating costs (notes 6(f)(s)(v), 7 and 12)	<u>13,573,589</u>	<u>95</u>	<u>13,387,510</u>	<u>107</u>
5900 Gross gain (loss) from operations	<u>728,819</u>	<u>5</u>	<u>(876,476)</u>	<u>(7)</u>
Operating expenses (notes 6(e)(s)(v) and 12):				
6100 Selling expenses	465,493	3	514,828	4
6200 General and administrative expenses	836,757	6	1,090,358	9
6300 Research and development expenses	101,435	1	176,893	1
6450 Impairment loss (reversal of impairment loss) on trade receivable	<u>43,283</u>	<u>-</u>	<u>(22,405)</u>	<u>-</u>
Total operating expense	<u>1,446,968</u>	<u>10</u>	<u>1,759,674</u>	<u>14</u>
6500 Other income and expenses	<u>(102,597)</u>	<u>(1)</u>	<u>(1,978,107)</u>	<u>(16)</u>
Loss from operations	<u>(820,746)</u>	<u>(6)</u>	<u>(4,614,257)</u>	<u>(37)</u>
Non-operating income and expenses:				
7010 Other income (notes 6(ac) and 7)	288,158	2	347,489	3
7020 Other gains and losses (notes 6(g)(h) and (ac))	(407,284)	(3)	(802,967)	(7)
7050 Finance costs (note 6(q)(r))	(390,719)	(2)	(651,941)	(5)
7060 Share of gain (loss) of associates and joint ventures accounted for using equity method (note 6(h))	(15,628)	-	(31,686)	-
7100 Interest income	<u>5,434</u>	<u>-</u>	<u>17,930</u>	<u>-</u>
	<u>(520,039)</u>	<u>(3)</u>	<u>(1,121,175)</u>	<u>(9)</u>
Loss before income tax	(1,340,785)	(9)	(5,735,432)	(46)
7950 Less: income tax expense (note 6(w))	<u>802</u>	<u>-</u>	<u>426,875</u>	<u>3</u>
8200 Net loss	<u>(1,341,587)</u>	<u>(9)</u>	<u>(6,162,307)</u>	<u>(49)</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	61,118	-	113,745	1
8360 Items that may be reclassified subsequently to profit or loss:				
8361 Exchange differences on translation of foreign statements	<u>(116,017)</u>	<u>-</u>	<u>(422,528)</u>	<u>(4)</u>
8300 Total other comprehensive income (loss)	<u>(54,899)</u>	<u>-</u>	<u>(308,783)</u>	<u>(3)</u>
Total comprehensive income (loss)	<u>\$ (1,396,486)</u>	<u>(9)</u>	<u>(6,471,090)</u>	<u>(52)</u>
Net loss attributable to:				
Shareholders of the parent	\$ (1,288,203)	(9)	(6,139,015)	(49)
Non-controlling interests	<u>(53,384)</u>	<u>-</u>	<u>(23,292)</u>	<u>-</u>
	<u>\$ (1,341,587)</u>	<u>(9)</u>	<u>(6,162,307)</u>	<u>(49)</u>
Total comprehensive income (loss) attributable to:				
Shareholders of the parent	\$ (1,332,771)	(9)	(6,398,838)	(51)
Non-controlling interests	<u>(63,715)</u>	<u>-</u>	<u>(72,252)</u>	<u>(1)</u>
	<u>\$ (1,396,486)</u>	<u>(9)</u>	<u>(6,471,090)</u>	<u>(52)</u>
Loss per share				
9750 Basic loss per share (NT dollars) (note 6(z))	<u>\$ (0.84)</u>		<u>(4.08)</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent							Total equity attributable to owners of parent	Non-controlling interest	Total equity
	Share capital		Accumulated deficits	Other equity		Unearned employees benefits	Treasury shares			
	Ordinary shares	Capital surplus			Exchange differences on translation of foreign financial statements			Unrealized gains (loss) on financial assets at fair value through other comprehensive income		
Balance at January 1, 2020	\$ 26,653,375	118,989	(6,000,644)	(296,106)	283,492	(18,414)	(18,699)	20,721,993	762,242	21,484,235
Net loss for the year ended December 31, 2020	-	-	(6,139,015)	-	-	-	-	(6,139,015)	(23,292)	(6,162,307)
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	(373,568)	113,745	-	-	(259,823)	(48,960)	(308,783)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	(6,139,015)	(373,568)	113,745	-	-	(6,398,838)	(72,252)	(6,471,090)
Other changes in capital surplus:										
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	7,819	-	-	-	-	-	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)	84,834	-
Changes in ownership interests in subsidiaries	-	473	-	-	-	-	-	473	(473)	-
Non-controlling interests	-	-	-	-	-	-	-	-	(7,970)	(7,970)
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)	-	(3,033)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	522,193	-	(522,193)	-	-	-	-	-
Difference between the price that has not been increased in proportion to shareholding and net value	-	1,595	(801)	-	-	-	-	794	801	1,595
Compensation cost of restricted shares for employees	-	-	-	-	-	12,558	-	12,558	-	12,558
Balance at December 31, 2020	<u>26,650,863</u>	<u>7,877</u>	<u>(11,581,063)</u>	<u>(669,674)</u>	<u>(124,956)</u>	<u>(7,416)</u>	<u>(18,699)</u>	<u>14,256,932</u>	<u>767,182</u>	<u>15,024,114</u>
Net loss for the year ended December 31, 2021	-	-	(1,288,203)	-	-	-	-	(1,288,203)	(53,384)	(1,341,587)
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(105,686)	61,118	-	-	(44,568)	(10,331)	(54,899)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	(1,288,203)	(105,686)	61,118	-	-	(1,332,771)	(63,715)	(1,396,486)
Other changes in capital surplus:										
Offset of deficit against capital surplus	-	(9,887)	9,887	-	-	-	-	-	-	-
Issue of shares	1,200,000	792,000	-	-	-	-	-	1,992,000	-	1,992,000
Capital reduction to offset accumulated deficits	(11,571,175)	-	11,571,175	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(12)	-	-	-	-	-	(12)	12	-
Non-controlling interests	-	-	-	-	-	-	-	-	(2,048)	(2,048)
Compensation cost of restricted shares for employees	-	-	-	-	-	4,621	-	4,621	-	4,621
Cancellation of restricted shares for employees	(1,548)	282	-	-	-	1,928	-	662	-	662
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	(172,902)	-	172,902	-	-	-	-	-
Difference between the price that has not been increased in proportion to shareholding and net value	-	3,291	(321)	-	-	-	-	2,970	349	3,319
Issuance of convertible bonds	-	177,366	-	-	-	-	-	177,366	-	177,366
Compensation cost of issuing shares	-	28,832	-	-	-	-	-	28,832	-	28,832
Balance at December 31, 2021	<u>\$ 16,278,140</u>	<u>999,749</u>	<u>(1,461,427)</u>	<u>(775,360)</u>	<u>109,064</u>	<u>(867)</u>	<u>(18,699)</u>	<u>15,130,600</u>	<u>701,780</u>	<u>15,832,380</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Loss before income tax	\$ (1,340,785)	(5,735,432)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,197,448	2,058,233
Amortization expense	4,808	8,900
Expected credit loss (gain)	72,459	(22,405)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(35,473)	5,508
Finance cost	315,215	651,941
Interest income	(5,434)	(17,930)
Dividends income	(14,178)	(89,028)
Compensation cost of restricted shares for employees	34,115	10,826
Share of loss of associates and joint ventures accounted for using the equity method	15,628	31,686
Loss on disposal of property, plant and equipment and power facilities business held for sale	108,823	598,885
Loss (gain) on disposal of investments	88,312	(204,861)
Impairment loss on property, plant and equipment	102,597	1,977,516
Impairment loss on intangible assets	-	591
Impairment loss on prepayment	-	116,788
Impairment loss on financial assets	163,650	-
Reversal of provisions	(130,985)	-
Others	(168,656)	451,479
Total adjustments to reconcile profit (loss)	<u>1,748,329</u>	<u>5,578,129</u>
Changes in operating assets and liabilities:		
Contract assets - current	(40,146)	308,206
Notes and accounts receivable	85,133	(49,122)
Accounts receivable from related parties	(16,446)	312,647
Other receivables	80,996	83,252
Other receivables from related parties	33,159	352,681
Inventory	739,094	801,045
Prepayments (including non-current)	(443,098)	94,512
Other current assets	31,516	419,515
Contract liabilities - current	157,755	25,079
Notes and accounts payable (including related parties)	31,894	(148,907)
Provisions	31,907	88,784
Other current liabilities	245,627	113,888
Total changes in operating assets and liabilities	<u>937,391</u>	<u>2,401,580</u>
Cash inflow generated from (used in) operations	1,344,935	2,244,277
Income taxes paid	(9,268)	(25,660)
Net cash flows generated from (used in) operating activities	<u>1,335,667</u>	<u>2,218,617</u>
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	(27,098)	2,241,455
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,614	6,470
Acquisition of investments accounted for using the equity method	(60,000)	(30,000)
Proceeds from disposal of associates	341,827	1,873,903
Proceeds from disposal of subsidiaries	549,456	247,957
Acquisition of property, plant and equipment	(681,490)	(254,697)
Proceeds from disposal of property, plant and equipment and power facilities business held for sale	3,213	1,132,792
Decrease in refundable deposits	66,342	157,224
Acquisition of intangible assets	(3,889)	-
Increase in other financial assets	(223,967)	(504,920)
Decrease (increase) in other non-current assets	38,994	(10,839)
Interest received	7,432	13,300
Dividends received	14,924	95,577
Net cash flows generated from investing activities	<u>32,358</u>	<u>4,968,222</u>
Cash flows from financing activities:		
Decrease in short-term loans	(2,247,103)	(422,748)
Increase (decrease) in short-term bills payable	46,400	(241,200)
Proceeds from issuing bonds	3,120,780	-
Proceeds from long-term borrowings	4,961,736	1,768,160
Repayments of long-term borrowings	(8,412,911)	(8,703,728)
Repayments of preference share liabilities	(16,903)	(17,978)
Payment of lease liabilities	(73,896)	(80,518)
Proceeds from issuance of ordinary shares	1,992,000	-
Interest paid	(322,026)	(596,186)
Others	1,581	54,732
Net cash used in financing activities	<u>(950,342)</u>	<u>(8,239,466)</u>
Effect of exchange rate changes	<u>(115,717)</u>	<u>(364,031)</u>
Net decrease in cash and cash equivalents	<u>301,966</u>	<u>(1,416,658)</u>
Cash and cash equivalents at beginning of period	<u>4,954,658</u>	<u>6,371,316</u>
Cash and cash equivalents at end of period	<u>\$ 5,256,624</u>	<u>\$ 4,954,658</u>
The components of cash and cash equivalents		
Cash and equivalents listed on consolidated balance sheets	\$ 5,254,173	4,954,658
Cash and equivalents related to non-current assets held for sale	2,451	-
Cash and equivalents at end of period	<u>\$ 5,256,624</u>	<u>\$ 4,954,658</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

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

(1) Company history

United Renewable Energy Co., Ltd., formerly Neo Solar Power Corp., (the “Group”) 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 Group’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 Group merged with former Gintech Energy Corporation (“Gintech”) and Solartech Energy Corporation (“Solartech”), with the Group as the sole surviving company. On March 31, 2019, the Group merged with former General Energy Solutions Inc. (GES), with the Group as the surviving company and GES as the dissolved entity.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were approved and released by the Group’s board of directors on March 11, 2022.

(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. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- 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”

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”

(Continued)

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

- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(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 Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
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 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

The Group 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 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies

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

(Continued)

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated 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 Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Group’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for alike transactions and other events in similar circumstances.

(Continued)

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements:

Investor	Investee	Principal activity	% of Ownership		Note
			December 31, 2021	December 31, 2020	
The Company	New Ray Investment Corp. ("New Ray Investment")	Investment company	- %	100.00 %	6
	DelSolar Holding Singapore Pte. Ltd. ("DelSolar Singapore")	Investment company	100.00 %	100.00 %	
	DelSolar Holding ("Cayman") Ltd. ("DelSolar Cayman")	Investment company	100.00 %	100.00 %	
	NSP Systems ("BVI") Ltd. ("NSP BVI")	Investment company	100.00 %	100.00 %	
	NSP UK Holding Limited ("NSP UK")	Investment company	100.00 %	100.00 %	
	Best Power Service Corp. ("BPS")	Solar related business	60.00 %	60.00 %	
	NSP System Development Corp. ("NSP System")	Solar related business	100.00 %	100.00 %	
	GES Energy Middle East FZE ("GES ME")	Solar related business	100.00 %	100.00 %	
	Utech solar corporation ("Utech")	Electronic component manufacturing	99.94 %	99.87 %	7
	Ultimate Energy Solution Limited ("UES")	Investment company	100.00 %	100.00 %	
	Solartech Materials Corporation ("SMC")	Solar related business	100.00 %	100.00 %	
	Apex solar Corporation ("Apex")	Solar related business	- %	100.00 %	7
	Zhongyang Corporation ("Zhongyang")	Solar related business	100.00 %	100.00 %	
	United Renewable Energy Engineering Co., Ltd. ("UREE")	Solar related business	100.00 %	100.00 %	
	Yong Liang Ltd. ("Yong Liang")	Solar related business	36.14 %	100.00 %	7
	Yong Zhou Ltd. ("Yong Zhou")	Solar related business	100.00 %	100.00 %	
	General Energy Solutions UK Limited ("GES UK")	Investment company	100.00 %	100.00 %	
	ELECTRONIC J.R.C. S.R.L ("JRC")	Solar related business	59.69 %	59.69 %	
	Dashianging Energy Power Ltd. Co. ("Dashianging")	Solar related business	100.00 %	100.00 %	5
	Shinkai Energy Power Ltd. Co. ("Shinkai")	Solar related business	100.00 %	100.00 %	5
	Shanshang Energy Power Ltd. Co. ("Shanshang")	Solar related business	100.00 %	100.00 %	
	Jiangung Energy Power Ltd. Co. ("Jiangung")	Solar related business	- %	100.00 %	7
	Dungshr Energy Power Ltd. Co. ("Dungshr")	Electronic component	100.00 %	100.00 %	
	Yanshan Energy Power Ltd. Co. ("Yanshan")	Solar related business	100.00 %	100.00 %	5

(Continued)

