

UNITED RENEWABLE ENERGY CO., LTD.**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020**

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

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Independent Auditors' Report

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

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and 2020, in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Assessment of impairment of non-financial assets

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

Description of key audit matter:

The Company belongs to a high capital expenditure industry, and its production capacity relies on the customer needs. However, in an environment where market 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.

3. Investment accounted for using the equity method

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

Description of key audit matter:

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

How the matter was addressed in our audit:

Our principal audit procedures included: assessing the policies of investments accounted for using the equity method whether they comply with the government regulations; planning and performing the necessary audit procedures in accordance with the regulations of Taiwan Auditing Standards to recognize the investment gains and losses under the equity method.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investments accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 18, 2022

Notes to Readers

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

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

Balance Sheets

December 31, 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))	\$ 3,655,826	14	3,605,677	13	2100	Short-term borrowings (note 6(m))	\$ -	-	2,320,002	9		
1110	Financial assets at fair value through profit or loss - current (note 6(b))	7,384	-	2,714	-	2120	Financial liabilities at fair value through profit or loss - current (note 6(b))	-	-	5,437	-		
1120	Financial assets at fair value through other comprehensive income - current (note 6(c))	111,712	-	114,715	-	2130	Contract liabilities - current (notes 6(x) and 7)	337,967	1	261,976	1		
1170	Notes and accounts receivable, net (note 6(e))	1,564,893	6	1,815,386	7	2170	Notes and accounts payable	1,077,242	4	1,164,553	4		
1180	Accounts receivable from related parties (note 7)	400,842	2	155,970	1	2180	Accounts payable to related parties (note 7)	136,307	1	166,180	1		
1200	Other receivables	68,958	-	19,793	-	2280	Lease liability - current (note 6(p))	26,780	-	10,610	-		
1210	Other receivables from related parties (note 6(d) and 7)	298,908	1	403,188	1	2320	Current portion of long-term liabilities (note 6(n))	-	-	2,335,756	9		
130X	Inventories (note 6(f))	1,211,447	5	1,487,041	6	2399	Other current liabilities (note 7)	1,775,571	7	1,591,973	5		
1410	Prepayments (notes 9)	704,222	3	319,866	1	Total current liabilities		<u>3,353,867</u>	<u>13</u>	<u>7,856,487</u>	<u>29</u>		
1476	Other financial assets (note 8)	873,956	3	1,020,807	4	Non-Current liabilities:							
1479	Other current assets	166,987	1	197,833	1	2530	Bonds payable (note 6(o))	2,952,450	12	-	-		
Total current assets		<u>9,065,135</u>	<u>35</u>	<u>9,142,990</u>	<u>34</u>	2540	Long-term borrowings (note 6(n))	2,657,486	10	3,088,571	11		
Non-current assets:								2580	Lease liability - non-current (note 6(p))	252,628	1	258,841	1
1510	Financial assets at fair value through profit or loss - non-current (notes 6(b) and (o))	6,900	-	-	-	2650	Credit balance of investments accounted for using equity method (note 6(g))	995,054	4	1,279,873	5		
1517	Financial assets at fair value through other comprehensive income - non-current (note 6(c))	333,791	1	249,676	1	2670	Other non-current liabilities (notes 6(g) and (t))	236,757	1	258,907	1		
1535	Financial assets at amortized cost - non-current (note 6(d))	-	-	140,475	1	Total non-current liabilities		<u>7,094,375</u>	<u>28</u>	<u>4,886,192</u>	<u>18</u>		
1550	Investments accounted for using the equity method (notes 6(g) and 7)	3,660,075	14	4,819,040	18	Total liabilities		<u>10,448,242</u>	<u>41</u>	<u>12,742,679</u>	<u>47</u>		
1600	Property, plant and equipment (notes 6(i), 7 and 8)	4,288,600	17	4,439,234	16	Equity (note 6(u))							
1755	Right-of-use assets (note 6(j))	201,636	1	192,327	1	3110	Ordinary shares	16,278,140	64	26,650,863	99		
1760	Investment property (notes 6(k) and 8)	2,637,221	10	2,741,259	10	3200	Capital surplus	999,749	4	7,877	-		
1780	Intangible assets (note 6(l))	4,134	-	1,924	-	3350	Accumulated deficit	(1,461,427)	(6)	(11,581,063)	(43)		
1840	Deferred tax assets (note 6(t))	622,050	2	622,822	2	3400	Other equity	(667,163)	(3)	(802,046)	(3)		
1915	Prepayments - non-current (note 9)	1,920,057	8	1,942,715	7	3500	Treasury shares	(18,699)	-	(18,699)	-		
1920	Refundable deposits (note 8)	634,844	3	706,987	3	Total equity		<u>15,130,600</u>	<u>59</u>	<u>14,256,932</u>	<u>53</u>		
1942	Other receivables from related parties - non-current (note 7)	2,002,155	8	2,000,162	7	Total liabilities and equity		<u>\$ 25,578,842</u>	<u>100</u>	<u>26,999,611</u>	<u>100</u>		
1990	Other non-current assets (note 8)	202,244	1	-	-								
Total non-current assets		<u>16,513,707</u>	<u>65</u>	<u>17,856,621</u>	<u>66</u>								
Total assets		<u>\$ 25,578,842</u>	<u>100</u>	<u>26,999,611</u>	<u>100</u>								

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

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Net operating revenues (notes 6(x) and 7)	\$ 12,027,712	100	10,716,898	100
5110	Operating costs (notes 6(f), 7 and 12)	<u>11,558,981</u>	<u>96</u>	<u>11,028,558</u>	<u>103</u>
5900	Gross loss from operations	<u>468,731</u>	<u>4</u>	<u>(311,660)</u>	<u>(3)</u>
Operating expenses (notes 6(e)(v)(y) and 12):					
6100	Selling expenses	352,317	3	321,263	3
6200	General and administrative expenses	647,413	5	775,609	7
6300	Research and development expenses	100,492	1	154,162	2
6450	Impairment loss (reversal of impairment loss) on trade receivable	<u>(2,971)</u>	<u>-</u>	<u>(14,875)</u>	<u>-</u>
	Total operating expense	<u>1,097,251</u>	<u>9</u>	<u>1,236,159</u>	<u>12</u>
6500	Other income and expenses	<u>-</u>	<u>-</u>	<u>(891,547)</u>	<u>(8)</u>
	Loss from operations	<u>(628,520)</u>	<u>(5)</u>	<u>(2,439,366)</u>	<u>(23)</u>
Non-operating income and expenses:					
7010	Other income (notes 6(r)(z) and 7)	284,075	2	311,704	3
7020	Other gains and losses (note 6(z))	(327,904)	(3)	(157,592)	(1)
7050	Finance costs (notes 6(o) and (p))	(215,220)	(2)	(349,226)	(3)
7060	Share of gain (loss) of subsidiaries and associates accounted for using equity method (note 6(g))	(402,473)	(3)	(3,517,700)	(33)
7100	Interest income	<u>1,839</u>	<u>-</u>	<u>13,165</u>	<u>-</u>
		<u>(659,683)</u>	<u>(6)</u>	<u>(3,699,649)</u>	<u>(34)</u>
	Loss before income tax	<u>(1,288,203)</u>	<u>(11)</u>	<u>(6,139,015)</u>	<u>(57)</u>
7950	Less: income tax expense (note 6(t))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8200	Net loss	<u>(1,288,203)</u>	<u>(11)</u>	<u>(6,139,015)</u>	<u>(57)</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	-	125,711	1
8330	Share of other comprehensive income(loss) of subsidiaries accounted for using equity method	-	-	(11,966)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign statements	(58,399)	-	(327,526)	(3)
8380	Share of other comprehensive income (loss) of subsidiaries accounted for using equity method	<u>(47,287)</u>	<u>-</u>	<u>(46,042)</u>	<u>-</u>
8300	Total other comprehensive income (loss)	<u>(44,568)</u>	<u>-</u>	<u>(259,823)</u>	<u>(2)</u>
	Total comprehensive loss	<u>\$ (1,332,771)</u>	<u>(11)</u>	<u>(6,398,838)</u>	<u>(59)</u>
	Loss per share				
9750	Basic loss per share (NT dollars) (note 6(w))	<u>\$ (0.84)</u>		<u>(4.08)</u>	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

UNITED RENEWABLE ENERGY CO., LTD.**Statements of Changes in Equity****For the years ended December 31, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars)**

	Share capital			Other equity				Total equity
	Ordinary shares	Capital surplus	Accumulated deficits	Exchange differences on translation of foreign financial statements	Unrealized gains (loss) on financial assets at fair value through other comprehensive income	Unearned employees benefits	Treasury shares	
Balance at January 1, 2020	\$ 26,653,375	118,989	(6,000,644)	(296,106)	283,492	(18,414)	(18,699)	20,721,993
Net loss for the year ended December 31, 2020	-	-	(6,139,015)	-	-	-	-	(6,139,015)
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	(373,568)	113,745	-	-	(259,823)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	(6,139,015)	(373,568)	113,745	-	-	(6,398,838)
Other changes in capital surplus:								
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	7,819	-	-	-	-	-	7,819
Offset of deficit against capital surplus	-	(123,629)	123,629	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(84,834)	-	-	-	-	(84,834)
Changes in ownership interests in subsidiaries	-	473	-	-	-	-	-	473
Compensation cost of restricted shares for employees	-	-	-	-	-	12,558	-	12,558
Distribution of restricted shares for employees	7,950	1,201	(1,591)	-	-	(7,560)	-	-
Cancellation of restricted shares for employees	(10,462)	1,429	-	-	-	6,000	-	(3,033)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	522,193	-	(522,193)	-	-	-
Adjustments to capital surplus and retained earnings for changes in subsidiaries equity	-	1,595	(801)	-	-	-	-	794
Balance at December 31, 2020	<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>
Net loss for the year ended December 31, 2021	-	-	(1,288,203)	-	-	-	-	(1,288,203)
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(105,686)	61,118	-	-	(44,568)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	(1,288,203)	(105,686)	61,118	-	-	(1,332,771)
Other changes in capital surplus:								
Offset of deficit against capital surplus	-	(9,887)	9,887	-	-	-	-	-
Capital increase by cash	1,200,000	792,000	-	-	-	-	-	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)
Compensation cost of restricted shares for employees	-	-	-	-	-	4,621	-	4,621
Cancellation of restricted shares for employees	(1,548)	282	-	-	-	1,928	-	662
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	(172,902)	-	172,902	-	-	-
Adjustments to capital surplus and retained earnings for changes in subsidiaries equity	-	3,291	(321)	-	-	-	-	2,970
Issuance of convertible bonds	-	177,366	-	-	-	-	-	177,366
Compensation cost of issuing shares	-	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>

