

Stock Symbol : 3686



Danen Technology Corporation

2021 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Website of Annual Report:

Market Observation Post System: <http://mops.twse.com.tw/mops/web/index>

Corporate website: <http://www.danentech.com>

Print date : Jun 2nd, 2022

1. Spokesperson and deputy Spokesperson:

Spokesperson: Wang, Zhen-Yi

Title: Deputy Director

Tel: (03)668-6361

E-mail address: pr@danentech.com

Deputy Spokesperson: Tang, Fong-Fan

Title: Director

Tel: (03)668-6361

E-mail address: pr@danentech.com

2. Addresses and phone numbers of headquarters, branch offices and factories:

Address: 19F.-8, No.118, Ciyun Rd., East Dist., Hsinchu City, Taiwan

Tel: (03)668-6361

3. Stock agency:

Name: Agency department of Chinatrust Commercial Bank

Address: F5, No. 83, Sec. 1, Chongqing South Rd, Chongshan Dist., Taipei City

Tel: (02)6636-5566 website: <http://www.chinatrust.com.tw>

4. CPA of Financial Report in recent years:

Name of firm: PwC Taiwan

Names of accountants: Lai, Zongxi, Zhi, Bing-Jun

Address: F27, No. 333, Sec. 1, Keelung Rd., Taipei City 11012

Tel: (02)2729-6666 website: <http://www.pwc.tw>

5. Names and inquiry methods of oversea exchanges for flotation of securities: None

6. Corporate website: <http://www.danentech.com>

Table of Contents

I. Report to shareholders	1
II. Company profile.....	6
1. Date of Incorporation:	6
2. Company History	6
III. Corporate Governance Report	8
1. Organization.....	8
2. Directors, Supervisors and Management Team	10
3. Implementation of corporate governance:	20
Sustainability through ESG webinars	31
4. Information regarding the company's accountant fee.....	54
5. Replacement of CPA.....	54
6. Whether the chairman, president, manager responsible for financing or accounting have held posts in the accounting firm of CPA or in its related enterprises within recent year:.....	55
7. Shareholding alienation and changes of directors , supervisors, managers and the shareholders with more than 10% shares in recent year and up to the date of Annual Report publication:	55
8. The information of relationships among the top 10 shareholders.....	56
9. The shares of the same reinvestment enterprises held by directors, supervisors, managers of the company or the enterprises directly or indirectly controlled by the company, and consolidating the shares and shareholding ratio:	56
IV. Capital overview	57
1. Capital and shares	57
2. Debt of the company:	62
3. Preferred stock of the company:	62
4. GDR of the company:	62
5. Employee stock option certificates and restricted stocks.....	62
6. New share issue under merge or transfer	63
7. Financial plan and execution status	63
V. Operational Highlights	64
1. Business Activities	64
2. Market and Sales Overview	72
3. Human Resources	75
4. Environmental Protection Expenditure	76
5. Labor Relations	76
6. Important Contracts.....	78
VI. Financial overview.....	80
1. Five-year financial statement summary	80
2. Five-year financial status analysis	84

3. Audit committee reports for recent years.....	87
4. Consolidated financial statements and report of independent accountants:	87
5. Non-consolidated financial statements and report of independent accountants:	87
6. The impact to company financial condition if any financial turnover troubles within the company or subsidiary up to the date of annual report publication	88
VII. Review of Financial Conditions, Financial Performance, and risk assessment	89
1. Financial status.....	89
2. Financial performance.....	91
3. Cash flow	92
4. The impacts of major capital spending on business in recent fiscal years.....	93
5. Reinvestment policies, main reasons for profits and losses, improvement plans and investment plans of coming year	93
6. Analysis of risk factors and assessments	94
7. Other important matters	98
VIII. Special Disclosure	101
1. Information about the Affiliated Companies	101
2. Information of private equity in latest year and up to the date of Annual Report publication:	102
3. Shares of the company held or disposed by the subsidiaries:	102
4. Other necessary supplementary disclosure:	102
5. Significant impacts to shareholder equity and security price which violate Provision 2 Item 2 Article 36 of Securities Exchange Act in latest year up to the date of Annual Report publication:	102

I. Report to shareholders

To our Shareholders,

2021 is also a difficult and hard year for countries around the world. The COVID-19 ongoing, and mutant viruses spread out countries around the world one after another. So far, more than 500 million people have been infected and more than 6 million people have died from the disease. Faced with the threat of the epidemic, most countries have to take necessary preventive measures, in addition to restricting the movement of people, even more severe measures such as cities and countries lockdown are implemented. However, considering the trade-off between the threat to life of the epidemic and the restart of the economy, the control measures had to be gradually relaxed in the end. Fortunately, although the spread of the new coronary pneumonia variant virus is faster, the proportion of severe cases and life-threatening diseases caused by it has decreased. In addition, major countries are administering vaccines on a large scale, so the calls for unblocking in various countries are gradually spreading. It is believed that with the development of vaccines and the launch of economic development measures for unblocking in various places, all walks of life should gradually return to prosperity.

Although the solar energy industry is affected by COVID-19 through all supply chain in 2021, the global installed capacity and market have gradually recovered, and the installed capacity is estimated to increase to about 160GW. The top five markets in the world (China, the United States, Vietnam, India, and Japan) amounted for 70%, of which mainland China counted for about 30% of the market, still the largest market in the world. In the past few years, stimulated by the policies of various countries, the high-speed installation concentrated in major countries has gradually turned to the mode of blooming in various countries. However, under the pressure of geopolitical and energy crisis after 2021, major countries have accelerate their policy stimulus again, making the market concentrated again. Looking ahead to 2022, global solar installations have the opportunity to reach more than 200GW. The world is gradually recovering from the impact of the new pneumonia epidemic. China has vigorously supported solar power generation in the 14th Five-Year Plan, and the installed capacity is expected to reach a new high. The Biden administration of the United States has greatly promoted the green power policy, targeting 40% of renewable energy power supply by 2035, and has proposed to Congress to extend the Investment Tax Credit (ITC) for renewable energy power generation equipment for 10 years, and to increase domestic green energy investment. Accelerating the implementation of environmental protection regulations is conducive to increasing the installed capacity of solar energy. Although Japan has reduced the purchase price of electricity year by year, it has announced its 2050 zero-carbon commitment, and it is expected that the installation volume will remain stable in the future. As the installed capacity in the European market is gradually recovering, countries have also introduced follow-up renewable energy installation policies, such as Germany's recent EEG energy bill, which abolished the solar subsidy cap; Italy has launched an installation target for 2030. Emerging markets even count for a small proportion but

have a high growth rate. They are growing highlights, including regions such as India, Vietnam, South Africa, Chile, Southeast Asia and the Middle East. Emerging markets are the driving force supports the continuous growth of the overall industry.

Our government takes the non-nuclear homeland and put green energy as the main axis of governance, actively promotes Taiwan's energy transformation, and promotes the development of the green energy industry as the key. First, the "Energy Development Agenda" was revised, and many energy policies were successively introduced. By revising the solar bidding mechanism, the target capacity of solar and other renewable energy installations will be significantly adjusted, and the gradual construction of the smart grid will be completed. Amend the Electricity Law to give priority to grid connection and dispatch of green electricity, preferential transmission and distribution fees, direct sales, no reserve capacity, and no payment of electricity association funds, etc., to stimulate and accelerated development of solar power. In terms of industrial development policy, the Executive Yuan has adopted the "Green Energy Technology Industry Innovation Promotion Program", combining energy creation, energy storage, energy conservation, and smart system integration to become the four major axes for Taiwan's future renewable energy development.

As for the actual installation target of solar energy, the government has set the "2025 Renewable Energy Development Goal", which targets Taiwan to achieve a cumulative installed capacity with 20GW of solar energy by 2025 in Taiwan. On April 12, 2019, the Legislative Yuan passed the amendment to the "Renewable Energy Development Regulations", reaffirming this solar installation target to ensure that the domestic solar energy industry has a certain proportion of the stable domestic demand market, and does not fluctuate greatly with the international environment. As of November 2021, Taiwan's solar installations have accumulated to 7.1GW. However, if the target of 20GW of solar installations in 2025 is to be completed, the annual installations from 2022 to 2025 must reach more than 3GW, which will become a driving force in the domestic market. Which will led a stable market through the whole industrial chain.

Our company has decided to take the renewable energy power generation business as the new direction and goal of the company's transformation and operation, and strive to develop the business development, construction and maintenance of renewable energy power plants. In addition to the establishment of a solar energy system subsidiary, we are still actively looking for strategic partners in the field of solar power generation. In the future, in order to start a new business of renewable energy power generation, the company not only maintains a stable basic operation, but also looks forward to developing opportunities in various semiconductor material fields. At the end of last year, our team completed the disposal of plant building and terminated the long-term silicon supply contract with Korean companies. In the future, we will try to build a capital less business and also try to raise capital increase in a timely manner to seek strategic cooperation opportunities, and strengthen the operating capital required for transformation to reward shareholders in the future.