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

Investor	Investee	Principal activity	% of Ownership		Note	
			December 31, 2021	December 31, 2020		
GES UK	General Energy Solutions USA, Inc. ("GES USA")	Investment company	100.00 %	100.00 %		
	GES JAPAN CORPORATION ("GES JAPAN")	Investment company	100.00 %	100.00 %		
	NCH Solar 1 Limited ("NCH Solar 1")	Solar related business	- %	100.00 %	2	
	GES Solar 2 Limited ("GES Solar 2")	Solar related business	- %	100.00 %	2	
	GES Solar 3 Limited ("GES Solar 3")	Solar related business	- %	100.00 %	2	
	General Energy Solutions CANADA Inc. ("GES CANADA")	Investment company	100.00 %	100.00 %		
	NSP Germany	Solar related business	90.00 %	90.00 %		
GES USA	MEGATWO, LLC ("MEGATWO")	Solar related business	100.00 %	100.00 %		
	GES MEGATHREE, LLC ("MEGATHREE")	Solar related business	- %	40.00 %	2	
	GES MEGAFIVE, LLC ("MEGAFIVE")	Solar related business	100.00 %	100.00 %		
	GES MEGASIX, LLC ("MEGASIX")	Solar related business	100.00 %	100.00 %		
	GES MEGAEIGHT, LLC ("MEGAEIGHT")	Solar related business	100.00 %	100.00 %		
	GES MEGATWELVE, LLC ("MEGATWELVE")	Solar related business	100.00 %	100.00 %		
	GES MEGATHIRTEEN, LLC ("MEGATHIRTEEN")	Solar related business	100.00 %	100.00 %		
	GES MEGASIXTEEN, LLC ("MEGASIXTEEN")	Solar related business	100.00 %	100.00 %		
	GES MEGANINETEEN, LLC ("MEGANINETEEN")	Solar related business	100.00 %	100.00 %		
	GES MEGATWENTY, LLC ("MEGATWENTY")	Solar related business	100.00 %	100.00 %		
	GES ASSET TWO, LLC ("ASSET TWO")	Solar related business	- %	- %		
	GES ASSET THREE LLC ("ASSET THREE")	Solar related business	100.00 %	100.00 %		
	SH4 SOLAR LLC ("SH4")	Solar related business	100.00 %	100.00 %		
	Cedar Falls Solar Farm, LLC ("CEDAR FALLS")	Solar related business	- %	100.00 %	2	
	Schenectady Solar, LLC ("Schenectady")	Solar related business	- %	- %		
	Village of Coxsackie Municipal Solar	Solar related business	- %	- %	2	
	SEG MI 57 LLC ("SEG")	Solar related business	100.00 %	100.00 %		
	Kinect Solar Fund 1, LLC ("KINECT")	Solar related business	100.00 %	100.00 %		
	RER CT 57, LLC ("RER CT 57")	Solar related business	- %	100.00 %	2	
	TEV II, LLC ("TEV II")	Solar related business	100.00 %	100.00 %		
	Heywood Solar PGS, LLC ("HEYWOOD")	Solar related business	55.00 %	55.00 %		
	MP Solar, LLC ("MP Solar")	Solar related business	- %	55.00 %	2	
	Ventura Solar LLC ("Ventura")	Solar related business	- %	55.00 %	2	
	ILLINI POWER LLC	Solar related business	- %	- %	2	
	PS CS, LLC ("PS CS")	Solar related business	- %	- %	2	
	NSP NEVADA	Heywood Solar PGS, LLC ("HEYWOOD")	Solar related business	45.00 %	45.00 %	
		MP Solar, LLC ("MP Solar")	Solar related business	- %	45.00 %	2
Ventura		Solar related business	- %	45.00 %	2	
Livermore Community Solar Farm, LLC ("Livermore")		Solar related business	100.00 %	100.00 %		
Industrial Park Drive Solar, LLC ("Industrial Park")		Solar related business	100.00 %	100.00 %		
Hillsboro Town Solar, LLC ("Hillsboro")		Solar related business	100.00 %	100.00 %		

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

Investor	Investee	Principal activity	% of Ownership		Note
			December 31, 2021	December 31, 2020	
GES JAPAN	Hashimoto Corporation (“Hashimoto”)	Solar related business	- %	- %	3
GES CANADA	ELECTRONIC J.R.C., S.R.L(“JRC”)	Solar related business	40.31 %	40.31 %	
MEGATWO	Munisol S.A.P.I. de C.V.(“MUNISOL”)	Solar related business	100.00 %	100.00 %	
ASSET THREE	GES Asset Three Shima’s, LLC(“SHIMA’S”)	Solar related business	100.00 %	100.00 %	
	GES Asset Three Waimea, LLC(“WAIMEA”)	Solar related business	100.00 %	100.00 %	
	GES Asset Three Honokawai, LLC(“HONOKAWAI”)	Solar related business	100.00 %	100.00 %	
	GES Asset Three Eleele, LLC(“ELEELE”)	Solar related business	100.00 %	100.00 %	
	GES Asset Three Hanalei, LLC(“HANALEI”)	Solar related business	100.00 %	100.00 %	
	GES Asset Three Kapaa, LLC(“KAPAA”)	Solar related business	100.00 %	100.00 %	
	GES Asset Three Koloa, LLC(“KOLOA”)	Solar related business	100.00 %	100.00 %	
	MEGASIXTEEN	GES AC SOLAR 2017, LLC (“GESAC”)	Solar related business	67.59 %	67.59 %
GES AC	Anderson North Solar Project LLC(“Anderson N.”)	Solar related business	100.00 %	100.00 %	
	Anderson South Solar Project LLC(“Anderson S.”)	Solar related business	100.00 %	100.00 %	
	Flora Solar Project LLC(“Flora”)	Solar related business	100.00 %	100.00 %	
	Greenfield Solar Project LLC(“Greenfield”)	Solar related business	100.00 %	100.00 %	
	Spiceland Solar Project LLC(“Spiceland”)	Solar related business	100.00 %	100.00 %	
TEV II	TEV Solar Alpha18 LLC (“TEV Solar”)	Solar related business	100.00 %	100.00 %	
TEV Solar	AC GES Solar 2018 LLC(“AC GESSolar”)	Solar related business	66.19 %	66.19 %	
AC GES Solar	Richmond 2 Solar Park, LLC(“Richmond”)	Solar related business	100.00 %	100.00 %	
	Rensselaer 2 Solar Park, LLC(“Rensselaer”)	Solar related business	100.00 %	100.00 %	
	Advance Solar Park, LLC(“Advance”)	Solar related business	100.00 %	100.00 %	
DelSolar Cayman	DelSolar(“HK”)Ltd.(“DelSolar HK”)	Investment company	100.00 %	100.00 %	
	DelSolar US Holdings(“Delaware”) Corporation(“DelSolar US”)	Investment company	100.00 %	100.00 %	
	NSP SYSTEM NEVADA HOLDING CORP(“NSP NEVADA”)	Solar related business	100.00 %	100.00 %	
	URE NSP Corporation(“URE NSP”)	Solar related business	100.00 %	100.00 %	
NSP BVI	NSP HK Holding Ltd.(“NSP HK”)	Solar related business	100.00 %	100.00 %	
	Clean Focus GP Limited(“CFGP”)	Solar operation management services	- %	- %	3
DelSolar Singapore	Neo Solar Power Malaysia Sdn. Bhd(“NSP Malaysia”)	Technical management services	- %	- %	3
	Neo Solar Power Vietnam Co., Ltd.(“NSP Vietnam”)	Technical management services	- %	100.00 %	6
NSP UK	PV-Power-Park Pro 1 Verwaltungs GmbH(“PV-Power-Park”)	Solar related business	- %	100.00 %	6
	NSP Indygen UK Ltd.(“NSP Indygen”)	Solar related business	100.00 %	100.00 %	

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

Investor	Investee	Principal activity	% of Ownership		Note
			December 31, 2021	December 31, 2020	
NSP System	Hsin Jin Optoelectronics (“Hsin Jin Optoelectronics”)	Solar related business	80.00 %	80.00 %	
	Hsin Jin Solar Energy Co., Ltd. (“Hsin Jin Solar Energy”)	Solar related business	60.00 %	60.00 %	
	Si Two Corp. (“Si Two”)	Solar related business	100.00 %	100.00 %	
	Tienyang Green Power Ltd. Co. (“Tienyang”)	Solar related business	- %	100.00 %	2
	Deyang Green Power Ltd. Co. (“Deyang”)	Solar related business	- %	100.00 %	2
	Shanyang Green Power Ltd. Co. (“Shanyang”)	Solar related business	- %	100.00 %	2
	Jeyang Green Power Ltd. Co. (“Jeyang”)	Solar related business	- %	100.00 %	2
	Lianzhang Energy Power Ltd. Co. (“Lianzhang”)	Solar related business	100.00 %	100.00 %	
	Lianxi Energy Power Ltd. Co. (“Lianxi”)	Solar related business	100.00 %	100.00 %	
	Liancheng Energy Power Ltd. Co. (“Liancheng”)	Solar related business	100.00 %	100.00 %	5
	Feng Yang Energy Power Ltd. Co. (“Feng Yang”)	Solar related business	- %	100.00 %	2
UREE	United Agriculture Ecology Ltd. Co. (“UAE”)	Solar and agriculture-related business	100.00 %	100.00 %	5
Utech	Jiangung Energy Power Ltd. Co. (“Jiangung”)	Agriculture related business	100.00 %	- %	7
Jiangung	Yong Liang Ltd. (“Yong Liang”)	Solar related business	63.86 %	- %	7
NSP HK	XYH (Suzhou) Energy Ltd. (“XYH Suzhou”)	Solar related business	- %	100.00 %	6
CFGP	Clean Focus GP (HK) Limited. (“CFGP (HK)”)	Solar operation management services	- %	- %	4
DelSolar HK	DelSolar (Wu Jiang) Ltd. (“DelSolar Wu Jiang”)	Solar related business	100.00 %	100.00 %	
	NSP Japan Inc. (“NSP Japan”)	Solar related business	- %	- %	4
	Neo Solar Power (Nanchang) Ltd. (“NSP Nanchang”)	Solar related business	- %	- %	3
DelSolar US	DelSolar Development (Delaware) LLC (“DelSolar Development”)	Solar related business	100.00 %	100.00 %	
	Clean Focus Renewables Inc. (“CFR”)	Solar related business	100.00 %	100.00 %	
	USD1 Owner LLC (“USD1”)	Solar related business	100.00 %	100.00 %	
	Beryl Construction LLC (“Beryl”)	Solar related business	100.00 %	100.00 %	
CFGP (HK)	Clean Focus GP (Shanghai) Limited. (“CFGP (Shanghai)”)	Solar operation management services	- %	- %	4
DelSolar Wu Jiang	Neo Solar Power (Nanchang) Ltd. (“NSP Nanchang”)	Solar related business	- %	- %	3
DelSolar Development	DSS-USF PHX LLC	Solar related business	100.00 %	100.00 %	
	DSS-RAL LLC	Solar related business	100.00 %	100.00 %	
UES	Renewable Energy Solution Limited (“RES”)	Investment company	100.00 %	100.00 %	
RES	Gintech (“Thailand”) Limited (“Gintech (“Thailand”)”)	Solar related business	100.00 %	100.00 %	

Note 1: The subsidiary was deemed as a subsidiary of the Group in accordance with IFRS 10.

Note 2: The Group disposed of all the equity shares in 2021.

Note 3: The Group disposed of all the equity shares in 2020.

Note 4: The Group had liquidated and dissolved in 2020.

Note 5: The Group had been liquidating and dissolving in 2021.

Note 6: The Group had liquidated and dissolved in 2021.

Note 7: Please refer to Note 13 (b) for the details of subsidiaries.

(iii) Subsidiaries not included in the consolidated financial statements: None.

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

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group 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:

(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 Group 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 Group 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.

(e) 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; or
- (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.

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

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; or
- (iv) The Group 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.

(f) 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.

(g) 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 Group 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 (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group 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.

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on 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.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group 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 Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group 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 Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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The Group 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.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group 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 Group's historical experience and informed credit assessment as well as forward-looking information.

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

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

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

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 Group in accordance with the contract and the cash flows that the Group 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 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group 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 Group 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 Group's procedures for recovery of amounts due.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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5) Derecognition of financial assets

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) 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) Preference shares

The Group's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognized as interest expense in profit or loss as accrued.

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognized as equity distributions on approval by the Company's shareholders.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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5) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

6) 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.

7) Derecognition of financial liabilities

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

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

(iii) Derivative financial instruments and hedge accounting

The Group 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.

(h) 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.

(i) Non-current assets (or disposal groups)

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(j) Investment in associates

Associates are those entities in which the Group 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.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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The consolidated financial statements include the Group'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 Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group 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 Group and an associate are recognized only to the extent of unrelated Group's interests in the associate. When the Group'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 Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group 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 Group 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 Group 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 Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group 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.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method without remeasuring the retained interest.

When the Group 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 Group's proportionate interest in the net assets of the associate. The Group 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 Group'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.

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

(k) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 “Joint Arrangements” defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in “Investments in Associates and Joint Ventures”, unless the Group qualifies for exemption from that Standard.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(l) 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.

(m) 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.

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

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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(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 Group.

(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: 3~31 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.

(n) Leases

At inception of a contract, the Group 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.

(i) As a lessee

The Group 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.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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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 Group's incremental borrowing rate. Generally, the Group 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.

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

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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(ii) As a lessor

When the Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group 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 Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

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

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(o) 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 Group 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.

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

The estimated useful lives for current and comparative periods are 1 to 15 years

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

(p) Impairment of non-financial assets

At each reporting date, the Group 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. Goodwill is tested annually for impairment.

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. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(q) Provisions

A provision is recognized if, as a result of a past event, the Group 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.

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

(r) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group's main types of revenue are explained below.

1) Sale of goods

The Group engages in the manufacturing of solar cells and modules, as well as in the development and sales of solar plant. The Group 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 Group provides a standard warranty for sale of goods and bears the obligation to refund defects, in which the Group 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.

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

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.

3) Power electric revenue

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

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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4) Service revenue

The Group provides solar cell OEM services to customers, and the provision of related services is based on the contract price and recognized on the degree of fulfillment of performance obligations on the reporting date.

5) Financing components

The Group 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 Group does not adjust any of the transaction prices for the time value of money.

(s) 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.

(t) 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.

(u) 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.

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

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

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 Group 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 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.

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 Group 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.
- (v) Earnings per share

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

(Continued)

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

(w) Operating segments

An operating segment is a component of the Group 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 Group). Operating results of the operating segment are regularly reviewed by the Group'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.

(x) Changes in accounting policies

During 2021, the Group adjusted useful life of partial equipment to reasonably reflect the future economic benefits of the asset. The useful life of equipment is extended to 27~30 years from the date of purchase. The effect of these changes on actual and expected depreciation expense, included in cost of sales, was as follows:

	2021	2022	2023	2024	2025	Later
(Decrease) increase in depreciation expense \$	(1,120)	(13,451)	(13,451)	(13,451)	(13,451)	54,924

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

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following 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:

Judgment of whether the Group has substantive control over its investees

The Group are not controlling shareholder to the associates 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 has significant influence on its associates.

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:

(a) Valuation of inventories-construction in progress

The Group evaluate the completion progress of each power plant project and additional costs needed to be invested as of the reporting date and stated at the lower of cost or net realizable value. Due to market environment, government policy and business strategy, there may be significant changes in the net realizable value of inventories.

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

(b) Impairment of non-financial assets

In the process of evaluating the potential impairment of assets, the Group 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 Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. please refer to note 6(ad) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand, checking accounts and demand deposits	\$ 5,241,731	4,927,839
Time deposits	<u>12,442</u>	<u>26,819</u>
Cash and cash equivalents listed in the consolidated cash flow statements	<u>\$ 5,254,173</u>	<u>4,954,658</u>

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

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

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

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Financial assets mandatorily measured at fair value through profit or loss:		
Derivatives not used for hedging		
Foreign exchange swap contracts	\$ 4,443	2,714
Forward exchange contracts	2,941	-
Long call options	157,067	182,058
Embedded derivative-redemption	<u>6,900</u>	<u>-</u>
Total	<u>\$ 171,351</u>	<u>184,772</u>
Current	\$ 74,255	2,714
Non-current	<u>97,096</u>	<u>182,058</u>
Total	<u>\$ 171,351</u>	<u>184,772</u>
Financial liabilities designated at fair value through profit or loss:		
Derivatives not used for hedging		
Forward exchange contracts	\$ -	5,437
Short call options	<u>51,820</u>	<u>99,741</u>
Total	<u>\$ 51,820</u>	<u>105,178</u>
Current	\$ 1,924	5,437
Non-current	<u>49,896</u>	<u>99,741</u>
Total	<u>\$ 51,820</u>	<u>105,178</u>

- (i) The short call options mentioned above derived from the loan contract signed with Indiana Municipal Power Agency (IMPA). Refer to note 6(p) for more details.
- (ii) The long call options listed above were derived from the issuance of preference shares by the Group, making an agreement with the preference shareholders that the Group has the right to buy back all shares on the specific date. Refer to note 6(r) for more details.