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Loss before income tax	\$ (1,288,203)	(6,139,015)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	825,388	1,315,807
Amortization expense	1,679	2,310
Expected credit loss (gain)	26,205	(14,875)
Net loss(gain) on financial assets or liabilities at fair value through profit or loss	(11,016)	4,360
Finance cost	162,879	349,226
Interest income	(1,839)	(13,165)
Dividends income	(14,178)	(89,028)
Compensation cost of restricted shares for employees	34,115	10,826
Share of loss of subsidiaries and associates accounted for using equity method	402,473	3,517,700
Loss (gain) on disposal of property, plant and equipment	108,620	(188,040)
Gain on disposal of investments	(83)	(80,408)
Impairment loss on property, plant and equipment	-	891,547
Impairment loss (reversal gain) on prepayment	(3,521)	116,788
Impairment loss on financial assets	163,650	-
Others	(87,010)	68,988
Total adjustments to reconcile profit (loss)	<u>1,607,362</u>	<u>5,892,036</u>
Changes in operating assets and liabilities:		
Contract assets - current	-	45,940
Notes and accounts receivable	235,400	(401,747)
Accounts receivable from related parties	(242,848)	248,106
Other receivables	(49,145)	276,824
Other receivables from related parties	57,636	217,577
Inventory	379,975	624,694
Prepayments (including non-current)	(406,196)	99,577
Other current assets	30,968	345,012
Contract liabilities - current	75,991	9,567
Notes and accounts payable (including related parties)	(104,878)	(78,459)
Provisions	(103,613)	95,058
Other current liabilities	183,733	313,139
Total changes in operating assets and liabilities	<u>57,023</u>	<u>1,795,288</u>
Cash inflow generated from (used in) operations	376,182	1,548,309
Income taxes received (paid)	(122)	1,472
Net cash flows generated from (used in) operating activities	<u>376,060</u>	<u>1,549,781</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(27,098)	(48,840)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	2,241,455
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,614	6,470
Acquisition of investments accounted for using equity method	(439,994)	(872,430)
Proceeds from disposal of associates	198,382	816,622
Proceeds from capital reduction of investments accounted for using equity method	358,167	1,250,081
Acquisition of property, plant and equipment	(545,548)	(25,940)
Proceeds from disposal of property, plant and equipment	3,136	1,059,800
Decrease in refundable deposits	72,143	140,332
Acquisition of intangible assets	(3,889)	-
Increase in other financial assets	(47,501)	(479,705)
Interest received	1,643	6,136
Dividends received	253,832	159,138
Net cash flows generated from investing activities	<u>(170,113)</u>	<u>4,253,119</u>
Cash flows from financing activities:		
Decrease in short-term loans	(2,297,495)	(282,273)
Issuance of convertible bonds	3,120,780	-
Proceeds from long-term borrowings	4,748,425	1,562,610
Repayments of long-term borrowings	(7,486,342)	(7,960,609)
Increase in guarantee deposits received	4,327	55,779
Payment of lease liabilities	(33,767)	(25,666)
Proceeds from issuance of ordinary shares	1,992,000	-
Interest paid	(166,607)	(335,865)
Net cash used in financing activities	<u>(118,679)</u>	<u>(6,986,024)</u>
Effect of exchange rate changes	<u>(37,119)</u>	<u>(53,809)</u>
Net increase (decrease) in cash and cash equivalents	50,149	(1,236,933)
Cash and cash equivalents at beginning of period	3,605,677	4,842,610
Cash and cash equivalents at end of period	<u>\$ 3,655,826</u>	<u>3,605,677</u>

See accompanying notes to financial statements.

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

Notes to the Financial Statements

For the years ended December 31, 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 “Company”) was incorporated in the Republic of China on August 26, 2005. It specializes in manufacturing high-quality solar cells, solar cell modules and wafers. The Company’s main business activities include researching, developing, designing, manufacturing and selling solar cells, as well as participating in other solar-related businesses. Its ordinary shares have been listed on the Taiwan Stock Exchange (TWSE) since January 2009.

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

(2) Approval date and procedures of the financial statements

The parent company only financial statements were approved and released by the Company’s board of directors on March 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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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 Company 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 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”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 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 Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

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

(Continued)

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

(4) Summary of significant accounting policies

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

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

(ii) Functional and presentation currency

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

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of 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 using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

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

(Continued)

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

(ii) Foreign operations

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

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

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

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

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

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 Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

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

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; 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.

(Continued)

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

2) Fair value through other comprehensive income (FVOCI)

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

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

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established (Usually on the ex-dividend date).

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

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

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

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

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

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

(Continued)

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

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

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

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

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

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

(Continued)

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

2) Equity instrument

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

3) Treasury shares

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

(iii) Derivative financial instruments and hedge accounting

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

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

(Continued)

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

(g) Inventories

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

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

(h) Investment in associates

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

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

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

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

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

(Continued)

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

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

(i) Investment in subsidiaries

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

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

(j) Investment property

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

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

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

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

(Continued)

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

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

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

(iv) Reclassification to investment property

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

(l) Leases

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

(i) As a lessee

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

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

(Continued)

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

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

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

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

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

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

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

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

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

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

(Continued)

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

(ii) As a lessor

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

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

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

(m) Intangible assets

(i) Recognition and measurement

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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

(Continued)

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

(n) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

(o) Provisions

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

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

(p) Revenue from contracts with customers

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

(i) Sale of goods

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

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

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

(Continued)

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

(ii) Construction contracts

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

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

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

(iii) Power electric revenue

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

(iv) Financing components

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

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

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

(r) Share-based payment

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

(s) Income taxes

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

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

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

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

Deferred 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.

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

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

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Earnings per share

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

(u) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company). Operating results of the operating segment are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

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

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

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

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

- (a) For the judgment regarding significant influence of investees, please refer to the consolidated financial report 2021.
- (b) Judgment of whether the Group has substantive control over its investees:

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

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) Impairment assessment of non-financial asset

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

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

The Company 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 I: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level II: 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 III: 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(aa) for assumptions used in measuring fair value.

(Continued)

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand, checking accounts and demand deposits	\$ 3,651,884	3,599,508
Time deposits	<u>3,942</u>	<u>6,169</u>
Cash and cash equivalents listed in the consolidated cash flow statements	<u>\$ 3,655,826</u>	<u>3,605,677</u>

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

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

	December 31, 2021	December 31, 2020
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 contract	2,941	-
Embedded derivatives - call	<u>6,900</u>	<u>-</u>
Total	<u>\$ 14,284</u>	<u>2,714</u>
Current	\$ 7,384	2,714
Non-current	<u>6,900</u>	<u>-</u>
Total	<u>\$ 14,284</u>	<u>2,714</u>
Financial liabilities designated at fair value through profit or loss:		
Derivatives not used for hedging		
Forward exchange contracts	<u>\$ -</u>	<u>5,437</u>

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

(Continued)

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

<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, 2022~ 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

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

	For the years ended December 31,	
	2021	2020
Revaluation of derivatives listed in profit and loss	\$ 16,959	37,967

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

	December 31, 2021	December 31, 2020
Equity instrument measured at fair value through other comprehensive income:		
Domestic investments		
Listed ordinary shares	\$ 389,616	328,498
Unlisted ordinary shares	47,699	20,601
Overseas investments - unlisted ordinary shares	8,188	15,292
Total	\$ 445,503	364,391
Current	\$ 111,712	114,715
Non-current	333,791	249,676
Total	\$ 445,503	364,391

- (i) The Company's equity instruments are not held for trading, therefore has been designated at fair value through other comprehensive income.
- (ii) Please refer to note 13(a) for details on the above mentioned equity instruments and fair value, among which the shares of ThinTech Materials Technology Co., Ltd. ("TTMC") were privately placed and its ordinary shares are subject to transfer restrictions in accordance with Article 43-8 of the Securities and Exchange Act.
- (iii) The Company recognized dividend income of \$14,178 thousand and \$89,028 thousand for the years ended December 31, 2021 and 2020, respectively, from the financial assets designated at fair value through other comprehensive income.

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

- (iv) The Company sold its subsidiary Apex corporation in the second quarter of 2021 due to a change in strategic layout. The cumulative appraisal loss of financial assets held by Apex corporation, measured at fair value through other consolidated profit and loss, was 172,902 thousand, which was transferred from other interests to retained earnings; The Company sold some of the financial assets measured at fair value through other consolidated profit and loss in 2020, resulting in the disposal price of \$2,241,455 thousand and the accumulated disposal benefit amounting to \$534,159 thousand. Therefore, the accumulated disposal benefit has been transferred from other interests to retained earnings.
- (v) For credit risk and market risk, please refer to note 6(aa).
- (vi) The Financial assets of the Company 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 Company assessed its expected cash flows until maturity, which covers the entirety of interests and principle, and therefore, measured at amortized costs.
- (ii) Phanes Holding Inc. a project developer, is an overseas unlisted company. In order to build a long-term cooperative strategic relationship with Phanes Holding Inc. the Company subscribed to the entire five-year callable preference shares (C-Shares III) for 24,000 shares, at par value, amounting to USD5,000 thousand. According to the future recoverability which based on the preference shares cash flow assessment, the Company 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 Company 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 Company recognized the interest receivable mentioned above as expected losses \$29,176 thousand in the fourth quarter of 2021, classified as the 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	\$ 1,766,758	2,148,390
Accounts receivable from related parties	400,867	155,977
Less: Loss Allowance	(201,890)	(333,011)
	\$ 1,965,735	1,971,356

(Continued)

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

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

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,660,802	0%~0.18%	2,022
1 to 30 days past due	249,934	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	54,981	0%~100%	2,932
Signs of Counterparty Default	<u>196,289</u>	100%	<u>196,289</u>
Total	<u><u>\$ 2,167,625</u></u>		<u><u>201,890</u></u>
	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,347,002	0%~0.09%	825
1 to 30 days past due	153,965	0%~0.49%	653
31 to 60 days past due	77,850	0%~1.52%	1,132
61 to 90 days past due	17,393	0%~2.83%	354
91 to 120 days past due	1,931	0%~7.91%	-
121 to 150 days past due	1,844	0%~17.05%	-
151 to 180 days past due	2,467	0%~54.55%	1,092
More than 181 days past due	376,489	0%~100%	3,529
Signs of Counterparty Default	<u>325,426</u>	100%	<u>325,426</u>
Total	<u><u>\$ 2,304,367</u></u>		<u><u>333,011</u></u>

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the 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	\$ 333,011	347,886
Impairment loss reversed	(2,971)	(14,875)
Amounts written off	(128,150)	-
Balance at December 31	\$ 201,890	333,011

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

(f) Inventories

	December 31,	December 31,
	2021	2020
Finished goods and products	\$ 318,859	1,047,163
Raw materials	716,275	314,691
Construction in progress	38,836	72,008
Work in progress	137,477	53,179
	\$ 1,211,447	1,487,041

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

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

	For the years ended	
	December 31,	
	2021	2020
Cost of goods sold	\$ 11,598,316	10,052,628
Unallocated production overheads	187,093	592,419
Write-down and retirement of inventories(reversal)	(103,739)	94,959
Others	(122,689)	288,552
Total	\$ 11,558,981	11,028,558

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

(Continued)

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

(g) Investments accounted for using the equity method

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Subsidiaries	\$ 2,456,876	3,369,034
Credit balance of investments accounted for using equity method	<u>995,054</u>	<u>1,279,873</u>
	3,451,930	4,648,907
Associates	<u>208,145</u>	<u>170,133</u>
	<u><u>\$ 3,660,075</u></u>	<u><u>4,819,040</u></u>

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

(ii) Subsidiaries

Please refer to the 2021 annual consolidated financial statements for other related information.