1. 2021 Operating Report

(1) Implementation of Business Plan

Unit: NT\$ K; %

Item	2021	2020	Growth rate
Operating Revenue	243,740	104,515	133.21%
Gross Profit (loss)	133,247	(21,864)	709.44%
Operating Income (loss)	88,268	(63,143)	239.79%
Income before tax (loss)	(20,532)	(150,964)	86.40%
Net Income (loss)	(20,532)	(150,964)	86.40%
Total comprehensive loss	(20,532)	(150,964)	86.40%
EPS(NT\$)	(0.18)	(1.33)	86.47%

Revenue in year 2021 is counted only the continued operating income because the fab is discontinued. Due to the shortage of upstream raw material supply, the price of silicon materials rose continuously, so the operating income increased significantly. Due to the raising poly-silicon prices and the retracement of the loss from the termination of material contract, the comprehensive operating loss in 2021 also decreased significantly.

(2) Budget implementation

The disclosure of 2021 budget implementation is not necessary since the company did not public the prediction.

(3) Financial Status and Profitability

Unit: NT\$ K; %

Item		2021	2020
Financial Status	Ratio of liabilities to assets (%)	4.56	27.63
Solvency	Current ratio (%)	2048.73%	706.96%
	Quick ratio (%)	2047.53%	701.64%
Profitability	Return on assets (%)	(2.18)	(12.7)
	Return on stockholder's equity (%)	(2.65)	(17.53)
	Gross profit (%)	54.67	(20.92)
	Net income percentage (%)	(8.42)	(144.44)
	EPS(NT\$)	(0.18)	(1.33)

The financial and debt repayment ability maintained a steady condition, although is not able

to turn losses into profits yet, but the financial indicators have been improved

(4) Status of research and development

Since the company has shut down the uneconomical wafer fab, it has also streamlined manpower and organization to maintain the company's operations and new business evaluations with the least manpower. Since the development direction of the new business has been determined, the original research and development work has been suspended.

2. Highlights of 2021 Business Operation Plan

(1) Operating guidelines and Prospect

- A. Focus on the reduction of operating cash loss as the main operational objective.
- B. Actively focus on assets revitalization into cash, make it a source of funds for the development of new businesses
- C. Actively seek for strategic partners in renewable energy business, and strive to develop, construct and maintenance business development of solar power plants.
- D. Adjust the main strategies with different industries and invest the necessary resources to enhance the company's new competitiveness.

(2) Number of sales forecast and its basis

Unit : mt

Product	Number of sales forecast
Multi c-Si Solar Products (including wafers)	-

The company has terminated the silicon material contract at the end of 2021, and there is no obligation to purchase silicon material in the future. We will adjust the sales according to the company's operating conditions.

(3) Sales and production policies

- A. Keep close eyes on the supply and demand status of the solar upstream industry chain and adjust sales according to market trends
- B. Pay attention to the development of the domestic solar energy system market, and actively develop the business opportunities in construction and maintenance of solar power plants.
- C. Through strategic cooperation and re-investment relationship, enhance the strength of solar power plant development, construction and maintenance, so as to shorten the learning curve of transformation.
- D. Strengthen the ability to master semiconductor-related technologies and materials, and invest in new fields with a timely manner to generate new operating potential.

(4) Future company development strategy

- A. Use the related resources of the solar energy industry to obtain a fixed profit through system-related investments.

- B. Form alliances with strategic partners, and actively develop the business opportunities in construction and maintenance of solar power plants. At the same time, in response to the capital demand for the development of solar power plants, the Company actively seeks appropriate opportunities for capital injection in order to strengthen the renewable energy power generation business.
 - C. Continue to pay attention to new energy materials and new technologies to grasp the opportunities of innovative market and new business.
 - D. Strengthen the relationship between different industries, and actively invest in medium and long-term strategic technologies to grasp the opportunities and value of future industry development.
- (5) Last year, all walks of life were still affected by the COVID-19 variant virus epidemic, and the solar energy industry chain was not spared. Fortunately, the gradual unblocking of policies in various countries has enabled the industrial chain to recover, and the number of solar installations throughout the year still grows by a small ratio. However, the raising in prices of various materials of the supply chain due to the epidemic have affected the market in the last few quarters. Coupled with the domestic policy to promote the "2025 Renewable Energy Development Goals", the long-term development of the renewable energy market is still promising. In the fourth quarter of 2020, the company decided to take the renewable energy power generation business as a new direction for the company's transformation and operation, and expects to create stable cash through rigorous planning and construction and analysis of complete power plant big data. Or through fixed solar project sales to drive profit performance, and at the same time can also contribute to renewable energy of the government's green energy policy. However, due to the revision of the government's power plant land policy, the amount of ground-based solar installations has stagnated significantly. We expect the government to revise the policy so that various rooftop solar projects such as industry, agriculture, and fishery with electricity symbiosis, ports and parking lots can be vigorously promoted. In the future, the company will work hard to cooperate with the government's revised policy direction, and actively develop the business opportunities in construction and maintenance of renewable energy power plants.

Finally, I would like to thank all shareholders for the support and encouragement to the company, on behalf of all my colleagues and members of the board, I would like to express the most sincere appreciations and thanks again.

Chairman	Fang, Jenn-Ming
President	Fang, Jenn-Ming
Chief Accounting manager	Wang, Zhen-Yi

II. Company profile

1. Date of Incorporation:

November 9th, 2007

2. Company History

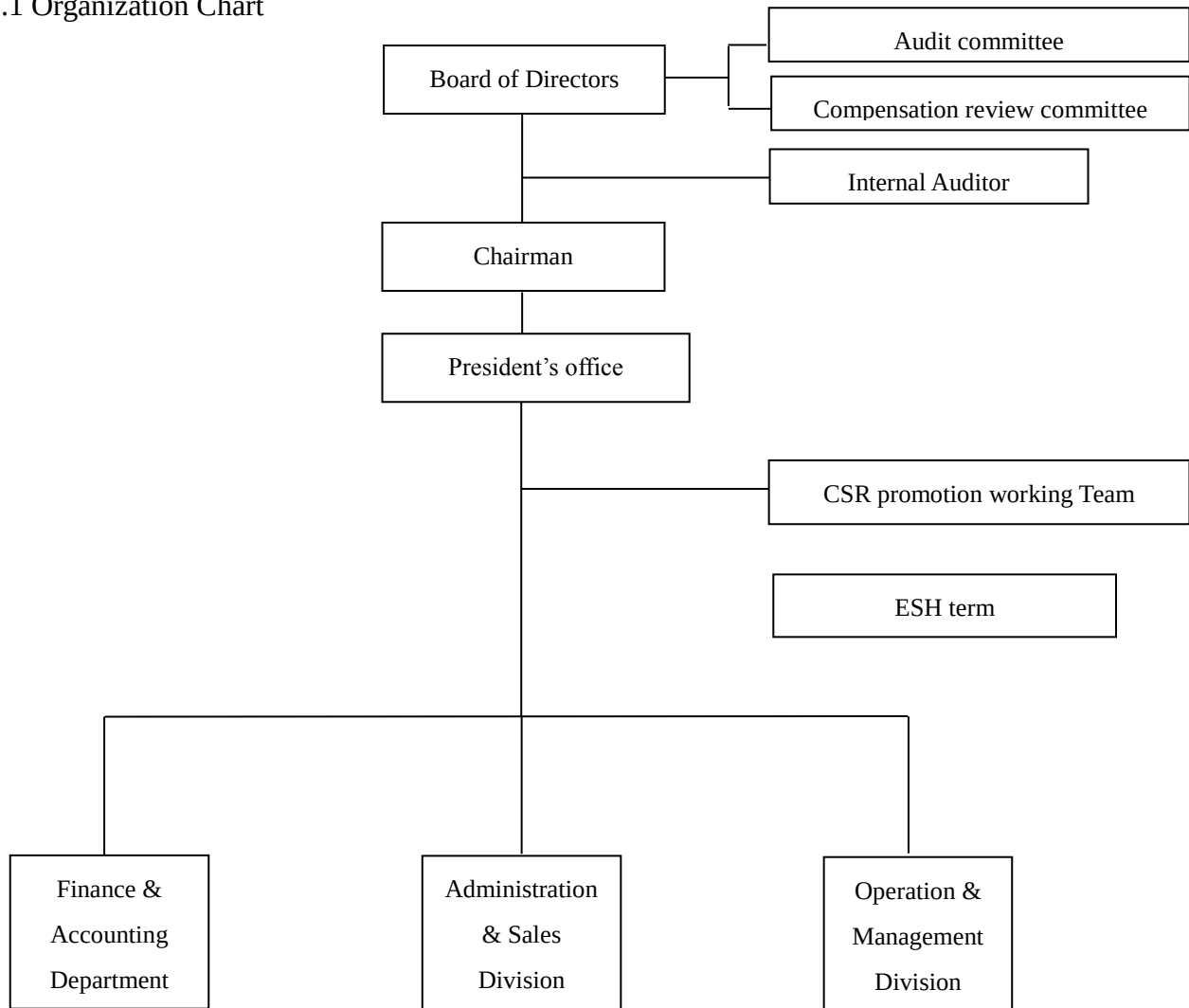
Date	Milestones
2007.11	Official establishment of Danen Technology Cooperation with NT\$ 1 million start-up capital.
2007.11	With NT\$ 249 million SPO, after that, the paid-up capital reached NT\$ 250 million.
2007.12	With NT\$ 65 million SPO, after that, the paid-up capital reached NT\$ 315 million.
2008.02	Wafer Plant 1 construction started and ground breaking.
2008.03	With NT\$ 565 million SPO, after that, the paid-up capital reached NT\$ 880 million.
2008.07	Wafer Plant 1 building finished and the first batch of equipment installation completed and first batch of wafer trials succeeded.
2008.09	The products passed the verification of customers.
2008.10	With NT\$ 30 million SPO, after that, the paid-up capital reached NT\$ 910 million.
2008.12	Won ISO 9001 (2008) certification.
2009.08	With NT\$ 350 million SPO, after that, the paid-up capital reached NT\$ 1.26 billion.
2009.09	Application for public offer.
2009.10	Registered for GEM, code 3686.
2009.12	Passed certifications of ISO14001 and OHSAS18001.
2010.01	Received Certificate for Hi-tech Enterprise or Enterprise with Successful Technology with Market potential by MOEA/IDB.
2010.01	With NT\$ 150 million SPO, after that the paid-up capital reached NT\$ 1.41 billion.
2010.02	Wafer Plant 2 started to be constructed.
2010.06	With NT\$ 66,582,000 convertible Equity warrant, after conversion, the paid-up capital reached NT\$ 1,476,582,000.
2010.07	With NT\$ 168 million SPO, after that, the paid-up capital reached NT\$ 1,644,582,000.
2010.07	Listed in Taiwan Stock Exchange Corporation.
2010.08	Wafer Plant 2 was completed.
2011.01	Wafer Plant 3 started to be constructed.
2011.03	With NT\$ 368million SPO, after that, the paid-up capital reached NT\$ 2,012,582,000
2011.08	SPO from retained earnings with a figure of NT\$ 2,4150,990, after that the paid-in capital reached NT\$ 2,036,732,990
2011.08	Top 500 excellent exporters / importers awarded by Ministry of Economic Affairs
2011.10	1 st award of the top 500 fastest growing high-tech company in Asia area by Deloitte
2012.10	2nd award of the top 500 fastest growing high-tech company in Asia area by Deloitte