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

- (iii) The fair value of the derivatives mentioned above is estimated using the Black-Scholes options evaluation model, and the relevant parameters were as follows:

	December 31, 2021	December 31, 2020
Shorting call options-MEGASIXTEEN		
Estimated strike price	USD13,347 thousand dollars	USD13,347 thousand dollars
Expected volatility	22.0%	33.0%
Duration	1 year	2 years
Discount rate	6.7473%	7.2898%
Shorting call options-TEV II		
Estimated strike price	USD13,822 thousand dollars	USD13,822 thousand dollars
Expected volatility	30%	25%
Duration	3 years	4 years
Discount rate	6.7473%	7.2898%
Longing call options-MEGASIXTEEN		
Estimated strike price	USD656 thousand dollars	USD656 thousand dollars
Expected volatility	22.0%	33.0%
Duration	1 year	2 years
Discount rate	6.7473%	7.2898%
Longing call options-TEV II		
Estimated strike price	USD704 thousand dollars	USD704 thousand dollars
Expected volatility	32%	27%
Duration	2.5 years	3.5 years
Discount rate	6.7473%	7.2898%

- (iv) The Group 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:

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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<u>December 31, 2021</u>	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (in Thousands)</u>
Foreign exchange swap contracts	NTD/USD	January 10, 2021~March 8, 2022	NTD1,083,250/ USD39,000
Selling Forward exchange contracts	EUR/USD	January 10, 2022	EUR2,000/ USD2,377
<u>December 31, 2020</u>			
Foreign exchange swap contracts	USD/NTD	February 9, 2021~March 22, 2021	USD20,000/ NTD564,600
Selling Forward exchange contracts	EUR/USD	January 4, 2021~ April 6, 2021	EUR6,900/ USD8,313

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

	For the years ended	
	December 31,	
	<u>2021</u>	<u>2020</u>
Revaluation of derivatives listed in profit and loss	\$ <u>41,416</u>	<u>36,818</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Equity instrument measured at fair value through other comprehensive income:		
Domestic investments		
Listed ordinary shares	\$ 389,616	328,498
Unlisted ordinary shares	47,699	47,699
Overseas investments - unlisted ordinary shares	<u>8,188</u>	<u>15,292</u>
Total	<u>\$ 445,503</u>	<u>391,489</u>
Current	\$ 111,712	114,715
Non-current	<u>333,791</u>	<u>276,774</u>
Total	<u>\$ 445,503</u>	<u>391,489</u>

- (i) The Group'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) During 2021 and 2020, the dividends of \$14,178 thousand and \$89,028 thousand, related to equity investments at fair value through other comprehensive income, respectively, were recognized.

(Continued)

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

- (iv) Due to the changes in strategic layout, the Group has sold its shares held in Apex and realized a loss of \$172,902 thousand, which was reclassified from other equity to retained earnings during the six months ended June 30, 2021; the Group 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 Group transferred this account from other equity to retained earnings.
- (v) For credit risk and market risk, please refer to note 6(ad).
- (vi) The financial assets mentioned above had not been pledged as collateral.
- (d) Financial assets at amortized cost

	December 31, 2021	December 31, 2020
Convertible preference shares - Phanes Holding Inc.	\$ -	140,475

- (i) The Group 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 Group subscribed to the entire five-year callable preference shares (C-Shares III) for 24,000 shares, at par value, amounting to USD5,000 thousand. According to the future recoverability which based on the preference shares cash flow assessment, the Group recognized impairment loss on financial assets of 163,650 thousand during the fourth quarter of 2021.
- (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 Group and Phanes Holding Inc. As of December 31, 2021 and 2020, the interest receivables, classified as other receivables from related parties, both amounted to \$29,176 thousand. The Group recognized the interest receivable mentioned above as expected credit losses 29,176 thousand in the fourth quarter of 2021, classified as other gains and losses.
- (iv) Financial assets at amortized cost had not been pledged as collateral.
- (e) Notes and accounts receivables

	December 31, 2021	December 31, 2020
Notes and accounts receivable	\$ 2,075,173	2,654,828
Accounts receivable from related parties	225,413	206,908
Less: Loss Allowance	(203,677)	(575,989)
	\$ 2,096,909	2,285,747

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

- (i) The Group 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 provisions were determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,845,274	0%~0.18%	2,022
1 to 30 days past due	189,663	0%~0.98%	516
31 to 60 days past due	5,619	0%~2.43%	131
61 to 90 days past due	-	0%~6.42%	-
91 to 120 days past due	-	0%~11.16%	-
121 to 150 days past due	-	0%~25.58%	-
151 to 180 days past due	-	0%~56.16%	-
More than 181 days past due	<u>260,030</u>	0%~100%	<u>201,008</u>
Total	<u>\$ 2,300,586</u>		<u>203,677</u>
	December 31, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,464,649	0%~0.09%	825
1 to 30 days past due	230,088	0%~0.49%	653
31 to 60 days past due	76,778	0%~1.52%	1,132
61 to 90 days past due	17,015	0%~2.83%	354
91 to 120 days past due	25,008	0%~7.91%	-
121 to 150 days past due	3,417	0%~17.05%	-
151 to 180 days past due	6,220	0%~54.55%	1,092
More than 181 days past due	<u>1,038,561</u>	0%~100%	<u>571,933</u>
Total	<u>\$ 2,861,736</u>		<u>575,989</u>

(Continued)

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

- (ii) The movement in the allowance for notes and trade receivables were as follows:

	For the years ended December 31,	
	2021	2020
Balance at January 1	\$ 575,989	602,251
Impairment loss recognized (reversed)	43,283	(23,661)
Amounts written off	(414,541)	(2,531)
Foreign exchange gains (loss)	(1,054)	(70)
Balance at December 31	<u>\$ 203,677</u>	<u>575,989</u>

- (iii) The aforementioned notes and accounts receivables of the Group had not been pledged as collateral.

- (f) Inventories

	December 31,	December 31,
	2021	2020
Construction in progress	\$ 1,169,849	1,965,203
Finished goods and products	447,809	1,093,257
Raw materials	884,942	386,667
Work in progress	150,995	71,955
	<u>\$ 2,653,595</u>	<u>3,517,082</u>

- (i) The construction in progress listed above is the construction cost incurred to build the power plant that the Group is intending to sell.

- (ii) The details of the cost of sales were as follows:

	For the years ended	
	December 31,	
	2021	2020
Cost of goods sold	\$ 13,641,406	11,918,274
Unallocated production overheads	225,647	692,238
Write-down and retirement of inventories(reversal)	(170,555)	488,716
Others	(122,909)	288,282
Total	<u>\$ 13,573,589</u>	<u>13,387,510</u>

- (iii) The inventories of the Group had been pledged as collateral in 2020, please refer to note 8. There were no such pledges as collateral in 2021.

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

(g) Non-current assets held for sale

During 2021, the Group decided to sell some foreign subsidiaries and has begun to process some selling matters, the assets and liabilities of foreign subsidiaries were presented as a disposal group held for sale. As of December 31, 2021, the assets and liabilities of disposal group were \$2,145,372 thousand and \$1,607,188 thousand, as the following:

	December 31, 2021
Bank deposit	\$ 2,451
Inventories	635,456
Accounts receivable	49,090
Property, plant and equipment	1,109,793
Intangible assets	63,548
Restricted assets - non-current	259,369
Other assets	<u>25,665</u>
Assets held for sale	<u>\$ 2,145,372</u>
Bank borrowings	\$ 925,810
Other payables	34,576
Other liabilities	33,611
Lease liability - non-current	<u>613,191</u>
Liabilities held for sale	<u>\$ 1,607,188</u>

The impairment loss of \$15,791 thousand resulting from measuring at the lower of other carrying amount and fair value less costs to sell shall be disclosed in the consolidated statements of comprehensive income.

(h) Investments accounted for using the equity method

	December 31, 2021	December 31, 2020
Associates	\$ 208,145	172,944
Joint ventures	<u>3,328</u>	<u>3,378</u>
	<u>\$ 211,473</u>	<u>176,322</u>

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

(ii) Associates

- 1) The Group held 28.67% of the equity of Clean Yield Focus (CFY). Both parties agreed to sell back all of the shares to CFY under certain terms and conditions, and the Group has executed the option in the first quarter of 2020, with the proceeds and gains on disposal of \$1,649,963 thousand and \$217,826 thousand, respectively, classified as other gains and losses; please refer to note 7.

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

- 2) The Group 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.
- 3) The Group sold the 40% shares of GES MAGATHREE, LLC for \$2,438 thousand, the gain of disposal was \$350 thousand, which was classified as other gain and loss.
- 4) The Group's financial information on investments in individually insignificant associates accounted for using the equity method at the reporting date was as follow. This financial information was included in the consolidated financial statements:

	December 31, 2021	December 31, 2020
Carrying amount of individually insignificant associates' equity	\$ 208,145	172,944
	For the years ended December 31,	
	2021	2020
Attributable to the Group		
Net income (loss)	\$ (15,628)	(31,686)
Other comprehensive income (loss)	(9,630)	(9,699)
Comprehensive income (loss)	\$ (25,258)	(41,385)

- (iii) The Group's financial information on investments in individually insignificant joint ventures accounted for using the equity method was as follow:

	December 31, 2021	December 31, 2020
The carrying amount of investments in the individually insignificant joint ventures	\$ 3,328	3,378

- (iv) The aforementioned investments accounted for using the equity method of the Group had not been pledged as collateral.

- (i) Loss of control over a subsidiary

During 2021 and 2020, the Group sold all of its shares in subsidiaries and loss control of them, with the considerations of \$653,202 thousand and \$264,490 thousand, respectively, the disposal loss was \$(88,662) thousand (including the effect of exchange rate changes of \$82,215 thousand) and \$(93,374), which was included in other gains and losses.

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

The carrying amounts of assets and liabilities of subsidiary on the date of disposal were as follows:

	For the years ended December 31,	
	2021	2020
Other current assets	\$ 114,660	163,339
Financial assets at fair value through other comprehensive income - noncurrent	27,098	-
Property, plant and equipment	647,997	189,416
Right-of-use assets	-	154,196
Intangible assets	-	30,957
Other assets	80,538	21,566
Long-term borrowings	(158,221)	-
Current liabilities	(423,715)	(6,362)
Lease liability	-	(194,801)
Non-current liabilities	-	(447)
Carrying amount of subsidiary's net assets	\$ 288,357	357,864

(j) Property, plant and equipment

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

	Land	Buildings	Machinery and equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost:						
Balance on January 1, 2021	\$ 787,322	4,513,175	19,168,372	7,519,158	222,641	32,210,668
Additions	-	-	-	20,791	741,353	762,144
Disposals	-	(979)	(828,273)	(57,441)	-	(886,693)
Transfer in (out)	-	-	-	(916,976)	-	(916,976)
Reclassification	-	12,930	368,296	365,548	(500,163)	246,611
Reclassify to investment property	-	-	-	(262,257)	-	(262,257)
Reclassify to lease property	-	-	(2,826)	-	-	(2,826)
Reclassify to assets held for sale	(18,666)	-	-	(1,344,660)	(174,174)	(1,537,500)
Effect of changes in foreign exchange rates	(9,521)	(46,062)	(46,517)	(74,203)	(4,165)	(180,468)
Balance on December 31, 2021	\$ 759,135	4,479,064	18,659,052	5,249,960	285,492	29,432,703

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated 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>
Balance on January 1, 2020	\$ 1,541,409	8,176,387	21,497,167	7,193,271	874,195	39,282,429
Additions	-	11,538	169,905	34,690	9,751	225,884
Disposals	-	(1,420,357)	(3,174,559)	(541,707)	(135,994)	(5,272,617)
Reclassification	-	282,661	878,878	1,176,307	(468,303)	1,869,543
Reclassify to investment property	(747,300)	(2,510,319)	-	-	-	(3,257,619)
Reclassify to lease property	-	-	(106,962)	(24,927)	-	(131,889)
Effect of changes in foreign exchange rates	(6,787)	(26,735)	(96,057)	(318,476)	(57,008)	(505,063)
Balance on December 31, 2020	<u>\$ 787,322</u>	<u>4,513,175</u>	<u>19,168,372</u>	<u>7,519,158</u>	<u>222,641</u>	<u>32,210,668</u>
Accumulated depreciation						
Balance on January 1, 2021	\$ -	1,651,948	17,364,601	2,598,464	144,666	21,759,679
Depreciation	-	207,653	568,995	245,187	-	1,021,835
Impairment loss	-	-	-	102,597	-	102,597
Disposals	-	(979)	(721,422)	(52,256)	-	(774,657)
Transfer in (out)	-	-	-	(268,979)	-	(268,979)
Reclassification	-	-	(1,101)	(2,283)	(803)	(4,187)
Reclassify to investment property	-	-	-	(143,805)	-	(143,805)
Reclassify to lease property	-	-	(2,826)	-	-	(2,826)
Reclassify to assets held for sale	-	-	-	(286,446)	(141,261)	(427,707)
Effect of changes in foreign exchange rates	-	(7,403)	(11,479)	(21,458)	(2,602)	(42,942)
Balance on December 31, 2021	<u>\$ -</u>	<u>1,851,219</u>	<u>17,196,768</u>	<u>2,171,021</u>	<u>-</u>	<u>21,219,008</u>
Balance on January 1, 2020	\$ -	1,952,218	16,886,978	1,121,904	256,371	20,217,471
Depreciation	-	341,129	1,222,099	417,963	-	1,981,191
Impairment loss	-	295,308	1,043,862	608,012	30,334	1,977,516
Disposal	-	(535,678)	(2,389,693)	(300,215)	(100,430)	(3,326,016)
Reclassification	-	187,415	739,004	838,781	-	1,765,200
Reclassify to lease property	-	(586,275)	-	-	-	(586,275)
Reclassify to assets held for sale	-	-	(106,962)	(24,927)	-	(131,889)
Effect of changes in foreign exchange rates	-	(2,169)	(30,687)	(63,054)	(41,609)	(137,519)
Balance on December 31, 2020	<u>\$ -</u>	<u>1,651,948</u>	<u>17,364,601</u>	<u>2,598,464</u>	<u>144,666</u>	<u>21,759,679</u>
Carrying amounts:						
Balance on December 31, 2021	<u>\$ 759,135</u>	<u>2,627,845</u>	<u>1,462,284</u>	<u>3,078,939</u>	<u>285,492</u>	<u>8,213,695</u>
Balance on January 1, 2020	<u>\$ 1,541,409</u>	<u>6,224,169</u>	<u>4,610,189</u>	<u>6,071,367</u>	<u>617,824</u>	<u>19,064,958</u>
Balance on December 31, 2020	<u>\$ 787,322</u>	<u>2,861,227</u>	<u>1,803,771</u>	<u>4,920,694</u>	<u>77,975</u>	<u>10,450,989</u>

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

(i) Impairment loss

The management implemented the regular impairment evaluating evaluation and testing on 2021 and 2020 December, considering the specific non-financial asset's business purpose, usage status, and usage methods, the assets are classified according to the cash-generating unit, and the expected recoverable amount is estimated based on the individual cash-generating unit.

The Group expects to recover the value of assets through selling the assets, which estimated on selling price minus the disposal cost, as the best estimate of the recoverable amount, and the rest assets are determined on the value in use. The value in use is calculated based on the pre-tax cash flow forecast of the financial budget, which approved by the management of each cash-generating unit. The pre-tax discount rate of estimated value in 2021 and 2020 were 6.7473%~7.92% and 7.2898%~8.15%, respectively. It is an after-tax ratio measured based on the interest rate of a Ten-year government bonds in the same currency as the cash flow, and the risk premium is adjusted to reflect the increased risk of general investment in equity and the specific systemic risk of cash-generating units.

According to the future annual financial forecasts of each cash-generating unit, the Group estimated the carrying amount of the property, plant and equipment to be higher than its recoverable amount, resulting in the recognition of impairment losses amounting to \$102,597 thousand and \$1,977,516 thousand, respectively, which were included in other income and expenses of the consolidated statements of comprehensive income statement.

(ii) Collateral

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

(iii) Reclassify to investment property

During 2021 and 2020, some building was transferred to investment property, because it were no longer used by the Group 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(l).

(iv) Reclassify to assets held for sale, please refer to Note 6(g).