(iii) Associates

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

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Carrying amount of individually insignificant associates' equity	<u>\$ 208,145</u>	<u>170,133</u>
	For the years ended	
	December 31,	
	<u>2021</u>	<u>2020</u>
Attributable to the Company		
Net income (loss)	\$ (15,678)	6,457
Other comprehensive income (loss)	<u>(9,630)</u>	<u>(9,699)</u>
Comprehensive income (loss)	<u><u>\$ (25,308)</u></u>	<u><u>(3,242)</u></u>

(iv) The Investment by equity method of the Company had not been pledged as collateral.

(Continued)

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

(h) Loss of control over a subsidiary

The company disposed of all shares of its subsidiary In 2021, Apex company, and lost control of it, with a total disposal price of \$198,282 thousand and disposal benefits of \$83 thousand, which have been included in other benefits and losses in the income statement. This is not the case in 2020.

The book amounts of assets and liabilities of Apex Company as of the disposal date are as follows:

	For the years ended December 31,
	2021
Other current asset	\$ 44,053
Financial assets at fair value through other comprehensive income-non-current	27,098
Property, plant and equipment	249,803
Other assets	80,538
Long-term borrowings	(158,221)
Current liabilities	(45,072)
Carrying amount of subsidiary's net assets	\$ 198,199

(i) Property, plant and equipment

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

	Land	Buildings	Machinery and equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost:						
Balance on January 1, 2021	\$ 689,296	3,386,386	16,140,596	462,960	16,878	20,696,116
Additions	-	-	-	-	661,765	661,765
Disposals	-	(979)	(828,273)	(56,512)	-	(885,764)
Reclassification	-	12,930	213,074	171,951	(402,511)	(4,556)
Reclassification to lease property	-	-	(2,826)	-	-	(2,826)
Balance on December 31, 2021	\$ 689,296	3,398,337	15,522,571	578,399	276,132	20,464,735
Balance on January 1, 2020	\$ 1,436,596	7,148,288	17,538,460	525,566	92,104	26,741,014
Additions	-	-	-	-	26,900	26,900
Disposals	-	(1,251,583)	(1,381,636)	(47,530)	-	(2,680,749)
Reclassification	-	-	90,734	9,851	(102,126)	(1,541)
Reclassification to investment property	(747,300)	(2,510,319)	-	-	-	(3,257,619)
Reclassification to lease property	-	-	(106,962)	(24,927)	-	(131,889)
Balance on December 31, 2020	\$ 689,296	3,386,386	16,140,596	462,960	16,878	20,696,116

(Continued)

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

	Land	Buildings	Machinery and equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Accumulated depreciation						
Balance on January 1, 2021	\$ -	1,252,009	14,588,442	416,431	-	16,256,882
Additions	-	158,450	515,062	22,575	-	696,087
Disposals	-	(979)	(721,422)	(51,607)	-	(774,008)
Reclassify to lease property	-	-	(2,826)	-	-	(2,826)
Balance on December 31, 2021	<u>\$ -</u>	<u>1,409,480</u>	<u>14,379,256</u>	<u>387,399</u>	<u>-</u>	<u>16,176,135</u>
Balance on January 1, 2020	\$ -	1,888,036	14,260,151	441,673	-	16,589,860
Additions	-	288,252	975,699	33,421	-	1,297,372
Impairment loss	-	124,199	755,340	12,008	-	891,547
Disposals	-	(462,203)	(1,295,786)	(45,744)	-	(1,803,733)
Reclassify to investment property	-	(586,275)	-	-	-	(586,275)
Reclassify to lease property	-	-	(106,962)	(24,927)	-	(131,889)
Balance on December 31, 2020	<u>\$ -</u>	<u>1,252,009</u>	<u>14,588,442</u>	<u>416,431</u>	<u>-</u>	<u>16,256,882</u>
Carrying amounts:						
Balance on December 31, 2021	<u>\$ 689,296</u>	<u>1,988,857</u>	<u>1,143,315</u>	<u>191,000</u>	<u>276,132</u>	<u>4,288,600</u>
Balance on January 1, 2020	<u>\$ 1,436,596</u>	<u>5,260,252</u>	<u>3,278,309</u>	<u>83,893</u>	<u>92,104</u>	<u>10,151,154</u>
Balance on December 31, 2020	<u>\$ 689,296</u>	<u>2,134,377</u>	<u>1,552,154</u>	<u>46,529</u>	<u>16,878</u>	<u>4,439,234</u>

1) The Company sold the building to non-related parties in September, 2020 with the considerations of \$1,038,306 thousand, the gain of disposal was \$248,926 thousand. Besides, it should repay the bank mortgage in priority when received the payment. There were no such incidents during 2021.

2) Impairment loss

Due to the transformation of business strategy, the Company considered that some of the equipment are insufficient which may not be recovered the future economic benefit. Therefore, the Company recognized as impairment loss in 2020 were \$891,547 thousand, which were included in other income and expenses of the statement of comprehensive income. There were no such incidents during 2021.

3) Collateral

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

4) Reclassify to investment property

During 2020, some building was transferred to investment property, because it were no longer used by the Company and it was decided that the building would be leased to a third party. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment property at the reporting date, refer to note 6(k). There were no such incidents during 2021.

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

(j) 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	\$ 196,488	5,376	587	9,363	211,814
Additions	-	31,836	2,276	528	34,640
Deductions	(281)	-	-	-	(281)
Balance at December 31, 2021	<u>\$ 196,207</u>	<u>37,212</u>	<u>2,863</u>	<u>9,891</u>	<u>246,173</u>
Balance at January 1, 2020	\$ 393,439	10,737	587	11,750	416,513
Additions	1,134	-	-	5,239	6,373
Deductions	(122,792)	(5,361)	-	(7,626)	(135,779)
Reclassification to investment property	(75,293)	-	-	-	(75,293)
Balance at December 31, 2020	<u>\$ 196,488</u>	<u>5,376</u>	<u>587</u>	<u>9,363</u>	<u>211,814</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2021	\$ 12,761	2,963	522	3,241	19,487
Additions	6,384	15,214	369	3,296	25,263
Deductions	(213)	-	-	-	(213)
Balance at December 31, 2021	<u>\$ 18,932</u>	<u>18,177</u>	<u>891</u>	<u>6,537</u>	<u>44,537</u>
Balance at January 1, 2020	\$ 12,185	6,675	261	5,548	24,669
Additions	11,972	1,485	261	4,717	18,435
Deductions	(6,018)	(5,197)	-	(7,024)	(18,239)
Reclassification to investment property	(5,378)	-	-	-	(5,378)
Balance at December 31, 2020	<u>\$ 12,761</u>	<u>2,963</u>	<u>522</u>	<u>3,241</u>	<u>19,487</u>
Carrying amount:					
Balance at December 31, 2021	<u>\$ 177,275</u>	<u>19,035</u>	<u>1,972</u>	<u>3,354</u>	<u>201,636</u>
Balance at January 1, 2020	<u>\$ 381,254</u>	<u>4,062</u>	<u>326</u>	<u>6,202</u>	<u>391,844</u>
Balance at December 31, 2020	<u>\$ 183,727</u>	<u>2,413</u>	<u>65</u>	<u>6,122</u>	<u>192,327</u>

(k) Investment property

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

(Continued)

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

The details of investment property are as follows:

	<u>Properties</u>		<u>Right-of-use asset</u>	<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	<u>Land</u>	
Cost or deemed cost:				
Balance at January 1, 2021 (i.e., ending balance)	\$ <u>747,300</u>	<u>2,510,319</u>	<u>75,293</u>	<u>3,332,912</u>
Balance at January 1, 2020	\$ -	-	-	-
Reclassification from property, plant and equipment	747,300	2,510,319	-	3,257,619
Reclassification from right-of-use assets	-	-	75,293	75,293
Balance at December 31, 2020	\$ <u>747,300</u>	<u>2,510,319</u>	<u>75,293</u>	<u>2,585,612</u>
Accumulated depreciation and impairment loss:				
Balance at January 1, 2021	\$ -	586,275	5,378	591,653
Depreciation for the year	-	101,349	2,689	104,038
Balance at December 31, 2021	\$ <u>-</u>	<u>687,624</u>	<u>8,067</u>	<u>695,691</u>
Balance at January 1, 2020	\$ -	-	-	-
Reclassification from property, plant and equipment	-	586,275	-	586,275
Reclassification from right-of-use assets	-	-	5,378	5,378
Balance at January 1, 2020	\$ <u>-</u>	<u>586,275</u>	<u>5,378</u>	<u>591,653</u>
Carrying amount:				
Balance at December 31, 2021	\$ <u>747,300</u>	<u>1,822,695</u>	<u>67,226</u>	<u>2,637,221</u>
Balance at December 31, 2020	\$ <u>747,300</u>	<u>1,924,044</u>	<u>69,915</u>	<u>2,741,259</u>
Fair value:				
Balance at December 31, 2021				\$ <u>3,158,358</u>
Balance at December 31, 2020				\$ <u>3,223,643</u>

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

Investment property includes several commercial real estates leased to others. Each lease contract includes the original irrevocable period of 3 ~ 10 years, and the subsequent lease period is negotiated with the lessee, and no contingent rent is collected. Please refer to note 6(p) for other related information.