2013.02	With NT\$ 600million SPO, after that, the paid-in capital reached NT\$ 2,636,732,990
2013.04	Product and provide the highest efficiency and the best yield solar wafer in solar industry
2013.07	Issued NT\$ 11.5 million restricted stocks, after capital increase, the paid-up capital reached NT\$ 2,648,232,990
2014.02	With NT\$ 850 million SPO, after that the paid-up capital reached NT\$ 3,098,232,990
2015.01	Wrote off restricted stocks with a figure of NT\$ 1,475,000, after capital decrease, the paid-up capital reached NT\$ 3,496,757,990
2015.12	Wrote off restricted stocks with a figure of NT\$ 180,000, after capital decrease, the paid-up capital reached NT\$ 3,496,267,990
2016.04	Rewarded with top 6-20% ranking in 2015 by 2 nd corporate governance review
2017.04	Rewarded with top 6-20% ranking in 2016 by 3 rd corporate governance review
2017.04	Investment in Bio-chip & Gene technology company with NT\$155M
2018.04	Rewarded with top 6-20% ranking in 2017 by 4 th corporate governance review
2019.06	Shareholders' meeting decides that the fabs that are not economically effective stop production and dispose of idle assets.
2019.10	The capital was reduced to make up for the loss, after that, the paid-in capital reached NT\$ 1,135,136,430
2020.10	Established a subsidiary, Mingyu Energy Co., Ltd., and reinvested in business related to renewable energy power generation.
2021.12	Disposal of building's assets of the Company with a transaction amount of approximately NT\$ 545,000,000.
2021.12	The termination of long-term silicon supply and procurement contract with Korean company OCI.

III. Corporate Governance Report

1. Organization

1.1 Organization Chart



1.2 Major Corporate Functions

Department	Functions
Internal Auditor	(1) Assist functional Departments in adjusting and correcting errors during the implementation of rules and systems. (2) Establish systematic and institutionalized regulations to assess and audit the operation risks and deficiencies. (3) Conduct auditing on regular or irregular basis to ensure the operation performance and the progresses of improvement in all aspects of business operation. (4) Execute all inspections of Internal control and auditing affairs assigned by the managements.
CSR promotion working team	(1) Establish, review policy and system for corporate social responsibility working targets.

	(2) Promote related businesses and activities for corporate social responsibility. (3) Routine report to BOD for CSR activities.
ESH team	(1) Achieved the safety target of operational environment set by SHE. (2) Cooperate with policies to implement necessary epidemic prevention.
Finance & Accounting Department	(1) The integration of budget preparation , cash fund utilization and scheduling , Bank transaction management (2) Analysis and the compilation of various costs, taxes and income withholding declarations and financial statements (3) Convene the management of shareholders' meetings and board of directors and management related documents and announcements
Administration & Sales Division	(1) Responsible for the purchases of supplies, materials and equipments , planning and execution regard to insurance, import and export related affairs. (2) General administration service, asset management and public affairs' planning and execution. (3) Plant, office automation and management of IT related software and hardware systems. (4) Product promotion, market strategy and product optimization management . (5) Customer relationship and annual business plan and execution.
Operation & Management Division	(1) Establish and manage the system of employee recruitment and assignment. (2) Planning and implementation of compensation and incentive programs. (3) Establishment and management of intellectual property and reward system. (4) The management of IP dispute resolution and related matters concerning legal litigation. (5) Planning and management of operational risk analysis and risk reduction strategy.

2. Directors, Supervisors and Management Team

2.1 Directors and supervisors

April 23th, 2022 unit: one thousand share;%

Title	Nationality/ Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	kinship	
Chairman	R.O.C.	Fang, Jenn-Ming	Male 61-70	2020.6.18	3	2007.11.05	1,661	1.46	1,661	1.46	59	0.05	0	0	1.M.B.A of MIT 2.Graduate of Physics Department of Tsinghua University 3.Wafer Plant assistant vice-president of Winbond 4.Marketing executive of memory BU of Winbond	President of Danen Technology Cooperation	N/A	N/A	N/A	Adjunct President, in order to meet the requirements of internal control, respond with more than half of the number of independent directors
Vice- Chairman	R.O.C.	Hung, Wen-Chin	Female 51-60	2020.6.18	3	2012.6.27	1,773	1.56	2,197	1.94	696	0.61	0	0	1..Ph.D of Antai College of Economics & Management,Shanghai JiaoTong University 2. M.B.A of MIT 3. M.B.A of National Taiwan University	President of MING-WEI International Investment Limited	N/A	N/A	N/A	

Title	Nationality/ Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	kinship	
Independent Director	R.O.C.	Tsai, Wen-Jing	Male 51-60	2020.6.18	3	2009.11.27	0	0	0	0	0	0	0	0	1.Master of NCCU 2.Graduate of Accounting Department of Taiwan University 3.Vice director of Ching-Long CPA Firm 4.Manger of Deloitte 5.CEO of Tax system department in Certified Public Accountant Association 6.Vice chair of Tax system department in Certified Public Accountant Association	1.Director of KW CPAs Firm 2. Director of Topview Optronics Corp. 3. Independent director of Applied BioCode Corporation.	N/A	N/A	N/A	
Independent Director	R.O.C.	Lin, Her-Yuan	Male 51-60	2020.6.18	3	2014.6. 18	0	0	0	0	0	0	0	0	1.MSEE of University of Missouri。 2.Biological bachelor of mechanical and electronic of National Taiwan University 3.General manager of Industrial Technology Investment Cooperation 4. Senior vice-president of WK Technology Fund. 5.Senior vice-president of AsiaVest Partners 6.Senior manager of Intel Cooperation	1. Director of GVT Fund GP Ltd. 2. Director of GVT CAPITAL MANAGEMENT CO., LTD. 3. Partner of Industrial Technology Investment Corporation 4. Executive Partner of Huamei Technology Venture Capital 5. Director of TPT Corporation Limited	N/A	N/A	N/A	

Title	Nationality/ Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	kinship	
															7. General manager of ITIC					
Independent Director	R.O.C.	Su, Peng-Fei	Male 51-60	2020.6.18	3	2020.6.18	69	0.06	0	0	0	0	0	0	1. M.B.A of NCCU 2.B.S. of NYCU 3.AVP of Development Technology Consulting CO., LTD. 4. Director of SUNNET Technology CO., LTD	1. Senior Deputy General Manager of Shengye Assets Co., Ltd.	N/A	N/A	N/A	

2.1.1 Major shareholders of institutional shareholders: none

2.1.2 Major shareholders of the Company's major institutional shareholders: none

2.1.3 Professional qualifications and independence analysis of directors:

Names \ Criteria	Professional qualifications and experience	Independence Criteria	Number of Other Public Companies in Which the Individual is currently Serving as an Independent Director
Fang, Jenn-Ming	1. Business management experience in operations management, marketing services, manufacturing, leadership decision-making and risk management 2. Not been a person of any conditions defined in Article 30 of the Corporate Law.	1. No relationship with other directors within the spouses or within the second degree of kinship. 2. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. 3. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. 4. Not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company. 5. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation. 6. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act	0

Hung, Wen-Chin	1. Business management experience in operations management, marketing services, manufacturing, leadership decision-making and risk management 2. Not been a person of any conditions defined in Article 30 of the Corporate Law.	1. Not an employee of the Company or any of its affiliates. 2. No relationship with other directors within the spouses or within the second degree of kinship. 3. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. 4. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. 5. Not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company. 6. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation. 7. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act	0
Tsai, Wen-Jing	1. Professional staff with certified public accountants 2. Not been a person of any conditions defined in Article 30 of the Corporate Law.	1. Not an employee of the Company or any of its affiliates. 2. No relationship with other directors within the spouses or within the second degree of kinship. 3. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by,	1
Lin, Her-Yuan	1. Business management	irectors appointed in accordance with the Act or the laws and regulations of the local country by,	0