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

(k) 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, 2021	\$ 600,700	45,050	587	26,834	673,171
Additions	-	31,836	2,276	3,068	37,180
Deductions	(281)	(29,922)	-	(638)	(30,841)
Reclassification	(131,268)	-	1,067	(1,067)	(131,268)
Effect of movement in exchange rates	-	(253)	-	-	(253)
Balance at December 31, 2021	<u>\$ 469,151</u>	<u>46,711</u>	<u>3,930</u>	<u>28,197</u>	<u>547,989</u>
Balance at January 1, 2020	\$ 790,905	203,891	46,958	35,710	1,077,464
Effects of retrospective application	1,135	997	564	7,645	10,341
Deductions	(116,060)	(152,301)	(46,727)	(20,703)	(335,791)
Reclassify to investment property	(75,293)	-	-	-	(75,293)
Effect of movement in exchange rates	13	(7,537)	(208)	4,182	(3,550)
Balance at December 31, 2020	<u>\$ 600,700</u>	<u>45,050</u>	<u>587</u>	<u>26,834</u>	<u>673,171</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2021	\$ 77,460	21,163	522	5,529	104,674
Additions	27,794	17,498	369	4,976	50,637
Deductions	(213)	(15,479)	-	(638)	(16,330)
Reclassification	(21,878)	-	344	(344)	(21,878)
Effect of movements in exchange rates	-	(122)	-	-	(122)
Balance at December 31, 2021	<u>\$ 83,163</u>	<u>23,060</u>	<u>1,235</u>	<u>9,523</u>	<u>116,981</u>
Balance at January 1, 2020	\$ 44,832	38,717	5,799	7,002	96,350
Additions	44,570	22,660	3,508	6,304	77,042
Deductions	(6,565)	(38,801)	(8,760)	(7,997)	(62,123)
Reclassify to investment property	(5,378)	-	-	-	(5,378)
Effect of movements in exchange rates	1	(1,413)	(25)	220	(1,217)
Balance at January 1, 2020	<u>\$ 77,460</u>	<u>21,163</u>	<u>522</u>	<u>5,529</u>	<u>104,674</u>
Carrying amount:					
Balance at December 31, 2021	<u>\$ 385,988</u>	<u>23,651</u>	<u>2,695</u>	<u>18,674</u>	<u>431,008</u>
Balance at January 1, 2020	<u>\$ 746,073</u>	<u>165,174</u>	<u>41,159</u>	<u>28,708</u>	<u>981,114</u>
Balance at December 31, 2020	<u>\$ 523,240</u>	<u>23,887</u>	<u>65</u>	<u>21,305</u>	<u>568,497</u>

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

(l) Investment property

The investment property includes the property owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 3 ~ 10 years. Some leases provide the lessees with options to extend at the end of the term.

The details of investment property are as follows:

	Properties		Right-of-use asset	Total
	Land	Buildings	Land	
Cost or deemed cost:				
Balance at January 1, 2021	\$ 747,300	2,510,319	75,293	3,332,912
Reclassification from property, plant and equipment	-	262,257	-	262,257
Reclassify from right-of-use assets	-	-	131,268	131,268
Balance at December 31, 2021	<u>\$ 747,300</u>	<u>2,772,576</u>	<u>206,561</u>	<u>3,726,437</u>
Balance at January 1, 2020	\$ -	-	-	-
Reclassification from property, plant and equipment	747,300	2,510,319	-	3,257,619
Reclassify 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, 2021	\$ -	586,275	5,378	591,653
Depreciation for the year	-	112,801	12,175	124,976
Reclassification from property, plant and equipment	-	143,805	-	143,805
Reclassify from right-of-use assets	-	-	21,878	21,878
Balance at December 31, 2021	<u>\$ -</u>	<u>842,881</u>	<u>39,431</u>	<u>882,312</u>
Balance at January 1, 2020	\$ -	-	-	-
Reclassification from property, plant and equipment	-	586,275	-	586,275
Reclassify 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>

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

	<u>Properties</u>		<u>Right-of-use asset</u>	<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	<u>Land</u>	
Carrying amount:				
Balance at December 31, 2021	\$ <u>747,300</u>	<u>1,929,695</u>	<u>167,130</u>	<u>2,844,125</u>
Balance at December 31, 2020	\$ <u>747,300</u>	<u>1,924,044</u>	<u>69,916</u>	<u>2,741,260</u>
Fair value:				
Balance at December 31, 2021				\$ <u>3,895,234</u>
Balance at December 31, 2020				\$ <u>3,223,643</u>

Since the investment property listed above lacks comparable market information, its fair value was 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 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 3 ~ 10 years, and the subsequent lease period is negotiated with the lessee, and no contingent rent is collected. Please refer to note 6(u) for other related information.

The investment property had been pledged as collateral for long-term borrowings, please refer to Note 8.

(m) Intangible assets

The Group intangible costs, accumulated amortization and impairments loss were as follows:

	<u>Contract with Consultants</u>	<u>Contract with Customers</u>	<u>Other</u>	<u>Total</u>
Cost:				
Balance at January 1, 2021	\$ 144,605	73,396	74,575	292,576
Additions	-	-	3,889	3,889
Reclassify to assets held for sale	-	(69,325)	-	(69,325)
Deductions	(144,605)	-	(55,981)	(200,586)
Effect of movement in exchange rates	-	(4,071)	1,128	(2,943)
Balance at December 31, 2021	\$ <u>-</u>	<u>-</u>	<u>23,611</u>	<u>23,611</u>
Balance at January 1, 2020	\$ 154,384	111,352	76,712	342,448
Deductions	-	(34,483)	-	(34,483)
Effect of movement in exchange rates	(9,779)	(3,473)	(2,137)	(15,389)
Balance at December 31, 2020	\$ <u>144,605</u>	<u>73,396</u>	<u>74,575</u>	<u>292,576</u>

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

	<u>Contract with Consultants</u>	<u>Contract with Customers</u>	<u>Other</u>	<u>Total</u>
Accumulated amortization and impairment losses:				
Balance at January 1, 2021	\$ 144,605	8,420	69,234	222,259
Deductions	(144,605)	-	(55,981)	(200,586)
Reclassify to assets held for sale	-	(5,777)	-	(5,777)
Amortization for the year	-	450	4,358	4,808
Effect of movement in exchange rates	-	(3,093)	1,197	(1,896)
Balance at December 31, 2021	<u>\$ -</u>	<u>-</u>	<u>18,808</u>	<u>18,808</u>
Balance at January 1, 2020	\$ 154,384	7,640	65,067	227,091
Deductions	-	(3,448)	-	(3,448)
Impairment loss	-	-	591	591
Amortization for the year	-	3,457	5,443	8,900
Effect of movement in exchange rates	(9,779)	771	(1,867)	(10,875)
Balance at December 31, 2020	<u>\$ 144,605</u>	<u>8,420</u>	<u>69,234</u>	<u>222,259</u>
Carrying value:				
Balance at December 31, 2021	<u>\$ -</u>	<u>-</u>	<u>4,803</u>	<u>4,803</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>64,976</u>	<u>5,341</u>	<u>70,317</u>

- (i) Contract with consultants are the long-term maintenance and management of power plants.
- (ii) Contracts with customers are long term electricity sales contracts signed with different local power companies, wherein they are expected to generate revenue from electricity sales in the next 20 years.
- (iii) The Group assessed the future requirements on certain parts of its intangible assets, wherein the carrying value is greater than the recoverable amount; therefore, the Group recognized the impairment losses of \$591 thousand, recognized as other gains and losses in 2020. There was no such situation in 2021.
- (iv) The intangible assets of the Group had not been pledged as collateral.
- (n) Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured bank loans	\$ -	93,837
Unsecured bank loans	50,389	2,226,165
Total	<u>\$ 50,389</u>	<u>2,320,002</u>
Unused credit lines	<u>\$ 5,917,913</u>	<u>2,974,000</u>
Range of interest rates	<u>1.85%</u>	<u>0.95%~1.86%</u>

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

Please refer to Note 8 for details of the guarantee situation of the consolidated company using assets to set mortgage for bank loans.

(o) Short-term notes and bills payable

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Commercial paper payable	\$ 221,300	174,900
Less: discounts on commercial paper payable	<u>(47)</u>	<u>(90)</u>
	<u><u>\$ 221,253</u></u>	<u><u>174,810</u></u>

(p) Long-term liabilities

(i) Long-term borrowings

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<u>Secured bank loans</u>		
6 billion syndicated loan from First Bank	\$ 2,657,486	-
4.5 billion syndicated loan from First Bank	2,219,560	2,267,560
10.13 billion syndicated loan from First Bank	-	4,562,171
IMPA	607,415	598,541
Cathay Bank	100,908	605,254
FMO & DEG Bank	-	953,376
KGI Bank Loan	-	250,000
Other financing loan	254,981	424,595
<u>Unsecured bank loans</u>		
King's Town Bank	-	430,587
0.5 billion syndicated loan from First Bank	-	112,500
Chailease International Financial Service. Co., Ltd.	-	85,959
Inventories repurchase financing loans	-	69,069
Other financing loan	<u>119,895</u>	<u>122,800</u>
	5,960,245	10,482,412
Less: Current portion	<u>(2,434,533)</u>	<u>(5,366,741)</u>
Total	<u><u>\$ 3,525,712</u></u>	<u><u>5,115,671</u></u>
Unused credit lines	<u><u>\$ -</u></u>	<u><u>1,276,100</u></u>
Range of interest rates	<u><u>1.91%~4.75%</u></u>	<u><u>0.90%~7.82%</u></u>

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

- 1) The long-term loan contracts listed above will expire in November 2043.
- 2) Compliance with loan contracts
 - a) The Group entered into a syndicated loan contract with FMO Bank and DEG Bank. According to the terms and conditions on the contract, it requires the borrower, JRC, to maintain certain financial ratios based on their annual and semiannual consolidated financial reports, wherein the balance of the special reserve account should not be below USD\$3,000 thousand. The Group intend to sell the subsidiaries and reclassify the related borrowings to liabilities held for sale, please refer to note 6(g).
 - b) The Group entered into a middle-to-long-term guaranteed loan from CATHAY BANK. According to the terms and conditions of the contract, it requires that the borrower, GES USA, to maintain certain financial ratios during the credit period. The loan had already repaid in February of 2022.
 - c) The Group entered into a long-term loan agreement with Bank SinoPac. According to the terms and conditions on the contract, it requires the borrower, Yong Liang, to maintain certain financial ratios during the credit period.

As of December 31, 2021 and 2020, the Group did not breach any of the terms stated above.

- d) The Group entered into middle-to-long-term guaranteed loan with CATHAY BANK. According to the terms and conditions on the contract, it requires the borrower, MEGATWELVE, MEGATHIRTEEN and ASSETTHREE to maintain certain financial ratios based on its annual financial reports during the credit period. The ratios did not meet the above requirements on December 31, 2021 and 2020, the Group has increased the compensation fund in accordance to the terms, and no breach of contract was committed. The loan had already repaid in February of 2022.
- e) The Group entered into \$10.13 billion and \$0.5 billion syndicated loans with First Bank. According to the terms and conditions on the contract, it requires the Group 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 Group will only have to the pay compensation fees to all joint credit banks each month. The two syndicated loans had already repaid in the third quarter of 2021.

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

- f) The Group entered into \$6 billion syndicated loans with First Bank. According to the terms and conditions on the contract, it requires the Group to maintain certain financial ratios based on its annual and semiannual consolidated financial reports during the credit period. Although the Interest Protection Multiples (IPM) did not meet the above requirements, no breach of contract was committed. Instead, the Group 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.
- g) The Group entered into a \$4.5 billion syndicated loan with First Bank. According to the terms and conditions on the contract, it requires Utech's to maintain certain financial ratios based on its annual financial reports during the credit period. The abovementioned syndicated loans and other loans which were lent by Shanghai Commercial Bank had expired on September 30, 2021. The Group completed the negotiation with First Bank and Shanghai Commercial Bank to extend the loan maturity date to September 30, 2022. The financial ratios before the loan due date need not be reviewed. As of December 31, 2021, the balance of bank loan was \$2,339,455 thousand, which was expired, and the loan was extended until September 30, 2022.

3) Other loan agreements

The Group signed two long term contracts, with a duration of 25 year, with IMPA in December of 2017 and June of 2018. According to the terms and conditions of the loan, IMPA has the right to purchase all the shares of both GES AC, a company owned by the Group through MEGASIXTEEN, and AC GES, a company owned by the Group through TEV Solar, starting from December 2022 to June 2024. Therefore, the contract includes an embedded derivative (selling a call option) that is not closely related to the main contract and is recognized as a financial liability designated at fair value through profit and loss; please refer to note 6(b) and (ad). According to the contracts, it restricts part of the consolidated entities to transfer the shares before the derivatives instrument expires; please refer to note 13(b).

The interest rates of MEGASIXTEEN and TEV II borrowing from IMPA were 4.25% and 4.75% respectively. After separating the short call option from the host contract, the adjusted loan interest rates became 11.08% and 11.38%, respectively.

(q) Bonds payable

Information about the Group's issuance of secured convertible bonds is as follows:

	December 31, 2021
Issuance amount	\$ 3,000,000
Unamortized discount	(47,550)
Ending balance of bonds payable	<u>\$ 2,952,450</u>
Embedded derivative component— redemption rights (recorded as financial assets at fair value through profit or loss - non-current)	<u>\$ 6,900</u>
Equity component— conversion right (recorded as capital surplus)	<u>\$ 177,366</u>

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

	For the year ended December 31, 2021
Embedded derivative component – revaluation profit (loss) on redemption rights (recorded as other gains and losses)	\$ 909
Interest expense	\$ 3,045

The issuance information on the secured convertible bonds was as follows:

	3rd domestic secured convertible bonds
Issuance amount	\$3,000,000 thousand
Issuance date	2021.10.25
Issuance price	At 104.18% of par value
Coupon rate	0%
Issuance period	2021.10.25~2024.10.25
Trustee bank	Bank SinoPac
Guarantee agencies	FIRST BANK and others
Redemption rights	The Company may redeem the bonds at face value with cash after January 26, 2022, and before September 14, 2024 that if the closing price of the common shares on TWSE on each trading day during a period of 30 consecutive trading dates exceeds at least 30% of the conversion price or if the outstanding balance of the bonds is less than 10% of the issuance amount.
Put option	None
Conversion period of convertible bonds	Each holder of the bonds will have the right at any time during the period from January 26, 2022, to October 25, 2024, to convert their bonds through Taiwan Depository & Clearing Corporation (“TDCC”). It is requested to the Company's stock agency to convert the convertible bonds held into the company's ordinary shares in accordance with these regulations.
Conversion price	The conversion price is set at \$20.9 per share at the time of issuance. In the event of an adjustment to the conversion price of the Company's ordinary shares that complies with the terms of issuance, the conversion price shall be adjusted according to the formula specified in the terms of issuance.

(r) Preference share liabilities

	December 31, 2021	December 31, 2020
Class A preference shares	\$ 16,500	28,282
Less: Current portion	(12,123)	(15,063)
Total	\$ 4,377	13,219

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

The Group's subsidiaries, MEGASIXTEEN and TEV II, have issued Class A preference shares through GES AC and AC GES respectively. Relevant information was as follows:

	<u>issued by MEGASIXTEEN</u>	<u>issued by TEV II</u>
Issuance date	2017.12	2018.12
Total amount issued	USD11,920 thousand dollars	USD10,051 thousand dollars
percentages of Class A preference shares held by shareholders	32.41%	33.81%
Issuance terms		
- Voting rights	Yes	Yes
- Dividend rights	Shareholders will be given priority to receive cumulative cash dividend of 0.65% with a monthly fixed Asset Management Fee each quarter and are entitled to 99% of profits sharing before expiration date December 2022.	Shareholders will be given priority to receive cumulative cash dividend of 0.675% with a monthly fixed Asset Management Fee each quarter and are entitled to 99% of sharing earned before expiration date June 2024.
- Others	Starting from December 2022, the Group would be able to repurchase the entirety of Class A shares at contract price.	Starting from June 2024, the Group would be able to repurchase the entirety of Class A shares at contract price.