At December 31, 2021 and 2020, the investment property had been pledged as collateral for long-term borrowings, please refer to note 8.

(Continued)

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

(l) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2021 and 2020, were as follows:

	<u>Computer software cost</u>
Cost:	
Balance at January 1, 2021	\$ 9,243
Additions	<u>3,889</u>
Balance at December 31, 2021	<u>\$ 13,132</u>
Balance at December 31, 2020 (i.e., opening balance)	<u>\$ 9,243</u>
Accumulated amortization and impairment losses:	
Balance at January 1, 2021	\$ 7,319
Amortization	<u>1,679</u>
Balance at December 31, 2021	<u>\$ 8,998</u>
Balance at January 1, 2020	\$ 5,009
Amortization	<u>2,310</u>
Balance at December 31, 2020	<u>\$ 7,319</u>
Carrying value:	
Balance at December 31, 2021	<u>\$ 4,134</u>
Balance at January 1, 2020	<u>\$ 4,234</u>
Balance at December 31, 2020	<u>\$ 1,924</u>

The intangible assets of the Company had not been pledged as collateral.

(m) Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured bank loans	\$ -	<u>93,837</u>
Unsecured bank loans	<u>-</u>	<u>2,226,165</u>
Total	<u>\$ -</u>	<u>2,320,002</u>
Unused credit lines	<u>\$ 4,149,601</u>	<u>2,179,456</u>
Range of interest rates	<u>-</u>	<u>0.95%~1.86%</u>

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

(Continued)

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

(n) 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>		
10.13 billion syndicated loan from First Bank	\$ -	4,562,171
KGI Bank loan	-	250,000
6 billion syndicated loan from First Bank	2,657,486	-
<u>Unsecured bank loans</u>		
King's Town Bank loan	-	430,587
0.5 billion syndicated loan from First Bank	-	112,500
Inventories repurchase financing loans	-	69,069
	<u>2,657,486</u>	<u>5,424,327</u>
Less: Current portion	<u>-</u>	<u>(2,335,756)</u>
Total	<u>\$ 2,657,486</u>	<u>3,088,571</u>
Unused credit lines	<u>\$ -</u>	<u>1,276,100</u>
Range of interest rates	<u>2.53%</u>	<u>1.74%~5.34%</u>

- 1) The long term loan contracts listed above will expire in July 2024.
- 2) The related restrictions are as follows:

The company entered into \$6 billion syndication loans with First bank. According to the terms and conditions on the contract, it requires the Company to maintain certain financial ratios based on its annual and semiannual consolidated financial reports during the credit period. Although the Interest Protection Multiples (IPM) did not meet the above requirements, no branch of contract was committed. Instead, the Company will only have to pay the 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.

The company 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 company to maintain certain financial ratios based on its annual and semiannual consolidated financial reports during credit period, the two loan syndication in \$10.13 billion and \$0.5 billion are already repaid in the third quarter in 2021.

(Continued)

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

3) Other loan agreements

The Company entered long term borrowings contracts with non-financial institutions. Notes payable were used by the Company to repay the outstanding principal amount, including interest, in equal installments. As of December 31, 2020, the amount of outstanding notes payable are 70,156 thousand. There were no such incidents during 2021.

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

(o) Bonds payable

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

	December 31, 2021
Issuance amount	\$ 3,000,000
Unamortized discount	<u>(47,550)</u>
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>
	For the year ended December 31, 2021
Embedded derivative component – revaluation profit (loss) on redemption rights (recorded as other gains and losses)	<u>\$ 909</u>
Interest expense	<u>\$ 3,045</u>

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

(Continued)

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

**3rd domestic secured
convertible bonds**

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.

(p) Lease liabilities

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

	December 31, 2021	December 31, 2020
Current	<u>\$ 26,780</u>	<u>10,610</u>
Non-current	<u>\$ 252,628</u>	<u>258,841</u>

For the maturity analysis, please refer to note 6(aa) 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>\$ 9,157</u>	<u>12,506</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 4,812</u>	<u>3,787</u>
Expenses relating to short-term leases	<u>\$ 23,795</u>	<u>13,700</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 137</u>	<u>39</u>

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

	For the years ended December 31,	
	2021	2020
Total cash outflow for leases	<u>\$ 62,511</u>	<u>43,192</u>

(Continued)

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

(q) Provisions

	<u>Warranties</u>	<u>Onerous contract</u>	<u>Site restoration</u>	<u>Total</u>
Balance at January 1, 2021	\$ 87,946	175,916	-	263,862
Provisions made during the year	23,801	31	3,540	27,372
Provisions reversed during the year	(19,675)	(111,310)	-	(130,985)
Balance at December 31, 2021	<u>\$ 92,072</u>	<u>64,637</u>	<u>3,540</u>	<u>160,249</u>
Balance at January 1, 2020	\$ 168,804	-	-	168,804
Provisions made during the year	16,447	175,916	-	192,363
Provisions reversed during the year	(97,305)	-	-	(97,305)
Balance at December 31, 2020	<u>\$ 87,946</u>	<u>175,916</u>	<u>-</u>	<u>263,862</u>

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

(r) Operating lease

The Company leases out its investment property and other assets. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Less than one year	\$ 286,919	242,060
One to five years	432,043	676,275
More than five years	12,480	14,363
Total undiscounted lease payments	<u>\$ 731,442</u>	<u>932,698</u>

(Continued)

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

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

(s) Employee benefits

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$49,618 thousand and \$49,709 thousand for the years ended December 31, 2021 and 2020, respectively.

(t) Income Taxes

(i) The components of income tax in the years 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	2020
Income tax expense	\$ -	-

(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	\$ (1,288,203)	(6,139,015)
Income tax using the Company's domestic tax rate	\$ (257,641)	1,227,803
Tax effect of permanent differences	(75,657)	(247,530)
Change in unrecognized deferred tax asset	333,298	(980,273)
Total	\$ -	-

(Continued)

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

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Deferred tax assets		
Tax losses	\$ 2,321,642	1,982,895
Tax effect of deductible Temporary Differences	<u>2,061,355</u>	<u>2,070,789</u>
	<u>\$ 4,382,997</u>	<u>4,053,684</u>

A. Tax loss refers to the loss of the 10 years prior to verification by the tax collection authority, which is deducted from the net profit of the current year and then certified as income tax. As of December 31, 2021, the company has recognized and not yet recognized tax losses on deferred income tax assets for the following periods of deduction:

<u>The annual loss</u>	<u>Loss before deduction</u>	<u>The last year for which deduction may be made</u>
2012 (Approved)	\$ 824,497	2022
2013 (Approved)	43,169	2023
2014 (Approved)	7,397	2024
2015 (Approved)	255,771	2025
2016 (Approved)	1,230,640	2026
2017 (Approved)	1,973,963	2027
2018 (Approved)	2,943,320	2028
2019 (Approved)	2,890,596	2029
2020 (Filed)	2,522,079	2030
2021 (Estimation)	2,027,027	2031

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

(Continued)

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

2) Recognized deferred tax assets

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

	<u>Depreciation of property, plant and equipment</u>	<u>Allowance for inventory valuation loss</u>	<u>Loss carry forwards and others</u>	<u>Total</u>
Deferred tax asset				
Balance on January 1, 2021	\$ -	-	622,822	622,822
Recognized in profit or loss	-	-	(772)	(772)
Balance on December 31, 2021	<u>\$ -</u>	<u>-</u>	<u>622,050</u>	<u>622,050</u>
Balance on January 1, 2020	4,341	1,161	615,585	621,087
Recognized in profit or loss	(4,341)	(1,161)	7,237	1,735
Balance on December 31, 2020	<u>\$ -</u>	<u>-</u>	<u>622,822</u>	<u>622,822</u>
	<u>Unrealized exchange gain or loss</u>	<u>Unrealized gains on financial instruments at fair value through profit or loss</u>	<u>Other</u>	<u>Total</u>
Deferred tax liabilities				
Balance on January 1, 2021	\$ -	34,285	10,276	44,561
Recognized in profit or loss	-	2,203	(2,975)	(772)
Balance on December 31, 2021	<u>\$ -</u>	<u>36,488</u>	<u>7,301</u>	<u>43,789</u>
Balance on January 1, 2020	-	35,156	7,670	42,826
Recognized in profit or loss	-	(871)	2,606	1,735
Balance on December 31, 2020	<u>\$ -</u>	<u>34,285</u>	<u>10,276</u>	<u>44,561</u>

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

(u) Capital and other equity

(i) Ordinary shares

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
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 Company'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.

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

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

(ii) Capital surplus

The Company's capital surplus includes share premium, Conversion of convertible bonds, 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 Company reaches its paid in capital, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which will be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

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

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

On May 7, 2021 and June 22, 2020, the Company has accumulated deficit and the Company's board of directors resolved not to appropriate the earnings. Related information can be found on the Market Observation Post System website of the Taiwan Stock Exchange.

(iv) Treasury shares

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

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

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

The shares of the Company held by Utech has been treated as treasury shares. They were same as general shareholders except for the rights of cash injection and the rights of voting. The change of the treasury shares was the capital reduction offset accumulated deficits.

(v) Share-based payment

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

(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, 2020	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 Company will reduce capital and adjust the number of unowned shares	The Company 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

Relevant information of the new restricted employee shares of the Company is as follows:

	Expressed in Thousands of shares	
	For the years ended December 31,	
	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)
Reduction during the year (number)	(615)	-
Forfeited during the year (number)	(155)	(1,046)
Outstanding at 31 December (number)	<u>148</u>	<u>1,486</u>

(Continued)

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

- (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 Company in 2021 were 28,832 thousand.

- (w) Loss per share

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

	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.

- (x) Revenue from contracts with customers

- (i) Disaggregation of revenue:

<u>Primary geographical markets</u>	For the years ended December 31,	
	2021	2020
Solar energy product	\$ 11,376,070	10,018,323
Other	651,642	698,575
	\$ 12,027,712	10,716,898

(Continued)

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

(ii) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2019
Notes and accounts receivable	<u>\$ 1,965,735</u>	<u>1,971,356</u>	<u>1,852,814</u>
Contract assets			
Construction contract	\$ -	-	45,940
Less: allowance for impairment	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>-</u>	<u>45,940</u>
Contract liabilities			
Sales of products	\$ 335,335	261,976	252,409
Construction contract	<u>2,632</u>	<u>-</u>	<u>-</u>
	<u>\$ 337,967</u>	<u>261,976</u>	<u>252,409</u>

- 1) For details on trade receivables and allowance for impairment, please refer to note 6(e).
- 2) The beginning balance of contract liabilities recognized as revenue for the years ended December 31, 2021 and 2020 were \$192,892 thousand and \$186,838 thousand respectively.