Su, Peng-Fei	experience in operations management, marketing services, manufacturing, leadership decision-making and risk management 2. Not been a person of any conditions defined in Article 30 of the Corporate Law.	and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. 4. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. 5. Not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company. 6. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation. 7. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act	0
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2.2 Management Team

April 23th, 2022 Unit: shares

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	kinship	
President	R.O.C.	Fang, Jenn-Ming	male	2008.01.02	1,661,149	1.46%	58,566	0.05%	0	0%	MBA of MIT BS of Physics Department of Tsinghua University Assistant vice-president of Winbond Wafer Plant Business executive of Winbond memory product BU	N/A	N/A	N/A	N/A	Adjunct President, in order to meet the requirements of internal control, respond with more than half of the number of independent directors
Senior Assistant Vice President	R.O.C.	Wang, Jung-Chun (note.1)	male	2016.10.01	0	0%	0	0%	0	0%	BS of EE department of CYCU Director of Process integration Division of Winbond Director of outsourcing service of memory products of Winbond Electronics Corporation Director of QA Division of Winbond	N/A	N/A	N/A	N/A	

(Note 1.) Senior Assistant Vice President Wang, Jung-Chun resigned on 2021.05.27

2.3 Compensation of directors, supervisors, president, and vice President

2.3.1 Compensation of directors

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)(note2)						
		The company	All companies in the consolidated financial statements(note1)	The company	Companies in the consolidated financial statements(note1)	The company	Companies in the consolidated financial statements(note1)	The company	Companies in the consolidated financial statements(note1)	The company	Companies in the consolidated financial statements(note1)	The company	Companies in the consolidated financial statements(note1)	The company	Companies in the consolidated financial statements(note1)	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
			Cash	Stock	Cash	Stock																
Chairman	Fang, Jenn-Ming	1,140	—	—	—	—	—	—	—	(5.55%)	—	4,060	—	—	—	—	—	—	—	5,200 (25.33%)	—	—
Vice Chairman	Hung, Wen-Chin	600	—	—	—	—	—	—	—	(2.92%)	—	—	—	—	—	—	—	—	—	600 (2.92%)	—	—
Independent Director	Tsai, Wen-Jing	240	—	—	—	—	—	—	—	(1.17%)	—	—	—	—	—	—	—	—	—	240 (1.17%)	—	—
Independent Director	Lin, Her-Yuan	240	—	—	—	—	—	—	—	(1.17%)	—	—	—	—	—	—	—	—	—	240 (1.17%)	—	—
Independent Director	Su, Peng-Fei	240	—	—	—	—	—	—	—	(1.17%)	—	—	—	—	—	—	—	—	—	240 (1.17%)	—	—

Note 1 : The company is exempted from preparing Consolidated Statements.

Note 2 : This statement is not applicable for the company due to losses after tax in 2021.

Range of compensation	Name of directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Hung, Wen-Chin Tsai, Wen-Jing, Lin, Her-Yuan, Su, Peng-Fei	-	Hung, Wen-Chin Tsai, Wen-Jing, Lin, Her-Yuan, Su, Peng-Fei	-
NT\$1,000,001 ~ NT\$2,000,000	Fang, Jenn-Ming	-	-	-
NT\$2,000,001 ~ NT\$3,500,000				
NT\$3,500,001 ~ NT\$5,000,000				
NT\$5,000,001 ~ NT\$10,000,000	-	-	Fang, Jenn-Ming	-
NT\$10,000,001 ~ NT\$15,000,000	-	-	-	-
NT\$15,000,001 ~ NT\$30,000,000	-	-	-	-
NT\$30,000,001 ~ NT\$50,000,000	-	-	-	-
NT\$50,000,001 ~ NT\$100,000,000	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	5 persons	-	5 persons	-

Note1: The Company is exempted from preparing Consolidated Statements

2.3.2 Compensation of supervisors: Not applicable (We have replaced supervisors with audit committee composed by four independent directors selected by general shareholder meeting in 2017)

2.3.3 Compensation of president and vice president:

Units: NT\$ thousands; One Thousand Shares

Title	Name	Salaries (A)		Retirement allowance or pension (B)		Bonuses and special preferential expenses (C)		Employee rewards(D) (Note1)				Ratio of total amount of A, B, C and D to net profits after tax		Whether have gained reinvestment career fees from others except for subsidiaries
		Our company	All companies in Financial Statement	Our company	All companies in Financial Statement (Note 1)	Our company	All companies in Financial Statement	Our company		All companies in Financial Statement		Our company	All companies in Financial Statement	
								Cash dividends	Cash dividends	Cash dividends	Cash dividends			
President	Fang, Jenn-Ming	3,660	—	-	—	400	—	—	—	—	—	4,060 (19.77%)	—	—

Note1: The Company is exempted from paying employee rewards due to losses after tax in 2021

Compensation range table

Payroll range of president and vice president in the company	Names of president and vice president	
	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	—	—
NT\$1,000,001 ~ NT\$2,000,000	—	—
NT\$2,000,001 ~ NT\$3,500,000	—	—
NT\$3,500,001 ~ NT\$5,000,000	Fang Jenn-Ming	Fang Jenn-Ming
NT\$5,000,001 ~ NT\$10,000,000	—	—
NT\$10,000,001 ~ NT\$15,000,000	—	—
NT\$15,000,001 ~ NT\$30,000,000	—	—
NT\$30,000,001 ~ NT\$50,000,000	—	—
NT\$50,000,001 ~ NT\$100,000,000	—	—
Over NT\$100,000,000	—	—
Total	1 persons	1 persons

2.3.4 The remuneration of the top five executives of the company(note1)

Title	Name	Salaries (A)		Retirement allowance or pension (B)		Bonuses and special preferential expenses (C)		Employee rewards (D)				Ratio of total amount of A, B, C and D to net profits after tax (%)		Whether have gained reinvestment career fees from others except for subsidiaries
		Our company	All companies in Financial Statement	Our company	All companies in Financial Statement	Our company	All companies in Financial Statement	Our company		All companies in Financial Statement		Our company	All companies in Financial Statement	
								Cash dividends	Cash dividends	Cash dividends	Cash dividends			
President	Fang, Jenn-Ming	3,660	—	—	—	400	—	—	—	—	—	4,060 (19.77%)	—	—
Assistant Vice President	Wang, Jung-Chun (Note 2)	973	—	53	—	192	—	—	—	—	—	1,218 (5.93%)	—	—
Deputy Director	Wang, Zhen-Yi	1,116	—	70	—	93	—	—	—	—	—	1,279 (6.23%)	—	—

Note 1: The manager has determined that, according to the letter of Taiwan Finance Certificate No. 0920001301. There are less than five managers in the company's relevant positions or equivalent positions.

Note2 : Assistant Vice President Wang, Jung-Chun resigned on 2021.05.27.

2.3.5 Name of managers who received employee rewards and the distribution conditions: The Company

is exempted from distributing employee rewards due to operating losses after tax in 2021.

2.3.6 Compare and report the payroll ratio via profit /loss amount of directors to all company and president/vice president to all company in the recent two years, and explain the relationships between payroll policies, standards and combinations, and the formation, review procedure of payroll, as well as corporation operating performance and future risk factors of the company.

2.3.6.1 The ratio via profit /loss amount of directors to all company and president/vice president to all company of the recent two years in financial statements.

Unit: NT\$ thousands; %

Title	Total payrolls		Ratio of total payrolls to net profit/loss after tax	
	Year 2020	Year 2021	Year 2020	Year 2021
BOD directors	6,870	6,520	(4.55%)	(31.76%)
President and vice president	4,060	4,060	(2.69%)	(19.77%)

2.3.6.2 The relationships between payroll policies, standards and combinations, and the formation, review procedure of payroll, as well as corporation operating performance and future risk factors of the company .The payrolls of directors are defined and granted by the articles of incorporation, industrial standards and the corporate operating performance and go through an evaluation process of BOD and committee performance, then paid after the approval of Board of directors meeting. No more than 3% profit can be reserved for the board directors in a fiscal year. The payrolls are including salaries, bonuses and employee stock option certificates, which are based on the functional responsibilities, contributions as well as reference for industrial standards.

3. Implementation of corporate governance:

3.1 Board diversity status:

The status of directors' abilities is as follows :

Title	Name	Gender	Business management ability	Leadership and Decision-making ability	Knowledge of the industry	Accounting and financial analysis ability	Marketing
Chairman	Fang, Jenn-Ming	Male	√	√	√		
Vice Chairman	Hung, Wen-Chin	Female	√	√			√
Independent director	Tsai, Wen-Jing	Male	√	√		√	
Independent director	Lin, Her-Yuan	Male	√	√	√		
Independent director	Su, Peng-Fei	Male	√	√			√

3.2 Board of directors meeting attendance:

The board of directors convened six meetings in 2021. The directors' attendance status is as follows.