According to the above clauses, the Group has the financial obligation to make regular fixed payments to Class A preference shares shareholders. Therefore, the liabilities are separated and recognized as preference shares liabilities at the time of initial recognition.

In addition, the Group has the right to purchase all the Class A preference shares from the shareholders on a specified date. The above right is an embedded derivative call option, which is a financial asset designated at fair value through profit and loss at initial recognition, that is not closely related to the host contract. Please refer to note 6 (b) and (ad) for more details.

(s) Lease liabilities

The Group leases certain land, buildings and transportation equipment for operating with lease terms of 3 ~ 20 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. Therefore, some of these arrangements contain renewal options.

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

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

	December 31, 2021	December 31, 2020
Current	<u>\$ 59,058</u>	<u>50,913</u>
Non-current	<u>\$ 560,061</u>	<u>605,021</u>

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2021	2020
Interest on lease liabilities	<u>\$ 17,267</u>	<u>28,198</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 13,904</u>	<u>14,285</u>
Expenses relating to short-term leases	<u>\$ 26,939</u>	<u>17,742</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 1,980</u>	<u>2,708</u>

The amounts recognized in the statement of cash flows for the Group was as follow:

	2021	2020
Total cash outflow for leases	<u>\$ 116,719</u>	<u>115,253</u>

(t) Provisions

	Warranties	Onerous contract	Site restoration	Total
Balance at January 1, 2021	\$ 88,955	175,916	-	264,871
Provisions made during the year	23,801	140	8,075	32,016
Provisions used during the year	(109)	-	-	(109)
Provisions reversed during the year	(19,675)	(111,310)	-	(130,985)
Balance at December 31, 2021	<u>\$ 92,972</u>	<u>64,746</u>	<u>8,075</u>	<u>165,793</u>
Balance at January 1, 2020	\$ 176,069	-	-	176,069
Provisions made during the year	17,699	175,916	-	193,615
Provisions used during the year	(104,831)	-	-	(104,831)
Provisions reversed during the year	18	-	-	18
Balance at December 31, 2020	<u>\$ 88,955</u>	<u>175,916</u>	<u>-</u>	<u>264,871</u>

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

- (i) The Group's warranty 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 Group'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 Group purchases material at a fixed price and deducts the advance payment. In response to fluctuations in the spot market price, the Group has recognized the relevant liabilities.
- (iii) The Group's provision for site restoration is recognized under the cost of power generation equipment as a provision for the module recovery expense in accordance with the Regulation for Installation and Management of the Renewable Energy Generation Equipment.

(u) Operating lease

The Group leases out its investment property and other assets. The Group 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.

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

	December 31, 2021	December 31, 2020
Less than one year	\$ 320,569	242,060
One to five years	566,643	676,275
More than five years	<u>180,730</u>	<u>14,363</u>
Total undiscounted lease payments	<u>\$ 1,067,942</u>	<u>932,698</u>

Rental income generated from investment properties in 2021 and 2020 (relating expenses are already deducted), please refer to Note 6(ac).

(v) Employee benefits

The Group 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 total periodic pension costs of other subsidiaries were recognized as current expenses in accordance with the local regulations of their respective jurisdictions where they are domiciled.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$54,068 thousand and \$52,734 thousand for the years ended December 31, 2021 and 2020, respectively.

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

(w) Income Taxes

(i) Components of income tax of the Group were as follows:

	For the years ended December 31,	
	2021	2020
Current tax expense	\$ 8,151	11,651
Deferred tax expense	(7,349)	415,224
Income tax expense	\$ 802	426,875

(ii) For the years ended December 31, 2021 and 2020, there was no income tax recognized in other comprehensive income.

(iii) Reconciliation of income tax and profit before tax for 2021 and 2020 was as follows:

	For the years ended December 31,	
	2021	2020
Profit excluding income tax	\$ (1,340,785)	(5,735,432)
Income tax using the Company's domestic tax rate	\$ (405,176)	(1,736,488)
Effect of tax rates in foreign jurisdiction	16,454	33,413
Tax effect of permanent differences	(16,757)	246,947
Change in unrecognized temporary differences	378,082	1,881,004
Others	28,199	1,999
Total	\$ 802	426,875

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

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

	December 31, 2021	December 31, 2020
Unrecognized deferred tax assets		
Tax losses	\$ 3,852,813	3,069,427
Tax effect of deductible Temporary Differences	2,321,642	2,070,789
Total	\$ 6,174,455	5,140,216

The Group have not recognized any deferred tax liabilities in December 31, 2021 and 2020.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

	Investment credits	Allowance for inventory valuation loss	Depreciation and impairment loss of property, plant and equipment	Loss carryforwards and other	Total
Deferred tax asset					
Balance on January 1, 2021	\$ -	-	-	639,924	639,924
Others(note)	-	-	-	(15,187)	(15,187)
Foreign currency translation differences for foreign operations	-	-	-	(97)	(97)
Recognized in profit or loss	-	-	-	4,808	4,808
Balance on December 31, 2021	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>629,448</u>	<u>629,448</u>
Balance on January 1, 2020	11,773	1,398	5,516	1,037,863	1,056,550
Recognized in profit or loss	(11,773)	(1,398)	(5,516)	(397,939)	(416,626)
Balance on December 31, 2020	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>639,924</u>	<u>639,924</u>
	Unrealized gains on financial instruments at fair value through profit or loss	Gain on disposal of subsidiaries at a percentage different from its existing ownership percentage	Other	Total	
Deferred tax liabilities					
Balance on January 1, 2021	\$ 34,285	10,276	1,769	46,330	
Recognized in profit or loss	2,203	(2,975)	(1,769)	(2,541)	
Balance on December 31, 2021	<u>\$ 36,488</u>	<u>7,301</u>	<u>-</u>	<u>43,789</u>	
Balance on January 1, 2020	\$ 35,156	7,670	4,906	47,732	
Recognized in profit or loss	(871)	2,606	(3,137)	(1,402)	
Balance on December 31, 2020	<u>\$ 34,285</u>	<u>10,276</u>	<u>1,769</u>	<u>46,330</u>	

(Note) The Group sold the shares of domestic subsidiary in 2021 and its deferred taxable assets are deducted by \$10,408 thousand on the date of disposal, please refer to Note6(i). Besides, the Group decided to sell domestic subsidiary in 2021, its deferred taxable assets is presented in held for sale assets for \$4,779 thousand, please refer to Note6(g).

(v) The Group's tax returns for the years through 2019 were assessed by the National Tax Bureau.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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(x) Capital and other equity

(i) Ordinary shares

	December 31, 2021	December 31, 2020
Authorized share capital	<u>\$ 36,000,000</u>	<u>36,000,000</u>
Issued share capital	<u>\$ 16,278,140</u>	<u>26,650,863</u>
Total shares issued	<u>\$ 1,627,814</u>	<u>2,665,086</u>

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

Resolutions were approved during the general meetings of the shareholders held on May 7, 2021, to reduce capital to cover accumulated deficits \$11,571,175 thousand, and has already gotten the approval from the competent authority.

A resolution was passed during the board meeting held on July 6, 2021 for the issuance of 120,000 thousand ordinary shares for cash under public subscription, with par value of \$10 per share, issued at a premium of \$16.6. The Group has received the approval from the Financial Supervisory Commission for its capital increase on September 22, 2021, with October 17, 2021 as the base date.

To meet the strategy of the Group, 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 Group's capital amounted to \$36,000,000 thousand, with 3,600,000 ordinary shares, at a par value of \$10 per share.

(ii) Capital surplus

The Company's capital surplus includes share premium, subsidiaries, number of changes in ownership of associates and joint venture recognized by equity method, and employee stock option, etc. Both resolutions were approved during the general meetings of the shareholders held on May 7, 2021 and June 22, 2020 to offset the deficit against the capital surplus of \$9,887 thousand and \$123,629 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 Group 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 Group'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.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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In accordance with the Group 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 Group Law in the form of cash, which is reported to the meeting of shareholders.

The Articles of Incorporation of the Group 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 May 7, 2021 and June 22, 2020, the Group has accumulated deficit and the Group'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.

(iv) Treasury shares

The Group acquired treasury shares as result of merging Gintech Energy on October 1, 2018. Related information was as follow:

	Number of shares held (in thousands of shares)	Carrying Amount	Market Price
Balance at December 31, 2021	\$ 1,066	18,699	23,285
Balance at December 31, 2020	\$ 1,883	18,699	26,839

The shares of the Group 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. The change of the treasury shares was the capital reduction offset accumulated deficits.

(y) Share-based payment

As of December 31, 2021 and 2020, the Group's restricted share plan for employees are as follows:

(i) Restricted employee shares

	Restricted share plan for employees		
	Issued in 2020	Issued in 2019	Issued by the original Solartech Energy
Grant date	August 11, 2020	November 11, 2019	October 1, 2018
Number of shares granted (in thousand shares)	795	2,205	4,896
Contract term	2 years	2 years	2 years
Recipients	Employees of the Company	Employees of the Company	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 three years after the grant date
Other conditions	The Group will reduce capital and adjust the number of unowned shares	The Group will reduce capital and adjust the number of unowned shares	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. AND SUBSIDIARIES
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Relevant information of the new restricted employee shares of the Group is as follows:

	Expressed in Thousands of shares	
	For the years ended December 31,	
	2021	2020
Outstanding at 1 January (number)	1,486	3,212
Issued during the year (number)	-	795
Vested during the year (number)	(568)	(1,475)
Vested during the year (number)	(615)	-
Forfeited during the year (number)	(155)	(1,046)
Outstanding at 31 December (number)	148	1,486

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

	For the years ended December 31,	
	2021	2020
Wages expense	\$ 5,283	10,826

(iii) Cash capital increase to retain employee stock options

A resolution was passed during the board meeting held on July 6, 2021 for the issuance of 120,000 thousand ordinary shares for cash, some of them are legally reserved as employee subscriptions, with October 5, 2021 as the given date and October 17, 2021 as the base date.

The remuneration costs recognized by the Group in 2021 were 28,832 thousand.

(z) Loss per share

Calculations on loss per share of the Group were as follows:

	For the years ended December 31,	
	2021	2020
Basic loss per share:		
Loss attributable to ordinary shareholders of the Company	(1,288,203)	(6,139,015)
Weighted average number of ordinary shares outstanding (in thousands of shares)	1,526,215	1,505,379
Loss per share	(0.84)	(4.08)

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

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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(aa) Revenue from contracts with customers

(i) Disaggregation of revenue:

	For the years ended December 31,	
	2021	2020
Major products		
Solar products	\$ 12,484,602	10,480,454
System	1,254,765	1,459,465
Other	563,041	571,115
	\$ 14,302,408	12,511,034

(ii) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and accounts receivable	\$ 2,096,909	2,285,747	2,575,586
Contract assets			
OEM contract	\$ 105,607	-	-
Construction contract	109,580	175,041	483,247
Less: allowance for impairment	-	-	-
	\$ 215,187	175,041	483,247
Contract liabilities			
Sales of products	\$ 477,713	313,883	253,899
Construction contract	28,953	35,028	42,777
Power plant sales contract	-	-	27,156
	\$ 506,666	348,911	323,832

- 1) The details on accounts receivable and allowance for impairment, please refer to note 6(e).
- 2) The beginning balance of contract liabilities recognized as revenue at January 1 to December 31, 2021 and 2020 were \$247,714 thousand and \$214,893 thousand, respectively.

(ab) Employee compensation and directors' remuneration

According to the Articles of Association, once the Group 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 Group has accumulated deficits, the profit should be reserved to offset the deficit.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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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 year ended December 31, 2021 and 2020, the Group did not estimate its employees', directors' and supervisors' remuneration.

(ac) Non-operating Income and Expenses

(i) Other income

	<u>2021</u>	<u>2020</u>
Lease income	\$ 202,905	103,569
Dividend income	14,178	89,028
Other income	<u>71,075</u>	<u>154,892</u>
	<u>\$ 288,158</u>	<u>347,489</u>

(ii) Other gains and losses

	<u>2021</u>	<u>2020</u>
Impairment loss on financial assets	\$ (163,650)	-
Expected credit losses	(29,176)	-
Gain (loss) on foreign currency exchange	14,429	(16,639)
Loss on disposal of property, plant and equipment and power facilities business	(108,823)	(598,885)
Gain on disposals of investments	(88,312)	204,861
Contract compensation losses	(25,000)	(385,438)
Other	<u>(6,752)</u>	<u>(6,866)</u>
	<u>\$ (407,284)</u>	<u>(802,967)</u>

The Group failed to fulfill the procurement contract obligations with Supplier K. Therefore, Supplier K filed a lawsuit against the Group in the Hsin Chu District Court, requesting for the compensation of NTD\$500,000 thousand. On October 13, 2017, the Hsin Chu District Court ruled in favor of Supplier K, wherein the Group has to pay for the damages caused to Supplier K with interest. The Group 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 Group, in which the Group disagreed with this decision. Hence, the Group filed an appeal to the Supreme Court, wherein the case is still in progress. In order to protect the legal rights and interests of the Group, a lawyer has been appointed to settle the case. In addition, the Group has evaluated and recognized all the possible losses in 2021 and 2020.

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

(ad) 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 Group 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 Group's financial assets at amortized cost, accounts receivable and other receivables are all with low risk on the reporting date. Therefore, the Group 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.

(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, 2021					
Non-derivative financial liabilities					
Bank borrowings	\$ 6,619,127	2,625,798	776,875	2,193,578	1,022,876
Short-term notes and bills payable	221,300	221,300	-	-	-
Lease liabilities	798,978	74,879	55,952	53,537	614,610
Non-interest bearing liabilities	2,722,927	2,722,927	-	-	-
Derivative financial liabilities (Note)					
Inflow	(1,149,027)	(1,149,027)	-	-	-
Outflow	1,141,643	1,141,643	-	-	-
	<u>\$ 10,354,948</u>	<u>5,637,520</u>	<u>832,827</u>	<u>2,247,115</u>	<u>1,637,486</u>
December 31, 2020					
Non-derivative financial liabilities					
Bank borrowing	\$ 13,980,834	7,944,618	3,421,963	270,403	2,343,850
Short-term notes and bills payable	174,900	174,900	-	-	-
Lease liabilities	869,451	68,040	65,233	63,938	672,240
Non-interest bearing liabilities	2,510,349	2,510,349	-	-	-
Derivative financial liabilities (Note)					
Inflow	(798,127)	(798,127)	-	-	-
Outflow	800,849	800,849	-	-	-
	<u>\$ 17,538,256</u>	<u>10,700,629</u>	<u>3,487,196</u>	<u>334,341</u>	<u>3,016,090</u>

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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Note: The call option sold derives from the loan contract signed by the Group and IMPA (please refer to note 6(n) for more details). This financial liability is recognized at fair value (please refer to note 6(b)), and has been adjusted according to the real interest rate of the contract. The relevant cash flow also reflects the contractual cash flow of the bank loan, therefore it is not to be included in the cash flow from derivative financial instruments.

The Group 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 Group's significant exposure to foreign currency risk was as follow:

	December 31, 2021			December 31, 2020		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Financial assets						
Monetary items						
USD	\$ 107,578	27.6700	2,976,683	139,557	28.0950	3,920,854
EUR	4,753	31.3700	149,102	8,850	34.5400	305,679
CNY	1,313	4.3440	5,704	3,957	4.3220	17,102
GBP	325	37.3300	12,132	2,703	38.2700	103,444
Non-Monetary items						
MYR	10,580	6.3630	67,322	10,870	6.7015	72,842
Financial liabilities						
Monetary items						
USD	76,170	27.6700	2,107,624	143,712	28.0950	4,037,589
EUR	953	31.3700	29,896	1,658	34.5400	57,267
JPY	-	0.2406	-	102,113	0.2724	27,816

The Group'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 Taiwanese Dollars would have decrease or increase the net profit (loss) before tax for the years ended December 31, 2021 and 2020 by \$10,061 thousand and \$1,782 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 Group 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 December 31, 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions), please refer to note 6 (ac).