(y) Employee compensation and directors' remuneration

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

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

Due to net loss for the years ended December 31, 2021 and 2020, the Company didn't estimate its employees', directors' and supervisors' remuneration.

(z) Non-operating Income and Expenses

(i) Other income

	For the years ended December 31,	
	2021	2020
Lease income	\$ 192,849	90,834
Service income	47,058	57,220
Dividend income	14,178	89,028
Other income	<u>29,990</u>	<u>74,622</u>
	<u>\$ 284,075</u>	<u>311,704</u>

(Continued)

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

(ii) Other gains and losses

	For the years ended December 31,	
	2021	2020
Impairment loss on financial assets	\$ (163,650)	-
Expected credit losses	(29,176)	-
Gain (Loss) on foreign currency exchange	12,171	(12,952)
Gain (Loss) on disposals of investments	83	80,408
Contract compensation losses	(25,000)	(385,438)
Other	(122,332)	160,390
	\$ (327,904)	(157,592)

The Company failed to fulfill the procurement contract obligations with Supplier K. Therefore, Supplier K filed a lawsuit against the Company in the Hsin Chu District Court, requesting for the compensation of \$500,000 thousand. On October 13, 2017, the Hsin Chu District Court ruled in favor of Supplier K, wherein the Company has to pay for the damages caused to Supplier K with interest. The Company disagreed with the decision made by the Hsin Chu District Court; therefore, filed an appeal to the Taiwan High Court. On January 27, 2021, Taiwan High Court ruled against the Company, in which the Company disagreed with this decision. Hence, the Company filed an appeal, wherein the case is still in progress. In order to protect the legal rights and interests of the Company, a lawyer has been appointed to settle the case. In addition, the Company has evaluated and recognized all the possible losses in 2021 and 2020.

(aa) Financial Instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

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

3) Credit risk of receivables and debt securities

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

(Continued)

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

(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	\$ 2,810,974	68,210	658,098	2,084,666	-
Lease liabilities	416,731	35,361	16,579	14,562	350,229
Non-interest bearing liabilities	2,696,630	2,696,630	-	-	-
Derivative financial liabilities					
Inflow	(1,149,027)	(1,149,027)	-	-	-
Outflow	<u>1,141,643</u>	<u>1,141,643</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,916,951</u>	<u>2,792,817</u>	<u>674,677</u>	<u>2,099,228</u>	<u>350,229</u>
December 31, 2020					
Non-derivative financial liabilities					
Bank borrowings	\$ 7,860,186	4,756,276	3,103,910	-	-
Lease liabilities	415,011	19,211	17,616	14,582	363,602
Non-interest bearing liabilities	2,562,243	2,562,243	-	-	-
Derivative financial liabilities					
Inflow	(798,127)	(798,127)	-	-	-
Outflow	<u>800,849</u>	<u>800,849</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,840,162</u>	<u>7,340,452</u>	<u>3,121,526</u>	<u>14,582</u>	<u>363,602</u>

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

(iii) Market risk

1) Currency risk

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

	<u>December 31, 2021</u>			<u>December 31, 2020</u>		
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD</u>
Financial assets						
Monetary items						
USD	\$ 101,623	27.6700	2,811,908	129,154	28.0950	3,628,582
EUR	4,753	31.3700	149,102	8,850	34.5400	305,679
GBP	268	37.3300	10,004	2,001	38.2700	76,578

(Continued)

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

	December 31, 2021			December 31, 2020		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Non-Monetary items						
USD	107,289	27.6700	2,968,680	135,240	28.0950	3,799,578
USD	296	27.6700	8,188	544	28.0950	15,292
GBP	2,546	37.3300	95,029	4,126	38.2700	157,915
MYR	10,580	6.3630	67,322	10,870	6.7015	72,842
Financial liabilities						
Monetary items						
USD	55,958	27.6700	1,548,358	132,810	28.0950	3,731,297
EUR	743	31.3700	23,308	1,448	34.5400	50,014
JPY	-	0.2406	-	102,113	0.2724	27,816

The Company's exposure to currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, and accounts and other payables that are denominated in foreign currency. The weakening or strengthening of 1% on the above mentioned foreign currency against the New Taiwan Dollars would have decrease or increase the net profit (loss) before tax for the years ended 2021 and 2020 by \$13,993 thousand and \$1,347 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the two periods.

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions), please refer to note 6(z).

2) Interest rate risk

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

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

If the interest rate had increased / decreased by 0.25%, the Company's net income would have increased / decreased by \$3,113 thousand and decreased / increased by \$3,154 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 Company's variable interest rate deposit and loans.

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

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

3) Other market price risk

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

Prices of securities at the reporting date	For the years ended December 31,	
	2021	2020
Increasing 5%	\$ 19,481	16,425
Decreasing 5%	\$ (19,481)	(16,425)

4) Fair value of financial instruments

a) Fair value hierarchy

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

	December 31, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss					
Derivative financial assets	\$ 14,284	-	7,384	6,900	14,284
Financial assets at fair value through other comprehensive income					
Listed domestic stocks	\$ 389,616	167,366	222,250	-	389,616
Non-quoted equity instruments measured at fair value	55,887	-	-	55,887	55,887
Subtotal	\$ 445,503	167,366	222,250	55,887	445,503

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

		December 31, 2021			
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 3,655,826				
Accounts receivable (including related parties)	1,965,735				
Other receivables (including related parties)	2,370,021				
Other financial assets	873,956				
Refundable deposits	634,844				
Other non-current assets	202,244				
	<u>\$ 9,702,626</u>				
Financial liabilities at fair value through profit and loss					
Financial liabilities measured at amortized cost					
Bonds payable	\$ 2,952,450				
Long-term and short-term borrowings	2,657,486				
Accounts payable (including related parties)	1,213,549				
Lease liabilities	279,408				
Other financial liabilities	1,483,081				
	<u>\$ 8,585,974</u>				
		December 31, 2020			
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss					
Derivative financial assets	\$ 2,714	-	2,714	-	2,714
Financial assets at fair value through other comprehensive income					
Listed domestic stocks	\$ 328,498	169,038	159,460	-	328,498
Non-quoted equity instruments measured at fair value	35,893	-	-	35,893	35,893
Subtotal	<u>\$ 364,391</u>	<u>169,038</u>	<u>159,460</u>	<u>35,893</u>	<u>364,391</u>
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 3,605,677				
Accounts receivable (including related parties)	1,971,356				
Other receivables (including related parties)	2,423,143				
Financial assets measured at amortized cost	140,475				
Other financial assets	1,020,807				
Refundable deposits	706,987				
	<u>\$ 9,868,445</u>				

(Continued)

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

	December 31, 2020				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	\$ <u>5,437</u>	-	<u>5,437</u>	-	<u>5,437</u>
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	\$ 7,744,329				
Accounts payable (including related parties)	1,330,733				
Lease liabilities	269,451				
Other financial liabilities	<u>1,231,511</u>				
	<u>\$ 10,576,024</u>				

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

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

i) Financial assets measured at amortized cost

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

ii) Financial liabilities measured at amortized cost

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

c) Valuation techniques for financial instruments measured at fair value

i) Non-derivative financial instruments

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

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

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UNITED RENEWABLE ENERGY CO., LTD.

Notes to the Financial Statements

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

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

ii) Derivative financial instruments

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

d) Reconciliation of Level 3 fair values

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

	Financial assets at fair value through profit or loss – current		Non quoted equity instrument - fair value through other comprehensive income	
	2021	2020	2021	2020
Opening balance	\$ -	-	35,893	69,923
Additions	5,991	-	27,098	1,711
Total gains and losses recognized in profit and loss	909	-	-	-
Capital reduction and return of subscription	-	-	(7,104)	(6,845)
Reclassified	-	-	-	(28,896)
Ending balance	<u>\$ 6,900</u>	<u>-</u>	<u>55,887</u>	<u>35,893</u>

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

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

	2021	2020
Total gains and losses recognized:		
In gains and losses, and presented in “other gains and losses”	\$ 909	-
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ -	1,711

(ab) Financial risk management

(i) Overview

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

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

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

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

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

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

(ac) Capital management

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

The main management of the Company regularly reviews the Company's capital structure, including the cost of various capital and related risks. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities. There were no such significant changes in the debt ratio at December 31, 2021 and 2020.

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

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

- (i) Acquisition of Right-of-use assets by lease, please refer to note 6(j).
(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	\$ 5,424,327	(2,737,917)	(28,924)	2,657,486
Short-term borrowings	2,320,002	(2,297,495)	(22,507)	-
Lease liabilities	269,451	(33,767)	43,724	279,408
Bonds payable	-	3,120,780	(168,330)	2,952,450
Total liabilities from financing activities	<u>\$ 8,013,780</u>	<u>(1,948,399)</u>	<u>(176,037)</u>	<u>5,889,344</u>

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

(Continued)

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

(7) Related-party transactions:

- (a) Name and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Company</u>
Beryl Construction LLC	Subsidiary
DelSolar US Holdings(Delaware) Corporation (“DelSolar US”)	Subsidiary
ELECTRONIC J.R.C. S.R.L. (“JRC”)	Subsidiary
General Energy Solutions UK Limited	Subsidiary
General Energy Solutions USA. Inc. (“GES USA”)	Subsidiary
GES Energy Middle East FZE (“GES ME”)	Subsidiary
Gintech (Thailand) Limited (“Gintech (Thailand)”)	Subsidiary
NSP Germany GmbH	Subsidiary
NSP Indygen UK Ltd.	Subsidiary
NSP SYSTEM NEVADA HOLDING CORP. (“NSP NEVADA”)	Subsidiary
NSP Systems (BVI) Ltd. (“NSP BVI”)	Subsidiary
URE NSP CORPORATION	Subsidiary
Dashianging Energy Power Ltd. Co.	Subsidiary
Shanshang Energy Power Ltd. Co.	Subsidiary
Zhongyang Corporation	Subsidiary
Yong Zhou Ltd.	Subsidiary
Yong Liang Ltd.(“Yong Liang”)	Subsidiary
DelSolar (Wu Jiang) Ltd.	Subsidiary
Solartech Materials Corporation	Subsidiary
Hsin Jin Optoelectronics	Subsidiary
Yanshan Energy Power Ltd. Co.	Subsidiary
Jiangung Energy Power Ltd. Co. (“Jiangung”)	Subsidiary
Utech Solar Corporation(“Utech”)	Subsidiary
Best Power Service Corp.	Subsidiary
NSP System Development Corp.(“NSP System”)	Subsidiary
Hsin Jin Solar Energy Co., Ltd.	Subsidiary
Shinkai Energy Power Ltd. Co.	Subsidiary
Si Two Corp.	Subsidiary
United Agriculture Ecology Ltd. Co.	Subsidiary