Title	Name	Attendance in person	By proxy	Attendance Rate in Person (%)	Notes
Chairman	Fang, Jenn-Ming	6/7	1	90.90%	None
Director	Hung, Wen-Chin	7/7	0	100.00%	None
Independent director	Tsai, Wen-Jing	7/7	0	100.00%	None
Independent director	Lin, Her-Yuan	7/7	0	100.00%	None
Independent director	Su, Peng-Fei	7/7	0	100.00%	None

Annotations:

- (1) If there are circumstances referred to in Article 14-3 of the Securities and Exchange Act and resolutions of the directors' meetings objected to by independent directors or subject to qualified opinion and recorded or declared in writing, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified: None
- (2) The execution in Bills of Interest by directors shall be noted with names of directors, bill contents, reason for avoiding conflicts of interest as well as voting engagements:
Date of board directors meetings: None
- (3) TWSE/GTSM Listed Companies shall disclose the cycle, period, range, method and content of the performance of the directors by self (or peer) evaluation

cycle	period	range	method	content
yearly	January 1, 2021 to December 31, 2021	BOD performance	Self-evaluation	A. level of participation in company operations B. quality enhancement of Board decisions C. Board composition and structure D. appointment of directors and their continued development E. internal controls
yearly	January 1, 2021 to December 31, 2021	BOD's personal performance	Self-evaluation	A. grasp of company targets and missions B. understanding of the director's role and responsibilities C. level of participation in company operations D. internal relationship management and communication E. director's specialty and continued development F. internal controls
yearly	January 1, 2021 to December 31, 2021	Audit Committee performance and Remuneration Committee performance	Self-evaluation	A. participation in company operations B. understanding of the responsibilities of functional committees C. improvement of the decision-making quality

				of functional committees D. composition of functional committees, and member selection E. internal control
(4) Measures taken to strengthen the functionality of the board: a. The company has appointed personnel to collect and disclose the company information, all the information shall be made public based on the laws and decrees can be properly disclosed in a timely manner to improve information transparency. b. We have approved to stipulate “Evaluation methods for the performance of board of directors meeting and functional committees” at the board director meeting on March 25th, 2015, and planned to conduct year performance evaluation after the end of the year. The performance evaluation results will be completed before the first Board directors meeting and functional committees meeting of following year. The results of 2021 has been presented at the board director meeting held on March 1st, 2022, all the evaluation indicators reached consensuses among board members and no improvement action needed at the same period. c. Since 2014, we have replaced supervisors with audit committee, which was composed with all the independent directors. So far, thirty-seven meetings have been held successfully.				

3.3 Audit Committee:

Four independent directors were elected by shareholders' meeting on May 26th, 2017 and we have replaced supervisors with audit committee according to Securities Exchange Act on June 18th, 2014. Total 7 (A) audit committee meetings were held in the previous year. The attendances of the independent directors were as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate in person (%) 【 B / A 】	Notes
Independent director	Tsai, Wen-Jing	7/7	0	100.00%	None
Independent director	Lin, Her-Yuan	7/7	0	100.00%	None
Independent director	Su, Peng-Fei	7/7	0	100.00%	None

Annotations:

- (1) If there are the circumstances referred to in Article 14-5 of the Securities Exchange Act and resolutions which were not approved by the audit committee but approved by two thirds or more of board directors meeting, the dates of meetings, sessions, contents of motion, resolutions of the audit committee and the company's response to the audit committee's opinion should be specified: None
- (2) If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
- (3) Communications between the independent directors, the company's chief internal auditor and CPAs (e.g. the items, methods and results of audits in corporate finance or operations, etc.)
 - a. The internal auditors have communicated the result of the audit reports to the members of the audit committee periodically, and have presented the findings of all audit reports in the quarterly meetings of the audit committee. The company's chief internal auditor should inform the members of the audit committee on the regular reporting.
 - b. Under the requirement of Accounting Principle no.39, the company's CPAs have presented the findings or the comments for the annual financial reports in audit committee meeting, The communication matters should cover key audit matters, related insider trading, lawsuit, regulation following , internal control and make sure no discrepancy between CPAs and management team. Beside, CPAs need to have direct E-mail access channel with independent directors to ensure the communication efficiency.

3.4 Corporate governance implementation status and deviations from “The corporate governance best-practice principles for TWSE/TPEX listed companies”

Assessment item	Implementation status			Implementation deviations and the reason(s)
	Yes	No	Explanation	
(1) Does Company follow “corporate governance implementation principle” to establish and disclose its corporate governance practices?	✓		The company has established the corporate governance practice regulations according to [Corporate governance best practice principles for TWSE/TPEX listed companies] in 2014 and presented the revision by board directors meeting on March 25, 2015, November 7, 2016, and May 10, 2019 which were disclosed on market observation post system and corporate websites. (http://www.danentech.com/investor_cg_more.aspx?ID=5)	None
(2) Shareholding structure & shareholder equity a. Does company have internal operation procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? b. Does company possess the list of major shareholders and beneficial owners of these major shareholders? c. Has the Company built and executed the risk management system and “firewall” between the Company and its affiliates? d. Has the Company established internal rules for prohibiting insider trading on undisclosed information?	✓		a. According to internal operation procedures, the relevant competent departments of the company are responsible for handling the recommendations, doubts, disputes and lawsuits of shareholders related, moreover, we also have spokesman, deputy spokesman and investor E-mail box, audit committee mailbox, accusation letter box for good faith management to make the information disclosure for and communication with interested parties smoothly. The boxes are disclosed on the corporate websites. (http://www.danentech.com/investor_cir.aspx) b. The Company has possessed the name lists of major shareholders and those who actually control the major shareholders, based on the shareholders list provided by stock service agent on a regular basis. And disclose the shareholding status of more than 10% shares big holders regularly under the regulations. c. The company has established [Operating methods for transactions among conglomerates, specific company, and related parties] according to Article 17 of [Corporate governance best practice principles for TWSE/TPEX listed companies]. Besides, we also examine the risk management mechanism and firewall for the financial and business relations with related parties on a regular basis within the company. d. In order to protect the shareholders’ equity and make sure the equality among shareholders into practice, we have passed the [management procedures for preventing insider trading] against directors, managers and employees to regulate relevant conducts.	None
(3) Composition and responsibilities of the board directors a. Does the Board develop and implement a diversified policy for	✓		a. The company has established multiple guidelines such as gender, expertise as well as background of directors in [Corporate governance practice regulations] and [Method for director elections] according to Article 20 of [Corporate governance best practice principles for TWSE/TPEX listed companies].	None

Assessment item	Implementation status			Implementation deviations and the reason(s)
	Yes	No	Explanation	
the composition of its members? b. Other than the compensation committee and the Audit committee which are required by law, does the company plan to set up other Board committees? c. Has the company established methodology for evaluating the performance of its Board of Directors, reported the evaluation result to the Board of Director and used the result as a reference on the consideration of individual directors' remuneration and reelection nomination? d. Does the company regularly evaluate its external accountants' independence?			Furthermore, we have put the director election into practice when it is necessary. Please refer to page 10-12 and page 17 for more details of professional background and expertise of directors. b. The company has established compensation committee and Audit committee based on the laws and by now, there are no other functional committees. The Board will authorize to establish other committees when it is necessary. c. The company has approved and stipulated "Evaluation methods for the performance of Board directors and functional committees" at the board meeting on March 25th, 2015 and conducted yearly performance evaluation in regard to the meeting attendance, meeting engagement, annual training hours and other items of appraises after the end of year. The performance evaluation results will be finished before the first Board meeting and functional committee meeting of following year. Moreover, the 90 evaluation items of 2021 according to "Evaluation methods for the performance of Board meeting and functional committees" have been implemented and finished on December 31th, 2021 and reported on March 1st, 2022 at the board meeting. The evaluation result of board directors and functional committees performance in 2019 showed us the engagement of Board meeting in company's operations, improvements of resolution quality of Board as well as internal control, all of which have reached consensus among board directors. Relevant assessment scores are included in one of the reference items for directors' remuneration and nomination review. d. The company conducts at least one evaluation in independence of CPA annually, which consists of 6 aspects and 18 items including accountant's ethics, impact from self-interests, self-evaluation, familiarity, effects of stress and special circumstances on independence. The evaluation of 2021 has been completed on December 31th, 2020 and the accountant independence statement has been received. Furthermore, the results e. Demonstrated that CPA of the company was equipped with independence. The evaluation result was submitted to audit committee and board meetings for approval on March 4th, 2021. More details for accountant independence statement can refer to attached table 1.	