2) Interest rate risk

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

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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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 Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.25%, the Group's net income would have increased / decreased by \$1,060 thousand and decreased / increased by \$18,983 thousand for the years ended December 31, 2021 and 2020 with all other variable factors remaining constant. This is mainly due to the exposure of the fair value interest rate risk of the Group's variable interest rate deposit and loans.

In addition, the Group'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 Group'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 follows:

<u>Prices of securities at the reporting date</u>	<u>2021</u>	<u>2020</u>
Increasing 5%	\$ <u>19,481</u>	<u>16,425</u>
Decreasing 5%	\$ <u>(19,481)</u>	<u>(16,425)</u>

4) Fair value of financial instruments

a) Fair value hierarchy

The Group'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:

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	December 31, 2020				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 4,954,658				
Accounts receivable (including related parties)	2,285,747				
Other receivables (including related parties)	981,405				
Financial assets measured at amortized cost	140,475				
Other financial assets	1,486,082				
Refundable deposits	732,696				
	<u>\$ 10,581,063</u>				
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	\$ 105,178	-	5,437	99,741	105,178
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	\$ 12,802,412				
Short-term bills payable	174,810				
Accounts payable (including related parties)	1,336,177				
Lease liabilities	655,934				
Preference share liabilities	28,282				
Other financial liabilities	1,174,172				
	<u>\$ 16,171,787</u>				

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

The Group'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.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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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.

The financial instruments held by the Group 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 is 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.

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d) Reconciliation of Level 3 fair values

The changes in Level 3 fair values for the years ended December 31, 2021 and 2020 are as follows:

	Derivative instrument - Net of fair value measured through profit and loss		Non quoted equity instrument - fair value through other comprehensive income	
	2021	2020	2021	2020
Opening balance	\$ 82,317	124,565	62,991	97,021
Additions	5,991	-	-	-
Total gains and losses recognized in profit and loss	25,367	(1,148)	-	-
Total gains and losses recognized in other comprehensive income	-	-	-	1,711
Reclassified	-	-	-	(28,896)
Capital reduction and return of subscription	-	-	(7,104)	-
Disposal/Redemption	-	(35,654)	-	(6,845)
Effect of exchange rate changes	(1,529)	(5,446)	-	-
Ending balance	<u>\$ 112,146</u>	<u>82,317</u>	<u>55,887</u>	<u>62,991</u>

As of December 31, 2021 and 2020, the total gains and losses were included in “other gains and losses” and “unrealized gains and losses of financial assets at fair value through other comprehensive income”. The relevant assets were as follows:

	<u>2021</u>	<u>2020</u>
Total gains and losses recognized:		
In gains and losses, and presented in “other gains and losses”	<u>\$ 25,367</u>	<u>(1,148)</u>
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	<u>\$ -</u>	<u>1,711</u>

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

The Group’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”.

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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 follow:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurements</u>
Financial assets measured at fair value through profit and loss - derivatives instruments (long call options and short call options)	Option pricing model	Stock price volatility (22%~32% for December 31, 2021 and 25%~33% for December 31, 2020)	The higher the volatility of the stock price, the higher the fair value of longing the call option and lower the fair value of shorting the call option

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

	<u>Input value</u>	<u>Increase(+)</u> <u>or</u> <u>decrease(-)</u>	<u>The effect of fair value fluctuations in profit and loss</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
Financial assets measured at fair value through profit and loss - derivatives instruments (long call options)	22%~32%	+0.5%	-	-
Financial assets measured at fair value through profit and loss - derivatives instruments (short call options)	22%~30%	+0.5%	-	(12,818)
	22%~32%	-0.5%	13,880	-

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.

(Continued)

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

(ae) Financial risk management

(i) Overview

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

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

Note 6(ad) 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 Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities. The Group, 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 Group Audit Committee ensures that the supervision of the management is in compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group 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.

(af) Capital management

The Group'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 Group regularly reviews the Group's capital structure, including the cost of various capital and related risks. In order to maintain or adjust the capital structure, the Group 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, 2021 and 2020.

(Continued)

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

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

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020, were as follows:

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

	January 1, 2021	Cash flows	Foreign exchange movements and others	December 31, 2021
Long-term borrowings	\$ 10,482,412	(3,451,175)	(1,070,992)	5,960,245
Short-term borrowings	2,320,002	(2,247,103)	(22,510)	50,389
Shor-term bills payable	174,810	46,400	43	221,253
Lease liabilities	655,934	(73,896)	37,081	619,119
Preference share liabilities	28,282	(16,903)	5,121	16,500
Bonds payable	-	3,120,780	(168,330)	2,952,450
Total liabilities from financing activities	<u>\$ 13,661,440</u>	<u>(2,621,897)</u>	<u>(1,219,587)</u>	<u>9,819,956</u>

	January 1, 2020	Cash flows	Foreign exchange movements and others	December 31, 2020
Long-term borrowings	\$ 17,498,137	(6,935,568)	(80,157)	10,482,412
Short-term borrowings	2,988,798	(422,748)	(246,048)	2,320,002
Shor-term bills payable	415,458	(241,200)	552	174,810
Lease liabilities	1,018,299	(80,518)	(281,847)	655,934
Preference share liabilities	44,260	(17,978)	2,000	28,282
Total liabilities from financing activities	<u>\$ 21,964,952</u>	<u>(7,698,012)</u>	<u>(605,500)</u>	<u>13,661,440</u>

(7) Related-party transactions:

- (a) Name and relationship with related parties

Name of related party	Relationship with the Group
Phanes Holding Inc.	Other related party
Oryx Solar System Solutions LLC	Other related party
ThinTech Materials Technology Co., Ltd.	Other related party
Sino-American Silicon Products Inc. ("SAS")	Other related party (Note 2)
Neo Cathay Power Corp. ("Neo Cathay")	Associate (Note 3)
Neo Cathay Electric Power Corp.	Associate (Note 3)

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
DS Energy Technology Co., Ltd.	Associate
Si One Corp.	Associate (Note 3)
Da Li Energy Co., Ltd.	Associate (Note 3)
Yong Han Ltd.	Associate (Note 3)
Yun Yeh Energy Inc.	Associate (Note 3)
Solarbright energy Co., Ltd. (“Solarbright”)	Associate
Apex Solar Corporation (“Apex”)	Associate (Note 4)
Clean Focus Yield Limited (“CFY”)	Other related party (Note 1)
Clean Focus Corporation (“CFC”)	Other related party (Note 1)
CF Lessee LOB LLC	Other related party (Note 1)
Verde Solar Inc.	Other related party (Note 1)
V5 Technologies Co., Ltd.	Associate
Gintung energy Corporation	Associate
CF MN DevCo One LLC	Joint venture
CF MN DevCo Two LLC	Joint venture
NSP ET CAP MN HOLDINGS LLC	Joint venture

Note 1: Former associates of the Group, wherein the Group 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 Group has significant control over CFY; hence CFY and its subsidiaries were listed as other related parties of the Group.

Note 2: The Company did not 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 3: 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 4: A former subsidiary of the Group, wherein the Company disposed all of Apex’s shares to Solarbright during the second quarter of 2021, hence Apex was listed as an associate.

(b) Significant transactions with related parties

(i) Sales, accounts receivable and contract assets

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

	For the years ended	
	December 31,	
	<u>2021</u>	<u>2020</u>
Associates	\$ 383,409	491,401
Other related parties	-	(2,585)
	<u>\$ 383,409</u>	<u>488,816</u>

(Continued)

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

The terms of sale between the Group 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:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Accounts Receivable</u>	<u>Contract Assets</u>	<u>Accounts Receivable</u>	<u>Contract Assets</u>
Associates				
Apex	\$ 8,431	31,821	-	-
Others	13,665	-	-	-
Other related parties				
CFC	126,769	-	129,183	-
Verde Solar Inc.	76,549	-	77,725	-
Less: Impairment allowance	<u>(25)</u>	<u>-</u>	<u>(7)</u>	<u>-</u>
	<u>\$ 225,389</u>	<u>31,821</u>	<u>206,901</u>	<u>-</u>

(ii) Purchases and contract liabilities

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Associates	\$ 13,613	10,490
Other related parties	<u>-</u>	<u>79,957</u>
	<u>\$ 13,613</u>	<u>90,447</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates	<u>\$ 23,223</u>	<u>-</u>

(Continued)

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

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

	Other receivables	
	December 31, 2021	December 31, 2020
Associates	\$ 381	840
Joint ventures	46,078	46,556
Other related parties		
CFC	292,952	297,451
Less: Impairment allowance	(10,515)	(10,676)
	\$ 328,896	334,171
	Other current liabilities	
	December 31, 2021	December 31, 2020
Associates	\$ 165	-
Joint ventures	\$ 21,795	22,130
	\$ 21,960	22,130

- (iv) Purchase of property, plant and equipment

	For the years ended December 31,		Payables on equipment (classified as other current liabilities)	
	2021	2020	December 31, 2021	December 31, 2020
Other related parties	\$ -	10,617	1,951	1,981

- (v) Disposal of investee companies that adopt equity method

The Group invested in 28.67% of CFY's shares, with the right of redemption. Both parties agreed the Group require CFY to redeem all of its shares with certain conditions. The right has been executed by the Group in the first quarter of 2020, with the execution price of \$1,649,963 thousand and the profit of \$253,480 thousand, which includes the put option valuation gain of \$35,514 thousand, recognized in 2019; and also a gain on disposal of investments of \$217,826 thousand, as well as an impact of exchange rate differences of \$140 thousand, both recognized in the first quarter of 2020. Please refer to note 6(h) for more details. In addition, as of December 31, 2021 and 2020, the remaining balance on the above disposal amounting to \$100,315 thousand and \$443,682 thousand, respectively, which has not yet to be collected, accounted for as other receivables from related parties.

The Group disposed shares of Apex to Solarbright in the second quarter of 2021, with the price of \$198,282 thousand and the profit of \$83 thousand.

(Continued)

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

(vi) Acquisitions of financial assets

The Group acquired the marketable securities of Top Green Energy Technologies Inc. from Apex in the second quarter of 2021, with the consideration of \$27,098 thousand.

(vii) Other income

	For the years ended December 31,	
	2021	2020
Associates	\$ 6,384	3,988
Other related parties	5,734	7,375
	\$ 12,118	11,363

(viii) Interest income

Details on interest income received by the Group due to investments in convertible preference shares issued by other related parties were as follows:

	For the years ended December 31,	
	2021	2020
Other related parties	\$ -	8,180

Please refer to Note6(d) for details.

(ix) Other expense

	For the years ended December 31,	
	2021	2020
Associates	\$ 3,587	496
Other related parties	-	174
	\$ 3,587	670

(c) Key management personnel compensation

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	\$ 62,170	78,109
Post-employment benefits	1,361	1,604
Share-based payments	3,776	3,645
Total	\$ 67,307	83,358

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

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

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	December 31, 2021	December 31, 2020
Property, plant and equipment	\$ 3,908,489	6,572,006
Investment property	2,569,975	2,671,322
Non-current assets held for sale	1,253,441	-
Restricted bank deposit (accounted for as current assets and other non-current assets)	1,345,902	1,453,667
Inventory	-	273,442
Refundable deposit	654,938	732,696
Lease receivables (accounted for as other current assets and other non-current assets)	31,342	32,415
	<u>\$ 9,764,087</u>	<u>11,735,548</u>

(9) Significant contingent liabilities and unrecognized commitments:

(a) Unrecognized contract commitments

(i) Unrecognized contract commitments

	December 31, 2021	December 31, 2020
Unused letter of credit (in USD thousand)	<u>\$ 6</u>	<u>4,211</u>
Unused letter of credit (in EUR thousand)	<u>\$ 553</u>	<u>-</u>
Bank guarantee (Note 13(a))	<u>\$ 3,239,679</u>	<u>3,567,818</u>

(ii) The Group have obtained orders for power facility construction and contracted the projects out to contractors. The Group entered into construction and materials contract with several contractors, and the unpaid amounts were as follows:

	December 31, 2021	December 31, 2020
Unpaid amount	<u>\$ 2,718,470</u>	<u>643,249</u>

(iii) The Group agreed to buy back the Class A preference shares issued by GES AC and AC GES on specific dates; please see note 6(r) for more details. In addition, the Group and IMPA agreed to sell all the shares of GES AC and AC GES; please see note 6(p) for more details.

(iv) The Group signed an electricity purchase contract with several companies. According to the contract, the Group can sell its own power plant to these companies, who are not allowed to resell electricity without authorization from the Group. The contracts are irrevocable, with contract periods ranging from 20 ~ 31 years.

(Continued)

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

- (v) Due to power plant installations, the Group signed non-fixed lease payment agreements with others, please refer to Note 6(s).
- (vi) The Group entered into separate long-term purchase agreements with several different silicon wafer suppliers. The Group 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 Group will recognize the impairments on the prepaid amounts according to the suppliers' operations as follows:

	December 31, 2021	December 31, 2020
Advance payment	<u><u>\$ 2,100,857</u></u>	<u><u>2,160,495</u></u>
Accumulated impairment loss	<u><u>\$ 164,853</u></u>	<u><u>164,853</u></u>

- (vii) As of December 31, 2021 and 2020, the Group issued guarantee for Directorate General of Customs and sales Project, amounting to \$862,670 thousand and \$926,350 thousand, respectively.

(b) Contingencies

- (i) The Group leased its plants to DU then a fire broke out in October 2017, and DU was affected and requested damages from the Group. The two parties reached a settlement in May 2019 that offset the money DU owed to the Group. However, EZ Bank, the mortgagee of DU's equipment, had objections to the settlement, and requested the Group to pay damages to DU, claim that the creditor's rights and debts could not be offset by the Group. The Group assessed that it was against DU that the creditor's rights of DU and DU's right to claim damages against the Group are legally offset, so EZ Bank's request has no basis. In this case, on July 1, 2021, the court judged that the Group should pay EZ Bank \$159,335 thousand. The Group has appointed a lawyer to file an appeal on the grounds that the judgment was unreasonably flawed.
- (ii) The sales customers FD and FE of the Group, in accordance with their purchase orders that not requesting performance within the time limit and requested to the Group USD 1,345 thousand for performance and damages, and the Group assessed their requests are unfounded, and made lawyers appoint to handle this case.

(10) Losses due to major disasters:

The Group's cooling tower in Zhunan factory caught fire on December 20, 2021, the preliminary estimated loss amount is \$25,629 thousand, the Group has purchased relevant property insurance and has made follow-up insurance claims with the insurance company matter. As of December 31, 2021, the insurance claim is still in progress, the Group recognized the relating loss as operating cost and other gains and losses.

(Continued)

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

(11) Subsequent Events: None

(12) Others:

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

Functions Nature	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expense						
Salaries	933,654	452,086	1,385,740	825,488	491,194	1,316,682
Labor and health insurance	85,328	34,502	119,830	77,643	38,275	115,918
Pension	33,242	20,826	54,068	31,888	20,846	52,734
Others	114,167	21,653	135,820	76,100	32,441	108,541
Depreciation expense (Note)	953,788	118,684	1,072,472	1,755,939	302,294	2,058,233
Amortization expense	461	4,347	4,808	3,485	5,415	8,900

Note: Exclude the depreciation expense of investment property \$124,976 thousand during 2021. There were no such situation in 2020.

(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 Group for the years ended December 31, 2021:

- (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 Group’s paid-in capital: None.
- (vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Group’s paid-in capital: : None.
- (vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Group’s paid-in capital: Please see Table 4 attached.
- (viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company’s paid-in capital: Please see Table 5 attached.

(Continued)

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

- (ix) Information regarding trading in derivative financial instruments: Please refer to Note 6(b) for related information.
- (x) Significant transactions and business relationship between the parent company and its subsidiaries: Please see Table 6 attached.

(b) Information on investees:

The followings are the information on investees for the years ended December 31, 2021: Please see Table 7 attached.