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
United Renewable Energy Engineering Co., Ltd	Subsidiary
Lianxi Energy Power Ltd. Co.	Subsidiary
Liancheng Energy Power Ltd. Co.	Subsidiary
Lianzhang Energy Power Ltd. Co.	Subsidiary
Yong Shun Ltd.	Subsidiary(Note 7)
Shanyang Green Power Ltd. Co.	Subsidiary(Note 2)
Tienyang Green Power Ltd. Co.	Subsidiary(Note 2)
Deyang Green Power Ltd. Co.	Subsidiary(Note 2)
Feng Yang Energy Power Ltd. Co.	Subsidiary(Note 2)
Jeyang Green Power Ltd. Co.	Subsidiary(Note 2)
Neo Solar Power Vietnam Co., Ltd	Subsidiary(Note 8)
New Ray Investment Corp.(“New Ray Investment”)	Subsidiary(Note 8)
Neo Solar Power (Nanchang) Ltd.(“NSP Nanchang”)	Subsidiary(Note 5)
Phanes Holding Inc	Other related party
ThinTech Materials Technology Co., Ltd.	Other related party
Clean Focus Corporation	Other related party(Note 1)
Clean Focus Yield Limited (“CFY”)	Other related party(Note 1)
Sino-American Silicon Products Inc. (“SAS”)	Other related party(Note 3)
Solarbright energy Co., Ltd. (“Solarbright”)	Associate
Gintung energy Corporation	Associate
V5 Technologies Co., Ltd.	Associate
DS Energy Technology Co., Ltd.	Associate
Apex Solar Corporation(“Apex”)	Associate (Note 6)
Yun Yeh Energy Inc.	Associate (Note 4)
Yong Han Ltd.	Associate (Note 4)
Neo Cathay Power Corp.(“Neo Cathay”)	Associate (Note 4)
Neo Cathay Electric Power Corp.	Associate (Note 4)
Da Li Energy Co., Ltd.	Associate (Note 4)
Si One Corp.	Associate (Note 4)

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UNITED RENEWABLE ENERGY CO., LTD.

Notes to the Financial Statements

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

Note 2: The Company disposed Shanyang Green Power Ltd Co., Tienyang Green Power Ltd Co., Deyang Green Power Ltd Co., Feng Yang Energy Power Ltd Co. and Jeyang Green Power Ltd. Co.'s shares in November 2021, and no longer has significant control over it. Therefore, only show the transactions as of November 2021.

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

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

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

Note 6: A former subsidiary of the Company, wherein the Company disposed all of Apex's shares to Solarbright during the second quarter of 2021, hence Apex was listed as an associate.

Note 7: Liquidated and dissolved in 2020.

Note 8: Liquidated and dissolved in 2021.

(b) Significant transactions with related parties

(i) Sales and accounts receivable

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

	For the years ended	
	December 31,	
	2021	2020
Subsidiaries	\$ 403,620	246,615
Associates	198,720	44,325
Other related parties	-	(2,585)
	<u>\$ 602,340</u>	<u>288,355</u>

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

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

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Subsidiaries		
Gintech (Thailand)	\$ 233,914	149,964
Yong liang	115,506	2,351
Others	37,782	3,195
Associates	13,665	-
Other related parties	-	467
Less: Impairment allowance	<u>(25)</u>	<u>(7)</u>
	<u>\$ 400,842</u>	<u>155,970</u>

(ii) Purchases, accounts payable and contract liabilities

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

	<u>For the years ended</u> <u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ 1,311,092	1,141,585
Associates	-	1,457
Other related parties	<u>-</u>	<u>79,957</u>
	<u>\$ 1,311,092</u>	<u>1,222,999</u>

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

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Accounts Payable</u>	<u>Contract Liabilities</u>	<u>Accounts Payable</u>	<u>Contract Liabilities</u>
Subsidiaries				
Gintech (Thailand)	\$ 63,179	-	28,845	420
Utech	56,292	-	137,335	-
JRC	<u>16,836</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 136,307</u>	<u>-</u>	<u>166,180</u>	<u>420</u>

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

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

	Other receivables	
	December 31, 2021	December 31, 2020
Subsidiaries		
DelSolar US	\$ 666,196	753,690
GES ME	572,132	592,455
NSP NEVADA	487,523	495,011
NSP System	244,361	22,050
GES USA	72,495	247,419
Others	257,975	262,709
Associates	<u>381</u>	<u>840</u>
	<u>\$ 2,301,063</u>	<u>2,374,174</u>
	Other current liabilities	
	December 31, 2021	December 31, 2020
Subsidiaries		
NSP BVI	\$ 251,793	205,092
Others	<u>7,114</u>	<u>37,609</u>
	<u>\$ 258,907</u>	<u>242,701</u>

- (iv) Sale of property, plant and equipment

	For the years ended December 31,	
	2021	2020
Subsidiaries	\$ -	<u>4,997</u>

- (v) 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
Subsidiaries	<u>\$ 164,864</u>	<u>6,102</u>	<u>46,301</u>	<u>6,005</u>

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

(vi) Other income

	For the years ended December 31,	
	2021	2020
Subsidiaries		
NSP System	\$ 42,028	42,028
Others	3,468	15,276
Associates	6,384	3,988
Other related parties	5,734	7,222
	\$ 57,614	68,514

(vii) Interest income

Details on interest income received by the Company 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 note 6(d) for details.

(viii) Other expense

	For the years ended December 31,	
	2021	2020
Subsidiaries	\$ 1,622	4,697
Associates	-	15
	\$ 1,622	4,712

(ix) Dispose of investee companies that adopt equity method

The Company disposed shares of Apex to Solarbright during the year of 2021, with the price and profit of \$198,282 thousand and \$83 thousand respectively; Dispose shares of Jianguo to Utech, with the price and profit (recorded as capital surplus) of \$100 thousand and \$36 thousand respectively.

(x) Acquisitions of financial assets

The Company 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.

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

(c) Key management personnel compensation

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	\$ 59,117	70,185
Post-employment benefits	1,361	1,604
Share-based payments	3,776	3,645
Total	\$ 64,254	75,434

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

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	December 31, 2021	December 31, 2020
Property, plant and equipment	\$ 2,549,828	3,318,929
Investment property	2,569,975	2,671,322
Restricted bank deposit (accounted for as current assets and non current assets)	1,076,200	1,020,807
Refundable deposit	634,844	706,987
	\$ 6,830,847	7,718,045

(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)	\$ 6	4,211
Unused letter of credit (in EUR thousand)	\$ 553	-
Bank guarantee (Note 13(a))	\$ 2,726,400	3,046,655

(ii) The Company 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	\$ 931,289	-

(Continued)

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

- (iii) Due to power plant installations, the Company signed non-fixed lease payment agreements with others, please refer to Note 6(p).
- (iv) The Company entered into separate long-term purchase agreements with several different silicon wafer suppliers. The Company has to make advance payments as guarantee and the suppliers shall meet the supply of materials in accordance with the contract terms. The advance payment may not be used for any other purposes than to deduct the payables arising from the purchase which is decided by both parties according to market price. In addition, the Company will recognize the impairments on the prepaid amounts according to the suppliers' operations as follows:

	December 31, 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>

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

(b) Contingencies

- (i) The company leased its plants to DU then a fire broke out in October 2017, and DU was affected and requested damages from the Company. The two parties reached a settlement in May 2019 that offset the money DU owed to the Company. However, EZ bank, the mortgagee of DU's equipment, had objections to the settlement, and requested the Company to pay damage to DU claim that the creditor's rights of DU and DU's right to claim damages against the Company are legally offset, so EZ bank's request has no basis. In this case, on July 1, 2021, the court judged that the Company should pay EZ bank \$159,335 thousand. The company 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 Company, in accordance with their purchase orders that not requesting performance within the time limit and requested the Company USD 1,345 thousand for performance and damages, and the Company assessed their requests are unfounded, and made lawyers appoint to handle this case.

(10) Losses due to major disasters:

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

(Continued)

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

(11) Subsequent Events: None

(12) Others:

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

Functions Nature	For the years ended December 31, 2021			For the years ended December 31, 2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expense						
Salaries	801,685	357,509	1,159,194	713,059	365,996	1,079,055
Labor and health insurance	83,232	29,396	112,628	75,476	31,563	107,039
Pension	33,077	16,541	49,618	31,302	18,407	49,709
Remuneration of directors	-	8,280	8,280	-	8,280	8,280
Others	111,099	16,197	127,296	72,124	27,939	100,063
Depreciation expense	627,216	94,134	721,350	1,056,042	259,765	1,315,807
Amortization expense	-	1,679	1,679	-	2,310	2,310

Note: Exclude the depreciation expense of investment property \$104,038 thousand during 2021. There were no such situation in 2020.

The additional information of headcount and employee benefit are follows:

	<u>2021</u>	<u>2020</u>
Headcount	<u>1,646</u>	<u>1,689</u>
The number of non-employee director	<u>8</u>	<u>7</u>
Average cost of employee benefits	<u>\$ 884</u>	<u>794</u>
Average cost of salaries	<u>\$ 708</u>	<u>642</u>
Average of salaries expense variation	<u>10.28 %</u>	<u>(6.28)%</u>
Remuneration of supervisors	<u>\$ -</u>	<u>-</u>

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

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

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

(Continued)

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

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the years ended December 31, 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 Company’s paid-in capital: None.
- (vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company’s paid-in capital: None
- (vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company’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.
- (ix) Information regarding trading in derivative financial instruments: Please refer to Note 6(b) for related information.

(b) Information on investees:

The followings are the information on investees for the years ended December 31, 2021: Please see Table 6 attached.

(c) Information on investment in Mainland China : Please see Table 7 attached.

(Continued)

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

(d) Major shareholders:

Shareholder's Name	Shareholding	
	Shares	Percentage
National Development Fund, Executive Yuan	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 Company's financial statements and the actual number of shares delivered through non-physical registration due to different basis of calculation.

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

(14) Segment information:

Please see the Consolidated Financial Statements for the year ended December 31, 2021.