Assessment item	Implementation status			Implementation deviations and the reason(s)
	Yes	No	Explanation	
(4) Has the TWSE/TPEX listed company set up a dedicated (or concurrent) corporate governance unit or appointed personnel responsible for corporate governance related matters (including but not limited to providing the directors and supervisors with required information to carry out their business, handling corporate registration and change of corporate registration related matters and taking the minutes of meetings)?	✓		a. According to “Corporate social responsibility best practice principles”, the company established CSR promotion team at January 2015, and focused the work on corporate governance, business integrity policy, set up prevention system and audit the execution, then report to BOD on a regular basis. The promotion team representative are president and assistant Vice President, and other members including functional departments such as finance, HR, QA, manufacturing and environmental protection departments; The execution of corporate social responsibilities is based on five aspects, such as corporate governance, employee care, partnership, environmental sustainability and community participation and promote the work within corporate governance, business integrity and CSR. b. The company has assigned a dedicated person, who responsible for BOD and committee requested material and information collection and support BOD and shareholder meetings related affairs. Among these activities, once investor conference, 6 times BOD meetings, prepared and finished all these tasks and activities, and make sure the CSR working team reported to BOD at regular basis. c. The representative of CSR promotion team should have more than three years’ experience of either legal, finance and meeting coordination; job responsibility including the material and information support to members of BOD, and help BOD members to follow regulations and following the necessary work of BOD and shareholder’s meeting and other affairs, confirm the training requirement of BOD, help to call the investor conference meeting and 5 times of BOD meetings and make sure all procedures are all following regulation, not only meeting minutes but also the post announcements, all related affairs which belong to CSR team’s responsibility are all need to report to BOD.	None
(5) Has the company established a channel of communication with its stakeholders and created a stakeholders section on the company website? And respond to stakeholders’ questions on corporate responsibilities	✓		The company has established special communication sections for stakeholders, designated spokesman and deputy spokesman and created E-mail boxes for investors, audit committee and accusation letter mailbox for business integrity. The stakeholders including banks, creditors, employees, suppliers, customers and the interested parties of the company can present recommendations and responses in these special sections to safeguard the interests and rights of stakeholder parties. Specially-assigned personnel in these contact channels are responsible for handling these affairs according to internal procedures. The relevant information are disclosed	None

Assessment item	Implementation status			Implementation deviations and the reason(s)
	Yes	No	Explanation	
subject?			on the corporate website. (http://www.danentech.com/investor_cir.aspx)	
(6) Has the Company appointed a professional stock agent for shareholders' meetings?	✓		The Company has entrusted the shareholders' meeting related affairs to professional stock service agent-- CTBC Bank Co., Ltd.	None
(7) Information disclosure a. Has the company established a corporate website to disclose information regarding its finance, business and corporate governance status? b. Does the company use other information disclosure channels (such as maintaining an English website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? c. Does the Company announce and declare the annual financial statement within two months at the end of the accounting year and announce and declare the Q1, Q2 and Q3 financial statement and monthly operational status prior to the deadline in the regulation?	✓		a. The company has established corporate website (http://www.danentech.com) and apart from disclosing the financial and corporate governance information, we also declare and disclose the business and financial information on Market observation post system regularly or irregularly according to the regulations. b. The company has established both Chinese and English websites and designated personnel to perform related work and disclose information according to the responsibilities; the spokesperson in the company is assistant vice president Wang, Jung-Chun and the deputy spokesperson is deputy director Tang, Fong-Fan . c. The company convenes a meeting of BOD within two to three months at the end of the fiscal year and approves and publishes the annual financial report. Announce and declare the financial reports for the first, second and third quarters and the monthly operating situation before the deadline. Disclosed on market observation post system.	None
(8) Has the company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not	✓		a. The company has defined and disclosed corporate governance regulations in the corporate governance section of corporate website, annual report, company regulations and Market Observation Post System and set task force to operate according to the procedures. b. The company has set up employee welfare committee, implemented pension system,	None

Assessment item	Implementation status			Implementation deviations and the reason(s)
	Yes	No	Explanation	
limited to employee rights and care, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for BOD directors)?			conducted employee educational training courses, paid employee group insurance and arranged regular physical examinations and other benefits to promote a more harmonious industrial and labor relations. c. The company has disclosed the corporate information public according to laws and protected the rights and interests of investors. d. The company kept smooth communications with customers and suppliers and maintained good AR/AP positions and relationships with them. e. The company provides training courses information for all the directors from time to time and the directors attend such training courses according to [Implementation procedures of continuing educations for directors and supervisors of TWSE Listed and TPEx listed companies] and all the directors have finished the further training hours regulated by laws in 2018. More details for these training information of our directors can be seen from attached Table 1. f. The company has set up internal control systems and relevant governance methods and handled business according to these systems and regulations. g. The company has purchased liability insurance for directors and managers, and reported to BOD accordingly. h. The company has uploaded meeting handbook of shareholders' meeting and related documents on Market observation post system 30 days before general shareholder meeting. i. The company has clearly demonstrated the BOD director election nomination system in articles of corporate association. j. The company has uploaded the annual report to Market observation post system 14 days before general meeting since 2016.	
(9) The improvement status for the result of corporate governance evaluation announced by Taiwan Stock Exchange corporation a. In 2021, the company has actively disclosed the composition of directors, the opinions of independent directors on major resolutions of the board of directors, and the results of the audit committee's resolutions on major resolutions. We will strive to improve the results of the corporate governance assessment in 2021, in order to better implement corporate governance.				

Attachment 1: Accountant Independence Statement

Accountant Independence Statement

Letter receiving party : Danen Technology Cooperation

Date: January 20th , 2021

Document No.: (2021) Tsu-Hui-Tsung Zi No. 20006596

Our firm is entrusted to audit the 2021 financial statement of the company. We hereby state:

1. The audit staff and CPA of our firm don't have any relation, joint investment or benefit sharing with the company or its stakeholders.
2. The audit staff and CPA of our firm don't hold any position of chairman, director, supervisor, manager or employee in the company or related enterprises.
3. No other disobedience stated in [Code of professional ethics gazette no. 10] that may have impacts on the independence of our firm.

PwC Taiwan

Lai, Chung-Hsih

Accountant

Zhi, Bing-Jun

Attached Table 1: The Implementation of Director Continuing Education of Year 2021:

Title	Name	Date	Host by	Training/Speech Title	Duration
Director	Fang, Jenn-Ming	09.01.2021~09.01.2021	Securities and Futures Institute	The 13th Taipei Corporate Governance Forum	3 hours
		05.07.2021~05.07.2021	Securities and Futures Institute	The Prevention & Correspondence of Insider Trading in 2021	3 hours
Director	Hung, Wen-Chin	09.01.2021~09.01.2021	Securities and Futures Institute	The 13th Taipei Corporate Governance Forum	6 hours
		12.17.2021~12.17.2021	Securities and Futures Institute	Listed Company-How to Use Futures Commodities for Hedging Operation and Corporate Sustainable Development Seminar	3 hours
Independent director	Tsai, Wen-Jing	04.15.2021~04.15.2021	Fubon Insurance Co., Ltd.	Directors and Supervisors Responsibility and Risk Management Seminar	3 hours
		08.31.2021~08.31.2021	Taipei Exchange	Sustainability through ESG webinars	2.5 hours
		09.01.2021~09.01.2021	Securities and Futures Institute	The 13th Taipei Corporate Governance Forum	3 hours
Independent director	Lin, Her-Yuan	09.01.2021~09.01.2021	Securities and Futures Institute	The 13th Taipei Corporate Governance Forum	6 hours
Independent director	Su, Peng-Fei	09.01.2021~09.01.2021	Securities and Futures Institute	The 13th Taipei Corporate Governance Forum	3 hours
		10.15.2021~10.15.2021	Securities and Futures Institute	A briefing session on compliance with the 2021 Insider Equity Transaction Act	3 hours
		12.17.2021~12.17.2021	Securities and Futures Institute	Listed Company-How to Use Futures Commodities for Hedging Operation and Corporate Sustainable Development Seminar	3 hours

3.5 Composition, responsibility and operation of the compensation committee

The company has established compensation committee and stipulated [Statute of compensation committee] after the resolution approved by BOD meeting at October 25th, 2011. Then, the 5th compensation committee was set up at June 18th, 2021. The committee is responsible for refining compensation systems of directors and managers. The information of committee members and operation activities can be seen as follows:

3.5.1 Professional qualifications and independence analysis of compensation committee members

Title	Criteria Name	Professional qualifications and experience	Independence Criteria	Number of other public companies in which the Individual is concurrently serving as an compensation committee member
Independent director	Lin, Her-Yuan	1. Business management experience in operations management, marketing services, manufacturing, leadership decision-making and risk management 2. Not been a person of any conditions defined in Article 30 of the Corporate Law.	1. Not an employee of the Company or any of its affiliates. 2. No relationship with other directors within the spouses or within the second degree of kinship. 3. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in	0
Independent director	Tsai, Wen-Jing	1. Professional staff with certified public accountants 2. Not been a person of any conditions defined in Article 30 of the Corporate Law.		1

Independent director	Su, Peng-Fei	1. Business management experience in operations management, marketing services, manufacturing, leadership decision-making and risk management 2. Not been a person of any conditions defined in Article 30 of the Corporate Law.	accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. 4. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. 5. Not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company. 6. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation. 7. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act	0
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3.5.2 Operation information of compensation committee

3.5.2.1 There are three members in compensation committee of the company.

3.5.2.2 Tenure of current committee members: from June 18th, 2020 to June 17th, 2023. The company held 2 committee meetings in 2021, the attendance can be seen below:

Title	Name	Attendance in person(B)	By proxy	Attendance rate (%) 【 B / A 】	Remarks
Convener	Lin, Her-Yuan	2/2	0	100	N/A
Committee member	Tsai, Wen-Jing	2/2	0	100	N/A
Committee member	Su, Peng-Fei	2/2	0	100	N/A

Other mentionable items:

- (1) If the board meeting declines or modifies the recommendation of the compensation committee, it should specify the date of meeting, session, content of the motion, resolution by the board meeting, and the company's response to compensation committee's opinion (eg., the compensation approved by the board meeting exceeds the proposal of the compensation committee, the condition and cause of the difference shall be specified): None.
- (2) If resolutions of the compensation committee are objected by members or subject to a opinion reservation recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
- (3) Compensation committee terms of reference : To improve corporate governance, strengthen board functions, assist the board of directors in implementing and evaluating the company's overall compensation and benefits policy, and the compensation of managers.
- (4) Compensation committee discussed topics and resolution and company's handling of member opinions

Date	Topics
April 27 th , 2021	None
November 2 nd , 2021	Topic_1 : New year work plan discussion of compensation committee in 2022 Resolution : According to the regulations of compensation committee, at least two working meetings are required each year.