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

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
National Development Fund, Executive Yuan		99,084,679	6.08 %
Management Committee of Yaohua Glass Corporation Ltd.		94,573,203	5.80 %

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 Group'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:

(a) General information

For the purpose of resource allocation and performance measurement, the Group distinguishes its operating departments based on the business it operates, and the Group operating decision-makers regularly supervise and manage the operating results of each business unit. The reportable departments of the merged company are the solar energy department, the system department and the others department.

The profit or loss of each operating department of the Group is based on the profit earned by each department, excluding the apportionable operating expenses, non-operating income and expenditure. This measurement amount is provided to the chief operating decision maker for the allocation of resources to the department and for evaluation.

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

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine its resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but excluding any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence, they are not able to be allocated to each reportable segment. In addition, not all reportable segments include the depreciation and amortization of significant non-cash items. The reportable amount is similar to that of in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note o “Significant accounting policies” except for the recognition and measurement of pension cost, which is paid on a cash basis.

The Group deemed the treated intersegment sales and transfers as third-party transactions, in which they are measured at market price.

The Group’s operating segment information and reconciliation are as follows:

<u>For the years ended December 31, 2021</u>	<u>Solar energy</u>	<u>System</u>	<u>Others</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue					
Revenue from external customers	\$ 12,771,253	1,274,150	257,005	-	14,302,408
Intersegment revenues	<u>258,032</u>	<u>-</u>	<u>-</u>	<u>(258,032)</u>	<u>-</u>
Total revenue	<u>\$ 13,029,285</u>	<u>1,274,150</u>	<u>257,005</u>	<u>(258,032)</u>	<u>14,302,408</u>
Reportable segment profit or loss	<u>\$ 528,595</u>	<u>155,484</u>	<u>44,740</u>	<u>-</u>	<u>728,819</u>
				<u>Reconciliation and elimination</u>	<u>Total</u>
<u>For the years ended December 31, 2020</u>	<u>Solar energy</u>	<u>System</u>	<u>Others</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue					
Revenue from external customers	\$ 11,030,985	1,459,465	20,584	-	12,511,034
Intersegment revenues	<u>84,479</u>	<u>-</u>	<u>-</u>	<u>(84,479)</u>	<u>-</u>
Total revenue	<u>\$ 11,115,464</u>	<u>1,459,465</u>	<u>20,584</u>	<u>(84,479)</u>	<u>12,511,034</u>
Reportable segment profit or loss	<u>\$ (861,584)</u>	<u>(76,512)</u>	<u>5,416</u>	<u>56,204</u>	<u>(876,476)</u>

(c) Product and service information

The Group’s product revenues from exterior clients were as follows:

Product and services	<u>2021</u>	<u>2020</u>
Solar energy	\$ 12,484,602	10,487,565
System	1,254,765	1,459,465
Others	<u>563,041</u>	<u>564,004</u>
	<u>\$ 14,302,408</u>	<u>12,511,034</u>

(Continued)

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

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers .

<u>Geographical information</u>	<u>Revenue from external customers</u>		<u>non-current asset</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue from external customers:				
Taiwan	\$ 6,698,270	6,262,093	9,004,603	9,465,615
United States	1,127,736	1,071,460	1,274,112	1,592,385
India	1,274,529	928,885	-	-
Germany	536,058	870,374	-	-
Other countries	<u>4,665,815</u>	<u>3,378,222</u>	<u>797,982</u>	<u>2,134,249</u>
Total	<u>\$ 14,302,408</u>	<u>12,511,034</u>	<u>11,076,697</u>	<u>13,192,249</u>

Non-current assets exclude investments accounted for using the equity method, prepaid investments in shares, financial instruments, deferred tax assets, goodwill, brands and other assets.

(e) Major customers

The details of the Group's customers whose individual sales income accounted for more than 10% of the net operating income on the consolidated income statement for the years ended December 31, 2021 and 2020 are as follow:

EZ Company	<u>2021</u> Note	<u>2020</u> <u>\$ 1,898,907</u>
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Note : The mount of income failed to reach 10% of the consolidated income.

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
 ENDORSEMENTS/GUARANTEES PROVIDED
 FOR THE YEAR ENDED December 31, 2021

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	GES UK	(2)	3,026,120	570,100	-	-	-	-	7,565,300	Y	N	N
0	The Company	NSP System	(2)	3,026,120	1,900,000	500,000	221,300	-	3.30	7,565,300	Y	N	N
0	The Company	Gintech (Thailand)	(2)	3,026,120	281,940	-	-	-	-	7,565,300	Y	N	N
0	The Company	Apex	(2)	3,026,120	387,215	-	-	-	-	7,565,300	Y	N	N
0	The Company	Yong Liang	(2)	3,026,120	1,810,000	1,810,000	202,059	-	11.96	7,565,300	Y	N	N
0	The Company	GES USA	(2)	3,026,120	427,575	416,400	-	-	2.75	7,565,300	Y	N	N
1	GES USA	GES Megasixteen	(2)	510,757	242,293	235,195	235,195	-	45.61	1,021,514	Y	N	N
1	GES USA	TEV SOLAR ALPHA18 LLC	(2)	510,757	286,475	278,084	278,084	-	53.92	1,021,514	Y	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: Based on the "Rules of Guarantees by GES USA," the ceiling for the total guaranteed amount was 200% of GES USA's net asset value, and the limit of the guaranteed amount for a single party was 100% of GES USA's net asset value. But for business purposes, the limit on the guaranteed amount was the total of the purchases from or sales to GES USA within the most recent year. GES USA's net asset value is based on its latest settlement financial statement.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED December 31, 2021

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	2021.12.31				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	111,712	0.39%	111,712	
	ThinTech Materials Technology Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income- non-current	7,000	222,250	9.52%	222,250	
	GIGA SOLAR MATERIALS CORPORATION	-	Financial assets at fair value through other comprehensive income- non-current	266	55,654	0.35%	55,654	
	Taiwan Speciality Chemicals Corporation	-	Financial assets at fair value through other comprehensive income- non-current	2,226	45,699	1.61%	45,699	
	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	531	8,188	10.00%	8,188	
	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	-	100.00%	-	1	

Note 1: Please refer to Note6(d) for details.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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, 2021

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	<u>Shares</u> Shares-Utech	Investment accounted for using the equity method	(Note1)	Subsidiary	50,358	(1,278,092)	37,999	379,994	(59,866)	-	-	(90,332)	28,491	(988,430)
Utech	Shares-Jiangung	Investment accounted for using the equity method	(Note2)	Subsidiary			44,010	440,100	-	-	-	19,617	44,010	459,717
Jiangung	Shares-Yong Liang	Investment accounted for using the equity method	(Note2)	Subsidiary			44,000	440,000	-	-	-	8,957	44,000	448,957
												(Note3)		

Note 1 : Due to capital increase by cash and capital reduction to cover losses.

Note 2 : Due to capital increase by cash.

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

Note 4 : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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, 2021

TABLE 4

(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	444,644	5%	OA 14 days after receipt	-	-	(56,292)	(4.64%)	1
The Company	Gintech(Tailand)	Subsidiary	Purchase	849,615	9%	TT in advance	-	-	(63,179)	(5.21%)	1
The Company	Gintech(Tailand)	Subsidiary	Sale	137,634	1%	60 days from the invoice date	-	-	233,914	10.79%	1
The Company	NSP System	Subsidiary	Sale	128,720	1%	60 days from the invoice date	-	-	29,083	1.34%	1
The Company	Yong Liang	Subsidiary	Sale	116,541	1%	60 days from the invoice date	-	-	115,506	5.33%	1
The Company	Gintung	Associate	Sale	181,960	2%	Payment before shipment	-	-	-	0.00%	
NSP System	Yong Liang	Associate	Contracted project	147,335	27%	14 days from the invoice date	-	-	154,702	80.23%	1,2
NSP System	Apex	Associate	Contracted project	184,689	34%	14 days from the invoice date	-	-	8,431	43.72%	2

Note 1 : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Continued)

Note 2 : The contracted company recognizes its construction revenue through percentage of completion method, and the amount of sales included.

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED December 31, 2021

TABLE 5 (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	666,196	-	666,196	Receivable according to the financial situation	-	-
The Company	GES ME	Subsidiary	572,132	-	572,132	Receivable according to the financial situation	-	-
The Company	NSP NEVADA	Subsidiary	487,523	-	487,523	Receivable according to the financial situation	-	-
The Company	Gintech (Thailand)	Subsidiary	233,914	0.72	76,248	Receivable according to the financial situation	146,274	-
The Company	NSP System	Subsidiary	273,445	0.87	-	Receivable according to the financial situation	129,083	-
The Company	UREE	Subsidiary	133,486	-	3,913	Receivable according to the financial situation	133,486	-
The Company	Yong Liang	Subsidiary	115,506	1.16	-	Receivable according to the financial situation	103,751	-
DelSolar US	Beryl	Subsidiary	696,965	-	-	Receivable according to the financial situation	-	-
Beryl	CFC	Other related party	401,873	-	-	Receivable according to the financial situation	-	-
USD1	Beryl	Associate	105,669	-	-	Receivable according to the financial situation	-	-
GES USA	MUNISOL	Grandson company	812,693	-	-	Receivable according to the financial situation	-	-
NSP NEVADA	GES USA	Subsidiary	373,550	-	-	Receivable according to the financial situation	-	-
GES UK	GES USA	Subsidiary	243,674	-	-	Receivable according to the financial situation	-	-
TEV II	TEV Solar	Subsidiary	544,411	-	-	Receivable according to the financial situation	-	-
NSP System	Yong Liang	Associate	154,702	-	-	Receivable according to the financial situation	-	-
NSP BVI	The Company	Parent company	251,793	-	-	Receivable according to the financial situation	-	-
NSP BVI	CFY	Other related party	100,315	-	-	Receivable according to the schedule of signing contracts	-	-

Note 1 : Receivables arising from the payment of power plant construction payments or procurement transactions don't apply to turnover rate.

Note 2 : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
 BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE YEAR ENDED December 31, 2021

TABLE 6

(In Thousands of New Taiwan Dollars)

No (Note 1)	Company Name	Related Party	Relationship(Note 2)	Intercompany transactions			
				Financial Statement Account	Amount	Trading Terms	Percentage of the consolidated net revenue or total assets
0	The Company	DeSolar US	1	Other receivable	666,196	Note 3	2%
0	The Company	NSP NEVADA	1	Other receivable	487,523	Note 3	2%
0	The Company	GES ME	1	Other receivable	572,132	Note 3	2%
0	The Company	Gintech(Thailand)	1	Purchase	849,615	Note 3	6%
0	The Company	Gintech(Thailand)	1	Sales revenue	137,634	Note 3	1%
0	The Company	NSP System	1	Purchase fixed asset	165,089	Note 3	1%
0	The Company	Utech	1	Purchase	444,644	Note 3	3%
1	DeSolar US	Beryl	3	Other receivable	696,965	Note 3	2%
2	NSP System	Yong Liang	3	Sales revenue	147,335	Note 3	1%
3	GES USA	MUNISOL	3	Other receivable	812,693	Note 3	3%
4	GES USA	NSP NEVADA	3	Other expense payable	373,550	Note 3	1%
5	TEV II	TEV Solar	3	Other receivable	544,411	Note 3	2%

Note 1: fill in of numbers:

1. 0 represents the parent company.
2. The subsidiaries start with number 1.

Note 2: Relationship with counterparty are represented below:

1. Transactions from parent company to subsidiary.
2. Transactions from subsidiary to parent company.
3. Transactions between subsidiaries.

Note 3: Based on general trading conditions and prices.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 5: If other transactions do not reach 1% of the combined total revenue or total assets ratio will not be disclosed.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
 INVESTEESEXCLUDING INFORMATION ON INVESTEEES IN MAINLAND CHINA)
 FOR THE YEAR ENDED December 31, 2021

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, 2021			Highest % of Ownership during 2021	Investee recognized		Note
				December 31, 2021	December 31, 2020	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 1,918,131	62,188	100%	744,279	100%	95,169	95,169	
	DelSolar Cayman	Cayman Islands	Investment company	NTD 4,906,789	NTD 4,906,789	155,126	100%	562,548	100%	(37,414)	(37,414)	
	NSP BVI	British Virgin Islands	Investment company	NTD 470,424	NTD 470,424	18,350	100%	410,709	100%	2,798	2,798	
	GES ME	The United Arab Emirates	Solar related business	NTD 418,805	NTD 418,805	4	100%	58,552	100%	(122,388)	(122,388)	
	Apex	Taiwan	Solar related business	NTD -	NTD 165,994	-	-	-	100%	3,861	1,115	Note 9,12
	NSP UK	UK	Investment company	NTD 71,881	NTD 71,881	1,780	100%	95,029	100%	(60,751)	(60,751)	
	NSP System	Taiwan	Solar related business	NTD 144,200	NTD 144,200	14,420	100%	70,327	100%	(24,205)	(27,874)	
	New Ray Investment	Taiwan	Investment company	NTD -	NTD 115,000	-	-	-	100%	(65)	(65)	Note 8
	Zhongyang	Taiwan	Solar related business	NTD 24,121	NTD 24,121	3,500	100%	38,168	100%	11,344	11,344	
	UREE	Taiwan	Solar related business	NTD 25,300	NTD 25,300	2,530	100%	5,871	100%	4,499	4,499	
	DelSolar Singapore	Singapore	Investment company	NTD 29,743	NTD 29,743	1,250	100%	16,068	100%	(316)	(316)	
	BPS	Taiwan	Solar related business	NTD 6,000	NTD 6,000	600	60%	10,316	60%	(4,268)	(2,561)	
	SMC	Taiwan	Solar related business	NTD 9,720	NTD 9,720	1,000	100%	9,884	100%	35	35	
	Utech	Taiwan	Electronic component manufacturing	NTD 1,097,064	NTD 717,070	28,491	99.94%	(988,430)	99.94%	(105,721)	(105,533)	
	Yong Liang	Taiwan	Solar related business	NTD 249,000	NTD 249,000	24,900	36.14%	232,998	100%	11,254	6,979	Note 10
	Yong Zhou	Taiwan	Solar related business	NTD 46,500	NTD 46,500	-	100%	(6,624)	100%	(4,843)	(4,843)	
	JRC	Dominican	Solar related business	NTD 431,397	NTD 431,397	145	59.69%	208,689	59.69%	(842)	(503)	
	GES UK	UK	Investment company	NTD 2,644,899	NTD 2,943,653	85,433	100%	967,835	100%	(146,735)	(146,735)	
	TSST	Malaysia	Solar related business	NTD 417,692	NTD 417,692	97,701	42.12%	67,322	42.12%	9,755	4,109	Note 1
	V5 Technology	Taiwan	Electronic component manufacturing and selling	NTD 114,084	NTD 114,084	7,789	32.73%	46,495	32.73%	(48,268)	(18,925)	Note 1
	Gintung	Taiwan	Electronic component manufacturing	NTD 34,341	NTD 34,341	13,460	36.38%	-	36.38%	-	-	Note 1
	DS Energy Technology Co., Ltd.	Taiwan	Solar related business	NTD 10,500	NTD 10,500	1,050	18.93%	2,549	29.17%	(13,006)	(2,813)	Note 1
	Dashiangying	Taiwan	Agriculture related business	NTD 100	NTD 100	10	100%	7	100%	(60)	(60)	Note 13
	Shinkai	Taiwan	Agriculture related business	NTD 100	NTD 100	10	100%	7	100%	(60)	(60)	Note 13
	Shanshang	Taiwan	Solar related business	NTD 20,100	NTD 20,100	2,010	100%	20,049	100%	(10)	(10)	
	Jiangung	Taiwan	Agriculture related business	NTD 100	NTD 100	-	-	-	100%	4,051	(3)	Note 11
	Dungshr	Taiwan	Electronic component	NTD 2,100	NTD 2,100	210	100%	586	100%	442	442	
	Yanshan	Taiwan	Agriculture related business	NTD 100	NTD 100	10	100%	7	100%	(60)	(60)	Note 13
	Solarbright	Taiwan	Solar related business	NTD 30,000	NTD 30,000	9,000	30%	91,779	30%	6,503	1,951	Note 1
UES	RES	Independent State of Samoa	Investment company	USD 64,406	USD 64,406	62,188	100%	744,278	100%	95,197	-	Note 7
RES	Gintech Thailand	Thailand	Solar related business	USD 64,155	USD 64,155	20,920	100%	737,492	100%	95,079	-	Note 7