UNITED RENEWABLE ENERGY CO., LTD.
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	Apex	(2)	3,026,120	387,215	-	-	-	-	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	GES USA	(2)	3,026,120	427,575	416,400	-	-	2.75	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	GES UK	(2)	3,026,120	570,100	-	-	-	-	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

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.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
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 note 6 (d) for relevant information.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED December 31, 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	Shares 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)
												(Note2)		

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

Note 2 : Included share of loss (gains) of associates accounted for using equity method and cumulative translation adjustment.

UNITED RENEWABLE ENERGY CO., LTD.
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED December 31, 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%)	
The Company	Gintech(Tailand)	Subsidiary	Purchase	849,615	9%	TT in advance	-	-	(63,179)	(5.21%)	
The Company	Gintech(Tailand)	Subsidiary	Sale	137,634	1%	60 days from the invoice date	-	-	233,914	10.79%	
The Company	NSP System	Subsidiary	Sale	128,720	1%	60 days from the invoice date	-	-	29,083	1.34%	
The Company	Yong Liang	Subsidiary	Sale	116,541	1%	60 days from the invoice date	-	-	115,506	5.33%	
The Company	Gintung	Associated enterprises	Sale	181,960	2%	Payment before shipment	-	-	-	-	

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

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED December 31, 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	NSP System	Subsidiary	273,445	0.87	-	-	129,083	-
The Company	Gintech (Thailand)	Subsidiary	233,914	0.72	76,248	Receivable according to the financial situation	146,274	-
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	-	-	103,751	-

(Continued)

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

TABLE 6

(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			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	95,169	95,169	
	DelSolar Cayman	Cayman Islands	Investment company	NTD 4,906,789	NTD 4,906,789	155,126	100%	562,548	(37,414)	(37,414)	
	NSP BVI	British Virgin Islands	Investment company	NTD 470,424	NTD 470,424	18,350	100%	410,709	2,798	2,798	
	GES ME	The United Arab Emirates	Solar related business	NTD 418,805	NTD 418,805	4	100%	58,552	(122,388)	(122,388)	
	Apex	Taiwan	Solar related business	NTD -	NTD 165,994	-	-	-	3,861	1,115	Note 7
	NSP UK	UK	Investment company	NTD 71,881	NTD 71,881	1,780	100%	95,029	(60,751)	(60,751)	
	NSP System	Taiwan	Solar related business	NTD 144,200	NTD 144,200	14,420	100%	70,327	(24,205)	(27,874)	
	New Ray Investment	Taiwan	Investment company	NTD -	NTD 115,000	-	-	-	(65)	(65)	Note 1
	Zhongyang	Taiwan	Solar related business	NTD 24,121	NTD 24,121	3,500	100%	38,168	11,344	11,344	
	UREE	Taiwan	Solar related business	NTD 25,300	NTD 25,300	2,530	100%	5,871	4,499	4,499	
	DelSolar Singapore	Singapore	Investment company	NTD 29,743	NTD 29,743	1,250	100%	16,068	(316)	(316)	
	BPS	Taiwan	Solar related business	NTD 6,000	NTD 6,000	600	60%	10,316	(4,268)	(2,561)	
	SMC	Taiwan	Solar related business	NTD 9,720	NTD 9,720	1,000	100%	9,884	35	35	
	Utech	Taiwan	Electronic component manufacturing	NTD 1,097,064	NTD 717,070	28,491	99.94%	(988,430)	(105,721)	(105,533)	Note 2
	Yong Liang	Taiwan	Solar related business	NTD 249,000	NTD 249,000	24,900	36.14%	232,998	11,254	6,979	Note 4
	Yong Zhou	Taiwan	Solar related business	NTD 46,500	NTD 46,500	-	100%	(6,624)	(4,843)	(4,843)	
	JRC	Dominican	Solar related business	NTD 431,397	NTD 431,397	145	59.69%	208,689	(842)	(503)	
	GES UK	UK	Investment company	NTD 2,644,899	NTD 2,943,653	85,434	100%	967,836	(146,735)	(146,735)	Note 3
	TSST	Malaysia	Solar related business	NTD 417,692	NTD 417,692	97,701	42.12%	67,322	9,755	4,109	
	V5 Technology	Taiwan	Electronic component manufacturing and selling	NTD 114,084	NTD 114,084	7,789	32.73%	46,495	(48,268)	(18,925)	
	Gintung	Taiwan	Electronic component manufacturing	NTD 34,341	NTD 34,341	13,460	36.38%	-	-	-	
DSET	Taiwan	Solar related business	NTD 10,500	NTD 10,500	1,050	18.93%	2,549	(13,006)	(2,813)		
Dashiangying	Taiwan	Agriculture related business	NTD 100	NTD 100	10	100%	7	(60)	(60)	Note 6	
Shinkai	Taiwan	Agriculture related business	NTD 100	NTD 100	10	100%	7	(60)	(60)	Note 6	
Shanshang	Taiwan	Solar related business	NTD 20,100	NTD 20,100	2,010	100%	20,049	(10)	(10)		
Jiangung	Taiwan	Agriculture related business	NTD 100	NTD 100	-	-	-	4,051	(3)	Note 5	
United Intelligence(Dungshr)	Taiwan	Electronic component related business	NTD 2,100	NTD 2,100	210	100%	586	442	442		
Yanshan	Taiwan	Agriculture related business	NTD 100	NTD 100	10	100%	7	(60)	(60)	Note 6	
Solarbright	Taiwan	Solar related business	NTD 30,000	NTD 30,000	9,000	30%	91,779	6,503	1,951		

Note 1 : As of December 31 2021, the company had liquidated and dissolved.

Note 2 : As of December 31 2021, the company had issued of new shares.

Note 3 : As of December 31 2021, the company had capital reduction.

Note 4 : 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 5 : 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 6 : As of December 31, 2021, the company is in the process of liquidation and dissolution.

Note 7 : Due to the changes in strategic layout, the Company sold the Apex's shares to Solarbright energy in the second quarter of 2021.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
 INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE YEAR ENDED December 31, 2021

TABLE 7

(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	% Ownership of Direct or Indirect Investment	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 \$ 3,320,400	Note 1	USD 120,000 \$ 3,320,400	-	-	USD 120,000 \$ 3,320,400	924	100%	924	200,117	-
NSP Nanchang	Solar related business	USD 0 \$ -	Note 2	USD 5,000 \$ 138,350	-	-	USD 5,000 \$ 138,350	Note2	-	-	-	-

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2020 (US\$ in Thousands)	Investment Amount Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
USD 143,450 3,969,262	USD 149,618 4,139,930	9,078,360

Note 1 : Investments Mainland China through a third region.

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

Note 3 : The exchange rate used is the rate on December 31, 2021.

United Renewable Energy Co., Ltd.
Statement of cash and cash equivalents
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand and petty cash	Petty cash and cash on hand	\$ 381
Bank deposits	Check deposits	3,507
	Demand deposits	3,183,129
	Time deposits	3,942
	Foreign currency deposit (USD:13,477 thousand; JPY:948 thousand; CNY:422 thousand; EUR:2,547 thousand; GBP:268 thousand)	<u>464,867</u>
		<u>\$ 3,655,826</u>

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

USD dollar currency:27.67

JPY dollar currency:0.2406

CNY dollar currency:4.344

EUR dollar currency:31.37

GBP dollar currency:37.33

United Renewable Energy Co., Ltd.

Statement of trade receivables

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Customer Name</u>	<u>Description</u>	<u>Amount</u>
Non-related parties		
Client FC	Operating	\$ 238,119
Client CL	//	194,570
Others (less than 10% for each customer)	//	<u>1,334,069</u>
Subtotal		1,766,758
Less: Loss allowance		<u>201,865</u>
Total		<u><u>\$ 1,564,893</u></u>

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

United Renewable Energy Co., Ltd.

Statement of inventories

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>	
	<u>Cost</u>	<u>Net realizable value</u>
Finished goods	\$ 351,265	343,544
Work in progress	137,477	184,977
Raw materials	900,159	901,097
Construction in progress	<u>38,836</u>	<u>38,836</u>
Subtotal	1,427,737	<u><u>1,468,454</u></u>
Less: Allowance for reduction of inventory to market	<u>(216,290)</u>	
Total	<u><u>\$ 1,211,447</u></u>	

Statement of other current assets

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Temporary payments		\$ 161,414
Others (individual amount does not exceed 5%)		<u>5,573</u>
		<u><u>\$ 166,987</u></u>