3.6 Fulfillment of social responsibility

Evaluation Item	Implementation status			Deviations from “the corporate social responsibility best-practice principles for TWSE/TPEX listed companies” and the reasons
	Yes	No	Abstract Explanation	
(1) Has the company establish exclusive (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the ESG policies and reporting to the board?	✓		a. Follow the “ Regulations of best practice for corporate social responsibility “,the company established a dedicated corporate social responsibility team, the management representatives including president and assistant vice president, other members are heads of all functional departments such as finance, HR, QA, manufacturing and environmental protection departments, promote the activities of corporate social responsibilities based on five aspects, i.e. corporate governance, employee care,	None; accord with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation Item	Implementation status			Deviations from “the corporate social responsibility best-practice principles for TWSE/TPEX listed companies” and the reasons
	Yes	No	Abstract Explanation	
			stakeholder relationship, environmental sustainability and community participation, and the promotion results shall be reported to board meetings on a regular basis. b. The company is currently in the transition period, suspend its business, and continue to promote sustainable development after the transition is completed.	
(2) Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	✓		The resolution of the BOD approved the disposition of unfavorable facts and disposal of idle assets to enrich the working capital for future transformation. And report to the board of directors on the assessment of the transformation plan and the progress of the asset disposal schedule every quarter to improve the implementation of the operation plan and protect the rights of the company's investors.	None; accord with corporate social responsibility best practice principles for TWSE/TPEX listed companies
(3) Environment issues a. Does the company establish proper environmental management systems based on the characteristics of their industries? b. Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? c. Has the Company assessed the current and future potential risks and opportunities to the enterprise due to climate change and adopted countermeasures on issues related to the climate?	✓		a. The company has completed the establishment of ISO14001 environmental management system at November 2009, we take the spirit of continuous improvement on contamination prevention, work through the PDCA cycle, and consider environmental aspect evaluation and go through internal and external audit, try to implement all possible environmental protection actions. We have stopped wafer manufacturing and waived ISO 14001 environmental management system certification. b. The company has set up recycled water processing system, successively recycled the process waste water for second time use. As for the wastes (waste cutting oil) produced during manufacturing, we recycle it	None; accord with corporate social responsibility best practice principles for TWSE/TPEX listed companies

Evaluation Item	Implementation status			Deviations from “the corporate social responsibility best-practice principles for TWSE/TPEX listed companies” and the reasons
	Yes	No	Abstract Explanation	
d. Has the Company conducted statistics on the emission of greenhouse gas, water consumption volume and the total waste weight in the past two years and developed policies for energy-saving, reduction on greenhouse gas, water consumption volume or management of other wastes?			100% for reuse, making the resources recyclable and be effectively used again, not only cost saving but also reduce the negative impacts and loads on the environment. c. The company is currently in the transformation stage, and has not yet assessed the potential risks and opportunities of the company for climate change, and adopted measures to deal with climate-related issues. In the future, it will join the climate risk assessment for new businesses and potential suppliers , then gradually improve. d. The company planned to save 1% electricity power per year, after the integration of all power saving activities, achieved 3.2% saving in power consumption per unit, and reduced CO2 emission by 18 tons. The CO2 emission volume achieved 402 and 384 tons respectively. The power consumption reduction activities kept moving through system monitoring to prevent abnormal consumption and consider the risk management procedures for climate change issues, expect to see the electricity power consumption can save more than 1% for annual saving.	
(4) Social issues a. Does the company formulate management policies and procedures according to relevant regulations and the international convention of human rights? b. Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacations and other welfares, etc.) and reflected	✓		a. The company has established rules of work and complies with relevant laws and regulations and follow international human rights conventions. For example, Convention on the elimination of all forms of discrimination against women and rights of persons with disabilities...etc. The company protects employees' gender equality, work rights and prohibits	None; accord with corporate social responsibility best practice principles for TWSE/TPEX listed companies

Evaluation Item	Implementation status			Deviations from “the corporate social responsibility best-practice principles for TWSE/TPEX listed companies” and the reasons
	Yes	No	Abstract Explanation	
management performances or outcomes on employees’ remuneration? c. Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis? d. Does the company provide its employees with career development and training sessions? e. Regarding the health and safety of products and services, customers’ privacy, marketing and labelling, has the Company complied with relevant regulations and international principles and developed relevant policy and compliant procedure to protect consumers’ rights and interests? f. Has the Company established management policy for suppliers and asked the suppliers to comply with environmental friendly, occupational safety or labor rights and present its implementations?			racial and class discrimination. b. The company has established “Regulations on salary payment” and “Performance evaluation and appraisal regulations “ as the bases of reasonable compensation policies, and make sure a clear and effective rewards and punishment rules can be followed, and confirm the major compensation policy and top managements’ reward can be reviewed by compensation committee, and all the employee performance appraisal work can be worked through by key performance indicators (KPI) and half year performance evaluation task, and these activities can be tied up together with employee welfare and corporate social responsibility. The company also clearly declare with 5% profit sharing to employees in the corporate articles of association. c. The company has stipulated code of practice on labor safety and health] to protect the health and safety of employees; in order to make sure the safety and health of working environment for employees, we outsource examinations on working environment every six months and undertake safe and healthy educations for employees	

Evaluation Item	Implementation status			Deviations from “the corporate social responsibility best-practice principles for TWSE/TPEX listed companies” and the reasons
	Yes	No	Abstract Explanation	
			regularly; in order to ensure the physical and psychological health of employees, we hire professional doctors in the factories to provide health consultancy in addition to the nursing staff. Besides, we also offer free annual physical examination for employees .The company promote actively the safety and health of employees, in addition to the OHSAS18001 certificate, we request for regular checks on the safety tools and environmental monitoring work. d. The company set up complete training system and education plan, review and renew training plan for new on board employees, including on job training, professional skill, safety and environmental training courses, not only internal courses but also outside training, diversified education and training to ensure the ability of employee in their career development. e. The company has assigned sales and marketing division to be responsible for customer complaints, and set up guideline of product quality management, confirm the quality level at outgoing criteria, starting from the customer PO confirmation, customer complaint management and account receivables and RMA procedures all are in the	

Evaluation Item	Implementation status			Deviations from “the corporate social responsibility best-practice principles for TWSE/TPEX listed companies” and the reasons
	Yes	No	Abstract Explanation	
			regulations of the company, purpose to ensure to protect customer’s interest, product quality confirmation, RMA and customer’s complaint are all in the management’s scope, and make sure customer satisfaction meet the target of business operation. Product and service mail box is sited in the corporate web site, a dedicated personnel is assigned to handle customer and product related service. (http://www.denentech.com/investor_cir.aspx) f. The purchasing group of the company always evaluates whether the suppliers to build partnership with, have any negative records of impact to environment and society and all documents and records can be found at suppliers’ basic information. QC system of the company will undertake all indicators that affect environment and the society including “whether the supplier has ISO 14001 system certificate, and make sure whether its SHE management system, and operation impacts on the environment and executed audit activities and record all the information in the company.	
(5) Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation		✓	The company has not yet compiled a corporate social responsibility report, etc. to disclose the company's non-financial information. However, regulations have been formulated in energy	None; accord with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation Item	Implementation status			Deviations from “the corporate social responsibility best-practice principles for TWSE/TPEX listed companies” and the reasons
	Yes	No	Abstract Explanation	
Post System?			conservation, carbon reduction, occupational safety and health, and employee training to reduce environmental impact and protect employee life. In the future, we will give back to the society as we have spare capacity.	
(6) If the company stipulates its own corporate social responsibility practice regulation according to “corporate social responsibility best practice principles for TWSE/TPEX listed companies”, it shall clearly state the differences between the actual execution result and its regulations: None, accord with corporate social responsibilities best practice principles for TWSE/TPEX listed companies.				
(7) Other important information to facilitate better understanding of the company’s corporate social responsibility practices : a. For the promotion of safety and health policies, in addition to relevant regulations of environment, safety and health, we also certificated with OHSAS 18001. b. The company has formulated regulations on safety and health to make sure health and safety of employees are assured.				