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2021			Highest % of Ownership during 2021	Investee recognized		Note
				December 31, 2021	December 31, 2020	Shares (Thousands)	% of Ownership	Carrying Value		Net Income (Loss) of the Investee	Investment Gain (Loss)	
GES UK	GES USA	US	Investment company	USD 52,180	USD 52,180	53,416	100%	510,757	100%	(18,554)	-	Note 7
	NSP Germany	Germany	Solar related business	EUR 23	EUR 23	23	90%	1,029	90%	(491)	-	Note 6,7
	NCH Solar1	UK	Solar related business	GBP -	GBP 6,947	-	-	-	100%	(1,416)	-	Note 7,12
	GES_Solar2	UK	Solar related business	GBP -	GBP 1,022	-	-	-	100%	(195)	-	Note 7,12
	GES_Solar3	UK	Solar related business	GBP -	GBP 67	-	-	-	100%	(172)	-	Note 7,12
	GES CANADA	Canada	Investment company	USD 12,025	USD 12,025	10,540	100%	188,051	100%	(6,025)	-	Note 7
	GES JAPAN	Japan	Investment company	JPY 273,507	JPY 1,184,330	276	100%	19,404	100%	(4,865)	-	Note 7
	GES USA	MEGATWO	US	Solar related business	USD 19,594	USD 19,274	19,594	100%	29,079	100%	(16,727)	-
MEGATHREE		US	Solar related business	USD -	USD 1,284	-	-	-	40%	1,000	-	Note 1,7,12
MEGAFIVE		US	Solar related business	USD 635	USD 635	635	100%	13,759	100%	(4,622)	-	Note 7
MEGASIX		US	Solar related business	USD 2,627	USD 2,627	2,627	100%	9,059	100%	(23,572)	-	Note 7
MEGAEIGHT		US	Solar related business	USD 748	USD 748	748	100%	4,183	100%	458	-	Note 7
MEGATWELVE		US	Solar related business	USD 168	USD 168	168	100%	298	100%	(112)	-	Note 7
MEGATHIRTEEN		US	Solar related business	USD 2,000	USD 2,000	2,000	100%	53,555	100%	781	-	Note 7
MEGASIXTEEN		US	Solar related business	USD 11,981	USD 11,981	11,981	100%	271,177	100%	(1,092)	-	Note 7
MEGANINETEEN		US	Solar related business	USD 132	USD 132	132	100%	(2,379)	100%	318	-	Note 7
MEGATWENTY		US	Solar related business	USD 124	USD 124	124	100%	2,104	100%	701	-	Note 7
ASSET TWO		US	Solar related business	USD -	USD -	-	-	(318)	-	(23)	-	Note 3,7
ASSET THREE		US	Solar related business	USD 2,839	USD 2,839	2,839	100%	16,477	100%	(1,105)	-	Note 7
SH4		US	Solar related business	USD 539	USD 619	539	100%	8,471	100%	374	-	Note 7
CEDAR FALLS		US	Solar related business	USD -	USD 2,237	-	-	-	100%	(36)	-	Note 7,12
Schenectady		US	Solar related business	USD -	USD -	-	-	(19,858)	100%	(248)	-	Note 3,7
VOC		US	Solar related business	USD -	USD 2,393	-	-	-	100%	(10,137)	-	Note 3,7,12
SEG		US	Solar related business	USD 800	USD 800	800	100%	11,209	100%	(2,107)	-	Note 7
KINECT		US	Solar related business	USD 266	USD 266	266	100%	9,330	100%	642	-	Note 7
RER CT 57		US	Solar related business	USD -	USD 1,931	-	-	-	100%	1,559	-	Note 7,12
TEV II		US	Solar related business	USD 200	USD 200	0.2	100%	-	100%	(5,240)	-	Note 4,7
Illini Power LLC		US	Solar related business	USD -	USD -	-	-	-	100%	(25)	-	Note 3,7,12
PS CS LLC		US	Solar related business	USD -	USD -	-	-	-	100%	(25)	-	Note 3,7,12
HEYWOOD		US	Solar related business	USD 1,770	USD 1,770	-	55%	42,244	55%	(593)	-	Note 7
MP Solar	US	Solar related business	USD -	USD 3,251	-	-	-	55%	(22)	-	Note 7,12	
Ventura	US	Solar related business	USD -	USD 3,013	-	-	-	55%	(22)	-	Note 7,12	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2021			Highest % of Ownership during 2021	Investee recognized		Note
				December 31, 2021	December 31, 2020	Shares (Thousands)	% of Ownership	Carrying Value		Net Income (Loss) of the Investee	Investment Gain (Loss)	
NSP NEVADA	HEYWOOD	US	Solar related business	USD 1,448	USD 1,448	-	45%	34,272	45%	(593)	-	Note 7
	MP Solar	US	Solar related business	USD -	USD 2,660	-	-	-	45%	(22)	-	Note 7,12
	Ventura	US	Solar related business	USD -	USD 2,465	-	-	-	45%	(22)	-	Note 7,12
	Livermore	US	Solar related business	USD 150	USD 150	-	100%	(40,565)	100%	(1,635)	-	Note 7
	Industrial Park	US	Solar related business	USD 3,100	USD 3,100	-	100%	27,132	100%	(18,792)	-	Note 7
	Hillsboro	US	Solar related business	USD 1,862	USD 1,862	-	100%	22,242	100%	(5,463)	-	Note 7
	JRC	Dominican	Solar related business	USD 9,842	USD 9,842	97	40.31%	226,316	40.31%	(842)	-	Note 7
GES CANADA	Munisol	Mexico	Solar related business	USD 18,810	USD 18,490	353,508	100%	348,098	100%	(16,704)	-	Note 7
MEGA TWO	SHIMA'S	US	Solar related business	USD 153	USD 153	153	100%	(1,224)	100%	186	-	Note 7
	WAIMEA	US	Solar related business	USD 526	USD 526	526	100%	11,982	100%	26	-	Note 7
ASSET THREE	HONOKAWAI	US	Solar related business	USD 418	USD 418	418	100%	13,012	100%	799	-	Note 7
	ELEELE	US	Solar related business	USD 637	USD 637	637	100%	15,439	100%	401	-	Note 7
	HANALEI	US	Solar related business	USD 280	USD 280	280	100%	2,022	100%	(74)	-	Note 7
	KAPAA	US	Solar related business	USD 761	USD 761	761	100%	13,042	100%	608	-	Note 7
	KOLOA	US	Solar related business	USD 569	USD 569	569	100%	9,845	100%	(46)	-	Note 7
	GES AC	US	Solar related business	USD 24,942	USD 24,942	0.1	67.59%	689,568	67.59%	(18,085)	-	Note 5,7
	ANDERSON N.	US	Solar related business	USD 13,507	USD 13,507	13,507	100%	352,472	100%	(5,772)	-	Note 5,7
GES AC	ANDERSON S.	US	Solar related business	USD 11,454	USD 11,454	11,454	100%	299,112	100%	(4,638)	-	Note 5,7
	Flora	US	Solar related business	USD 1,915	USD 1,915	1,915	100%	50,977	100%	(485)	-	Note 5,7
MEGASIXTEEN	Greenfield	US	Solar related business	USD 8,631	USD 8,631	8,631	100%	226,163	100%	(3,175)	-	Note 5,7
	Spiceland	US	Solar related business	USD 1,275	USD 1,275	1,275	100%	33,610	100%	(398)	-	Note 5,7
TEV II	TEV Solar	US	Solar related business	USD 100	USD 100	0.1	100%	2,546	100%	(28)	-	Note 5,7
TEV Solar	AC GES Solar	US	Solar related business	USD 19,674	USD 19,674	0.1	66.19%	544,296	66.19%	(3,928)	-	Note 5,7
	Richmond	US	Solar related business	USD 19,259	USD 19,259	19,259	100%	527,849	100%	(1,027)	-	Note 5,7
AC GES Solar	Rensselaer	US	Solar related business	USD 9,933	USD 9,933	9,933	100%	273,758	100%	2	-	Note 5,7
	Advance	US	Solar related business	USD 534	USD 534	534	100%	14,643	100%	(11)	-	Note 5,7
NSP BVI	NSP HK	Hong Kong	Solar related business	USD -	USD -	-	100%	-	100%	1	-	Note 7
DelSolar Cayman	DelSolar HK	Hong Kong	Investment company	USD 125,200	USD 125,200	125,200	100%	212,076	100%	820	-	Note 7
	DelSolar US	US	Investment company	USD 24,800	USD 24,800	3	100%	297,636	100%	(32,511)	-	Note 7
	NSP NEVADA	US	Solar related business	USD 5,125	USD 5,125	5,125	100%	38,551	100%	(18,411)	-	Note 7
	URE NSP	US	Solar related business	USD 500	USD 500	500	100%	14,203	100%	231	-	Note 7
DelSolar Singapore	NSP Vietnam	Vietnam	Technical management services	USD -	USD 160	-	-	-	100%	-	-	Note 7,8
NSP UK	PV Power Park	Germany	Solar related business	GBP -	GBP 20	-	-	-	100%	(22)	-	Note 7,8
	NSP Indygen	UK	Solar related business	GBP -	GBP -	-	100%	47,771	100%	(60,501)	-	Note 7
Utech	Jiangung	Taiwan	Solar related business	NTD 440,100	NTD -	44,010	100%	459,717	100%	4,051	4,051	Note 11
Jiangung	Yong Liang	Taiwan	Solar related business	NTD 440,000	NTD -	44,000	63.86%	448,957	63.86%	11,254	-	Note 7,10

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2021			Highest % of Ownership during 2021	Investee recognized		Note	
				December 31, 2021	December 31, 2020	Shares (Thousands)	% of Ownership	Carrying Value		Net Income (Loss) of the Investee	Investment Gain (Loss)		
NSP System	Hsin Jin Optoelectronics	Taiwan	Solar related business	NTD 10,647	NTD 10,647	-	80%	12,031	80%	1,211	-	Note 7	
	Hsin Jin Solar Energy	Taiwan	Solar related business	NTD 13,981	NTD 13,981	-	60%	16,200	60%	2,647	-	Note 7	
	Si Two	Taiwan	Solar related business	NTD 20,000	NTD 20,000	2,000	100%	15,070	100%	337	-	Note 7	
	Tienyang	Taiwan	Solar related business	NTD -	NTD 100	-	-	-	100%	-	-	Note 7,12	
	Deyang	Taiwan	Solar related business	NTD -	NTD 100	-	-	-	100%	-	-	Note 7,12	
	Shanyang	Taiwan	Solar related business	NTD -	NTD 100	-	-	-	100%	-	-	Note 7,12	
	Jeyang	Taiwan	Solar related business	NTD -	NTD 100	-	-	-	100%	-	-	Note 7,12	
	Lianzhang	Taiwan	Solar related business	NTD 100	NTD 100	10	100%	-	100%	(148)	-	Note 7	
	Lianxi	Taiwan	Solar related business	NTD 100	NTD 100	10	100%	-	100%	(12,471)	-	Note 7	
	Liancheng	Taiwan	Solar related business	NTD 100	NTD 100	10	100%	-	100%	(60)	-	Note 7,13	
	Feng Yang	Taiwan	Solar related business	NTD -	NTD 100	-	-	-	100%	-	-	Note 7,12	
	UREE	UAE	Taiwan	Agriculture related business	NTD 100	NTD 100	10	100%	7	100%	(60)	-	Note 7,13
	DelSolar HK	DelSolar Wu Jiang	China	Solar related business	USD 120,000	USD 120,000	-	100%	200,117	100%	924	-	Note 7
DelSolar US	DelSolar Development	US	Solar related business	USD 2,200	USD 2,200	-	100%	18,694	100%	(1,558)	-	Note 7	
	CFR	US	Solar related business	USD 14,370	USD 14,370	14,370	100%	(70,766)	100%	(3,488)	-	Note 7	
	USD1	US	Solar related business	USD 3,582	USD 3,582	-	100%	181,388	100%	(348)	-	Note 7	
	JV2	US	Solar related business	USD 830	USD 830	-	67%	-	67%	-	-	Note 1,2,7	
	Beryl	US	Solar related business	USD -	USD -	-	100%	116,495	100%	(26,493)	-	Note 7	
DelSolar Development	DSS-USF PHX LLC	US	Solar related business	USD 370	USD 370	-	100%	9,110	100%	(1,381)	-	Note 7	
	DSS-RAL LLC	US	Solar related business	USD 835	USD 835	-	100%	8,043	100%	(630)	-	Note 7	
USD1	DevCo One	US	Solar related business	USD 444	USD 444	-	40%	1,664	40%	-	-	Note 1,7	
	DevCo Two	US	Solar related business	USD 444	USD 444	-	40%	1,664	40%	-	-	Note 1,7	

Note 1 : It is an investment accounted for using equity method and is an affiliated enterprise or a joint venture. Except for these entities, the remaining entities are all subsidiaries of the consolidated entity. The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 2 : Although the Group holds more than half of JV2's equity, according to the joint venture contract, all major management decisions of JV2 must be agreed by all directors. Therefore, the Group assess no control over JV2.

Note 3 : The Group's structured entities.

Note 4 : GES USA and Telamon Enterprise Ventures (Telamon), non-related parties, established TEV II and obtained 50% of each of TEV II's equity in the contract agreement. According to the contract, GES USA was responsible for all related projects led by TEV II and assume the risk of variable remuneration. Therefore, GES USA has control over TEV II. Additionally, GES USA purchased a 50% stake in TEV II held by Telamon in August 2020.

Note 5 : According to the loan contract between the Group and IMPA, the Group cannot transfer the equity of the companies before the specified date. Please refer to note6(p) for details.

Note 6 : Due to organization reorganization on May 2020, NSP Germany was recognized under NSP UK before May, and its shares have been transferred to GES UK since June, becoming a 90% owned subsidiary.

Note 7 : The investor disclosed the profits and losses of the investment, which include the profits and losses of the investee; therefore, no disclosure is needed from the Company.

Note 8 : As of December 31, 2021, the company had liquidated and dissolved.

Note 9 : Due to the changes in strategic layout, the Company sold the Apex's shares to Solarbright energy in the second quarter of 2021.

Note 10 : Due to organization reorganization, it was originally recognized under URE as a 100% owned subsidiary, and its 63.86% shares have been transferred to Jiangung since June 2021.

Note 11 : Due to organization reorganization, it was originally recognized under URE as a 100% owned subsidiary, and its shares have been transferred to Utech since April 2021, becoming a 100% owned subsidiary.

Note 12 : As of December 31, 2021, the Group disposed of all the equity shares.

Note 13 : As of December 31, 2021, the company is in the process of liquidation and dissolution.

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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, 2021	Investment flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee (Note 3)	% Ownership of Direct or Indirect Investment	Highest % of Ownership during 2021	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outflow	Inflow							
DelSolar Wu Jiang	Solar related business	USD 120,000 \$ 3,343,200	Note 1	USD 120,000 \$ 3,320,400	-	-	USD 120,000 \$ 3,343,200	924	100%	100%	924	200,117	-
NSP Nanchang	Solar related business	USD 0 \$ -	Note 4	USD 5,000 \$ 138,350	-	-	USD 5,000 \$ 139,300	Note 4	-	100%	-	-	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021 (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 3,969,262	USD 149,618 4,139,930	9,078,360

Note 1 : Investments Mainland China through a third region.

Note 2 : Subsidiaries mentioned above were recognized on the basis of financial statements as December 31, 2021.

Note 3 : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 4 : The Group disposed of all the shares of NSP Nanchang in the third quarter of 2020.

Note 5 : The exchange rate used is the rate on December 31, 2021.