United Renewable Energy Co., Ltd.
Statement of changes in investments accounted for using the equity method
For the year ended December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Investee Company Name	Beginning balance		Additions		Decrease		Cumulative translation adjustment	Share of income (loss) for using equity method	Other	Dividends income from subsidiary	Adjustments from unrealized gain (loss)	Ending balance			Net asset value	Note
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount						Shares (in thousands)	Share holding ratio(%)	Amount		
Investment in subsidiaries																
General Energy Solutions UK Limited	95,890	\$ 1,394,413	-	-	(10,456)	(298,754)	16,932	(146,735)	-	-	1,980	85,434	100.00 %	967,836	958,331	Note1
Ultimate Energy Solution Limited	62,188	739,862	-	-	-	-	(90,752)	95,169	-	-	-	62,188	100.00 %	744,279	744,279	
NSP Systems (BVI) Ltd.	18,350	648,793	-	-	-	-	(9,807)	2,798	-	(231,076)	-	18,350	100.00 %	410,708	410,708	
DelSolar Holding (Cayman) Ltd.	155,126	604,644	-	-	-	-	(4,682)	(37,414)	-	-	-	155,126	100.00 %	562,548	562,548	
GES Energy Middle East FZE	4	182,811	-	-	-	-	(1,871)	(122,388)	-	-	-	4	100.00 %	58,552	58,552	
Yong Liang Ltd.	24,900	268,875	-	-	-	-	-	6,979	(15,599)	(6,178)	(21,079)	24,900	36.14 %	232,998	703,043	Note 2
Apex Solar Corporation	36,379	197,084	-	-	(36,379)	(198,199)	-	1,115	-	-	-	-	- %	-	-	Note 3
NSP UK Holding Limited	1,780	157,915	-	-	-	-	(2,134)	(60,751)	-	-	-	1,780	100.00 %	95,030	95,030	
NSP System Development Corp.	14,420	92,183	-	-	-	-	-	(27,874)	-	6,018	-	14,420	100.00 %	70,327	79,142	
New Ray Investment Corp.	11,500	59,478	-	-	(11,500)	(59,413)	-	(65)	-	-	-	-	- %	-	-	
Zhongyang Corporation	3,500	26,824	-	-	-	-	-	11,344	-	-	-	3,500	100.00 %	38,168	38,168	
Best Power Service Corp.	600	15,277	-	-	-	-	-	(2,561)	-	(2,400)	-	600	60.00 %	10,316	17,194	
Delsolar Holding Singapore Pte. Ltd.	1,250	16,634	-	-	-	-	(251)	(316)	-	-	-	1,250	100.00 %	16,067	16,067	
United Renewable Energy Engineering Co., Ltd.	2,530	1,372	-	-	-	-	-	4,499	-	-	-	2,530	100.00 %	5,871	5,871	
Solartech Materials Corporation	1,000	9,850	-	-	-	-	-	35	-	-	-	1,000	100.00 %	9,885	9,885	
Yong Zhou Ltd.	-	(1,781)	-	-	-	-	-	(4,843)	-	-	-	-	100.00 %	(6,624)	(6,624)	
ELECTRONIC J.R.C. S.R.L	145	212,421	-	-	-	-	(3,491)	(503)	-	262	-	145	59.69 %	208,689	211,249	
Dashiangying Energy Power Ltd. Co.	10	67	-	-	-	-	-	(60)	-	-	-	10	100.00 %	7	7	Note 4
Shinkai Energy Power Ltd. Co.	10	67	-	-	-	-	-	(60)	-	-	-	10	100.00 %	7	7	Note 4
Shanshang Energy Power Ltd. Co.	2,010	20,059	-	-	-	-	-	(10)	-	-	-	2,010	100.00 %	20,049	20,049	
Jiangung Energy Power Ltd.	10	67	-	-	(10)	(100)	-	(3)	36	-	-	-	- %	-	-	Note 3
United intelligence Co., Ltd.	210	144	-	-	-	-	-	442	-	-	-	210	100.00 %	586	586	
Yanshan Energy Power Ltd. Co.	10	67	-	-	-	-	-	(60)	-	-	-	10	100.00 %	7	7	Note 4
Utech Solar Corporation	50,358	(1,278,092)	37,999	379,994	(59,866)	-	-	(105,533)	15,201	-	-	28,491	99.94 %	(988,430)	18,265	Note 5
Sutotal		<u>3,369,034</u>		<u>379,994</u>		<u>(556,466)</u>		<u>(96,056)</u>		<u>(386,795)</u>					<u>2,456,876</u>	
Investments in associates																
TS Solartech SDN BHD	97,701	72,842	-	-	-	-	(9,630)	4,109	-	-	-	97,701	42.12 %	67,321	183,799	
V5 Technologies Co., Ltd.	7,790	65,420	-	-	-	-	-	(18,925)	-	-	-	7,790	32.73 %	46,495	33,744	
DS Energy Technology Co., Ltd.	1,050	2,043	-	-	-	-	-	(2,813)	3,320	-	-	1,050	18.93 %	2,550	2,549	
Gintung Energy Corporation	13,460	-	-	-	-	-	-	-	-	-	-	13,460	36.38 %	-	(83,688)	
Solarbright energy Co., Ltd.	3,000	29,828	6,000	60,000	-	-	-	1,951	-	-	-	9,000	30.00 %	91,779	91,779	
Sutotal		<u>170,133</u>		<u>60,000</u>		<u>-</u>		<u>(9,630)</u>		<u>3,320</u>					<u>208,145</u>	
Total		<u>3,539,167</u>		<u>439,994</u>		<u>(556,466)</u>		<u>(105,686)</u>		<u>(402,473)</u>					<u>2,665,021</u>	
Credit balance of investments accounted for using the equity method		<u>1,279,873</u>													<u>995,054</u>	
Total		<u>\$ 4,819,040</u>													<u>3,660,075</u>	

Note 1: This year decrease due to reduced its capital in 2021.

Note 2: This year decrease due to deterred unrealized gain (loss) adjustment and disposed off the shares.

Note 3: This year decrease due to disposed off the shares.

Note 4: As of December 31, 2021, the company is in the process of liquidation and dissolution.

Note 5: This year increase and decrease due to capital increase by cash and capital reduction to cover losses.

United Renewable Energy Co., Ltd.

Statement of financial assets at fair value through other comprehensive income

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Investee Company Name	Beginning balance		Additions		Decrease		Gain (loss) on financial assets at fair value through other comprehensive income	Ending balance		Accumulated impairment loss	Guarantee or collateral provided	Note
	Shares(in thousands)	Amount	Shares(in thousands)	Amount	Shares(in thousands)	Amount		Shares(in thousands)	Amount			
Current:												
Domestic listed ordinary shares												
CTCI Corporation	3,003	\$ 114,715	-	-	-	-	(3,003)	3,003	111,712	N/A	None	
Non-Current:												
Domestic listed ordinary shares												
ThinTech Materials Technology Co., Ltd.	7,000	159,460	-	-	-	-	62,790	7,000	222,250	N/A	None	Note 1
GIGA SOLAR MATERIALS CORPORATION.	266	54,323	-	-	-	-	1,331	266	55,654	N/A	None	
Domestic unlisted ordinary shares												
Taiwan Speciality Chemicals Corporation	1,691	18,601	2,994	27,098	2,459	-	-	2,226	45,699	N/A	None	Note 2, 3
NTNU Innovation Investment Holding Company	200	2,000	-	-	-	-	-	200	2,000	N/A	None	
Top Green Energy Technologies Inc.	-	-	8,889	27,098	8,889	27,098	-	-	-	N/A	None	Note 2
Sutotal		<u>234,384</u>		<u>54,196</u>		<u>27,098</u>	<u>64,121</u>		<u>325,603</u>			
Overseas unlisted ordinary shares												
ASIA GLOBAL VENTURE CAPITAL II CO., LTD.	770	15,292	-	-	239	7,104	-	531	8,188	N/A	None	
SUN APPENNINO CORPORATION	-	-	-	-	-	-	-	-	-	N/A	None	
FICUS CAPITAL CORPORATION	-	-	-	-	-	-	-	-	-	N/A	None	
Sutotal		<u>15,292</u>		<u>-</u>		<u>7,104</u>	<u>-</u>		<u>8,188</u>			
Total		<u>\$ 364,391</u>		<u>54,196</u>		<u>34,202</u>	<u>61,118</u>		<u>445,503</u>			

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

Note 2: The original investment company that Top Green Energy Technologies Inc. liquidated, and the first remaining distribution was made in October 2021. It allotted 336,7919 shares of Taiwan Speciality Chemicals Corporation for every thousand shares of Top Green Energy Technologies Inc.

Note 3: The current decrease is due to the company's capital reduction to cover losses.

United Renewable Energy Co., Ltd.
Statement of changes in property, plant and equipment
For the year ended December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

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

Statement of changes in right-of-use assets

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

Statement of changes in investment property

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

Statement of changes in intangible assets

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

United Renewable Energy Co., Ltd.
Statement of account payables
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

<u>Supplier Name</u>	<u>Description</u>	<u>Amount</u>
Non-related parties:		
Company FB	Operation	\$ 116,563
Company DN	"	108,037
Others (individual amount does not exceed 10%)	"	<u>852,642</u>
Total		<u><u>\$ 1,077,242</u></u>

Note1: Accounts payable resulting from business activities.

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

United Renewable Energy Co., Ltd.

Statement of other current liabilities

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Contract loss allowance		\$ 726,774
Salaries and bonuses payable		215,246
Others (individual amount does not exceed 10%)	Payables for equipment, labor and health insurance, and water and electricity payables	<u>833,551</u>
		<u><u>\$ 1,775,571</u></u>

Statement of lease liabilities

<u>Item</u>	<u>Description</u>	<u>Rental Period</u>	<u>Discount rate</u>	<u>Amount</u>
Land	Plant land and parking spaces	2007.08~2037.12	2.83%~3.26%	\$ 254,736
Buildings	Office	2018.07~2023.01	2.44%~3.37%	19,254
Equipment	Business machine	2021.05~2026.04	2.11 %	1,986
Other assets	Official car	2019.05~2024.08	2.44%~2.83%	<u>3,432</u>
				279,408
Less: Lease liabilities due within one year				<u>26,780</u>
				<u><u>\$ 252,628</u></u>

United Renewable Energy Co., Ltd.

Statement of long-term borrowings

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Lender</u>	<u>Type</u>	<u>Balance end of year</u>	<u>Period</u>	<u>Collateral</u>
Bank loans				
6 billion syndicated loan from First Bank	Secured loan	\$ <u>2,657,486</u>	2021.07.22-2024.07.22	Please refer to Note 8 to the financial statements for details.

Note1: Semi-annual for a period, and amortized by every period.

Statement of operating revenue

For the year ended December 31, 2021

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Solar cells and modules	152,726 thousand pieces	\$ 11,518,256
Others(note)		647,815
Sales returns and allowance		<u>(138,359)</u>
		\$ <u>12,027,712</u>

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

United Renewable Energy Co., Ltd.
Statement of operating costs
For the year ended December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Raw materials	
Raw materials, beginning of year	\$ 314,690
Add: Purchases	5,775,760
Less: Raw materials, end of year	(716,415)
Transfer to expense, disposal, and others	<u>(347,116)</u>
Rsw materials used for the year	5,026,919
Direct labor	630,981
Manufacturing expenses	<u>1,955,081</u>
Manufacturing cost	7,612,981
Add: Beginning WIP goods (including construction in progress)	125,187
Transfer to expense, disposal, and others(including construction in progress)	27,819
Less: Ending WIP goods	<u>(176,313)</u>
Costs of finished goods	7,589,674
Add: Beginning finished goods	1,047,163
Purchases	3,336,213
Less: Finished goods at end of period	(318,859)
Transfer to expense, disposal, and others	<u>(319,029)</u>
Cost of goods sold	11,335,162
Add: Unamortized fixed manufacturing expense	187,093
Power plant maintenance cost	27,500
Add: Cost of electricity sold	<u>9,226</u>
Operating cost	<u>\$ 11,558,981</u>

United Renewable Energy Co., Ltd.

Statement of operating expense

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>
Salaries expense	\$ 68,449	246,671	50,669
Indirect material	1,091	182	15,793
Depreciation expense	2,159	90,845	1,131
Transport fee	134,688	4,835	674
Commission fee	65,267	-	-
Others (individual amount does not exceed 10%)	<u>80,663</u>	<u>304,880</u>	<u>32,225</u>
	<u>\$ 352,317</u>	<u>647,413</u>	<u>100,492</u>