3.7 Ethical corporate management and implementation:

Evaluation Items	Implementation Status			Deviations from “The ethical corporate management best-practice principles for TWSE/TPEX listed companies” and reasons
	Yes	No	Abstract Illustration	
(1) Establishment of ethical corporate management policies and programs a. Does the Company establish ethical management policy	✓		a. The company has stipulated “Ethical corporate management best practice principles” and “Ethics operating procedures and business behavior standards” to regulate directors in 2015,	None; accord with ethical corporate management best practice principles for TWSE/TPEX

Evaluation Items	Implementation Status			Deviations from “The ethical corporate management best-practice principles for TWSE/TPEX listed companies” and reasons
	Yes	No	Abstract Illustration	
approved by the board of directors and express its ethical management policy, measures in its regulations and external documents and do the board of directors and senior management actively implement the commitment to management policy? b. Does the Company establish risk assessment system for the unethical behaviors, regularly analyze and assess business activities with higher risks of unethical behaviors within its business scope and establish prevention programs against unethical behaviors and cover at least all the acts in Article 7 (2) of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies? c. Does the Company stipulate operational procedure, code of conduct, violation penalties and complaint systems in the prevention programs against unethical behaviors, implement faithfully and review and revise the aforementioned program regularly?			independent directors, managers and employee’s behavior and implemented the relevant regulations of Company act, Securities exchange act, relevant decrees and regulations of TWSE/TPEX listed companies based on the basic principle of ethical management. BOD directors and senior managers also take active part in the training courses in terms of ethic management, recognized the decrees and put ethical management into effect. b. The company’s “Procedure for ethical management and Guidelines for Conduct” has clear demonstrated that the personnel within the company shall return or refuse the benefits provided by others directly or indirectly or interests promised to be given in any form or under any names and need report to supervisors immediately and inform the dedicated group to handle, actions to follow “Procedures for ethical management and guidelines for conduct”. Furthermore, there are impeach mechanism and relevant penalties to effectively prevent the personnel from giving or taking illegitimate benefits or offering illegitimate political contributions along with the relevant internal control systems. c. The company undertakes business activities based on the principles of fairness and good faith. In order to implement ethical management policies and prevent dishonesty behavior, we have established “Procedures for ethical management and guidelines for conduct” to regulate operation procedures, guidelines for conducts, punishment for violations as well as appeal systems and made into	listed companies

Evaluation Items	Implementation Status			Deviations from “The ethical corporate management best-practice principles for TWSE/TPEX listed companies” and reasons
	Yes	No	Abstract Illustration	
			effective. Besides, by proceeding regular education and training for employees, we advocated the spirit of ethical management. In 2021, a total of 12 people participated in insider trading case sharing in the monthly audit report of the board of directors and employee courses. BOD directors attend insider trading and corporate social responsibility forum and related training courses, the company will continue to promote the ethical management and prevent dishonesty behavior in the new fiscal year.	
(2) Fulfill business integrity a. Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts? b. Does the Company set up a dedicated corporate integrity promotion unit under the board of directors which reports ethical management policy and prevention programs against unethical behaviors and supervision and implementation situations? c. Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? d. Has the Company established an effective accounting system and internal control system for the implementation of integrity management and	✓		a. The company will always evaluate whether the suppliers, customers or other parties with business contacts have records of dishonesty before establishing partnerships with them. And clearly demonstrate in the contract if the suppliers violate the environmental and social responsibilities and cause negative impacts on the environment and society, the contract will be terminated or removed at any time to make sure the fulfillment of ethical management policies. b. The president office is assigned for stipulating corporate ethical management policies, supervising the implementation of regulations as well as reporting to the board of directors meeting regularly. c. The company has approved the “Procedures for ethical management and guidelines for conduct” by the board meeting at 2014, clearly described the conditions of interest contradictions, required relevant personnel to avoid these contradictions and implemented according to the procedures, in case of contradictions between	None; accord with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation Items	Implementation Status			Deviations from “The ethical corporate management best-practice principles for TWSE/TPEX listed companies” and reasons
	Yes	No	Abstract Illustration	
the internal audit unit has proposed relevant audit plans in accordance with the evaluation results on the risks of the unethical behaviors and audit the compliance to the prevention programs against them accordingly or implement the audit by entrusting accountants? e. Does the company regularly hold internal and external education and trainings on business operation integrity?			personal interests and corporate rights and interests. The company also set up audit committee mail box, ethical management and employee complaint mail boxes, dedicated group was assigned for handing these appeals. d. The company has established accounting systems according to IAS standards and stipulated internal control systems based on “Criteria for the establishment of internal control system for listed companies], set up internal auditing group to undertake risk evaluation and audit activities according to planned scheme. In addition, we conduct comprehensive self-assessment along with all departments within the company during the period of annual self-assessment of internal control system and reported the assessment results to audit committee and board meetings on a regular basis. e. The company has intensified the promotion of relevant policies of ethical management by internal network and deliver a handbook of work ethical regulations, conduct ethical working practices, and arrange annual training courses for internal education and adopt external training when necessary.	
(3) Prosecution system and operation a. Does the company establish a clear prosecution system and reward/punishment system as well as a convenient hotline? Can the accused be reached by an appropriate person for follow-up? b. Does the company establish standard operating procedures	✓		a. The company has stipulated “Procedure for ethical management and guidelines for conduct” and reward for the impeach according to the seriousness of the cases. Moreover, there are president mailbox for internal impeach and audit committee mailbox, ethical management impeach mailbox and employee complaints mailbox for external impeaches, which will be handled by dedicated group according to the complaints mailbox handling	None; accord with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation Items	Implementation Status			Deviations from “The ethical corporate management best-practice principles for TWSE/TPEX listed companies” and reasons
	Yes	No	Abstract Illustration	
for prosecution and related confidential process? c. Does the company provide proper whistle-blower protection?			procedures. b. The company has stipulated handling procedures for complaints and clearly stated that the dedicated assigned authorities to keep confidential for all the complaints and prosecutions. Standard procedure is announced at the corporate website. c. The personnel handled with impeaches are required to keep the identity of prosecutors with highly confidential in a written statement and the company protects the prosecutors away from being improperly treated because of impeaches.	
(4) Intensify information disclosure a. Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	✓		The company has disclosed the contents of ethical corporate management best practice principles and stipulated on corporate website (http://www.danentech.com/investor_cg_more.aspx?ID=5) and Market Observation Post System	None; Accord with ethical corporate management best practice principles for TWSE/TPEX listed companies
(5) If the company has established the ethical corporate management policies based on the ethical corporate management best-practice principles for TWSE/TPEX listed companies, please describe any discrepancy between the policies and implementations: No difference; Accord with ethical corporate management best practice principles for TWSE/TPEX listed companies The company has stipulated “ethical corporate management best practice principles” and “Ethics and professional standards” to regulate directors, independent directors, managers and employees and implemented the relevant regulations decrees of company act, securities exchange act, relevant laws and regulations for TWSE/TPEX listed companies based on the basic principle of ethical management. Directors and senior managers also take active part in the training courses in terms of ethic management and regulated by the laws and decrees to put ethical management into effective.				
(6) Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., Review and amendment of its policies). The company BOD meeting approved and established [ethical corporate management best practice principles] and [Procedures for ethical management and guidelines for conduct] at 2014, and made an amendment at the resolution of Board meeting on March 25 th , 2015 which was approved at general shareholders meeting of year 2015.				

3.8 Corporate governance guidelines and regulations

Please refer to our corporate website (Investor service/corporate governance) for more details regarding corporate governance.

http://www.danentech.com/en/investor_cg.aspx

3.9 Other important information regarding corporate governance

None

3.10 Internal control systems

3.10.1 Statement of internal control system:

Statement of internal control system of Danen Technology Corporation

Date: March 1st, 2022

The self-assessment results of 2021 internal control system of the company are hereby stated as follows:

- A. The company has indeed realized that it's the responsibility of board of directors, managers to establish, execute as well as maintain the internal control system and the company has established this system, which targets at providing reasonable guarantee for operating results and efficiency (including profits, performance and asset security), and report with reliability, real time, transparency as well as the realization of goals that are in accordance with relevant laws and decrees.
- B. In spite of the flawless designs, the internal control system still has its own limitations and it can only provide reasonable and effective guarantees for the above three goals; furthermore, the effectiveness of the internal control system varies with the changes of environment and conditions. However, the internal control system of the company designed with self-supervision, can take immediate adjustments to make up the recognized deficiency.
- C. The company has based on the "regulations governing for the corporate internal control system established based on "Regulations for establishment of internal control systems in public companies" (hereinafter referred to as Regulations) to judge the effectiveness of the design and execution of internal control system. The judging items adopted are also known as the procedures for management and control, which is divided into five parts i.e. (1) Environmental control, (2) Risk assessment, (3) Control operations, (4). Information and communication and (5) Monitoring operations. Each part is composed by several sub-items. Please refer to "Regulations" for more details of above mentioned items.
- D. The company has adopted the above mentioned judging items for internal control system to assess the effectiveness of designs and fulfillment of internal control system.
- E. The company can safely conclude that understanding operating results, efficiency and the realization of goals, reliability, real time, transparency as well as the design and execution of internal control system in line with relevant laws and decrees are effective based on the aforementioned assessment results of internal control system (including the supervision and management of subsidiaries) carried out on December 31th, 2021.
- F. This Statement is the main content of the annual report and prospectus and will be made public. Any fraud, camouflage and other illegitimate affairs in the statement will bear the legal liabilities regulated in article 20, 32, 171 and 174 of securities exchange act.

G. We hereby declare: This statement has approved by board meeting on March 1st, 2022. Five directors were presented at the Board, none opposed to this statement and the contents of this statement have reached consensuses.

Danen Technology Corporation

Chairman: Fang, Jenn-Ming

President: Fang, Jenn-Ming

3.10.2 Those who entrust Internal Control System project review to accountants shall disclose the CPA Audit Report: None.

3.11 Whether the company and personnel within the company were punished, the personnel has penalized by the company in recent years and as of the date of Annual Report publication; whether there were significant errors and improvements:

None

3.12 The important resolutions of shareholders' meeting and Board of Directors in recent years and periods as of the date of Annual Report publication:

3.12.1 Major Resolutions of Shareholders' Meeting and Board Meetings:

(1) Important Resolutions of 2021 Annual Shareholders' Meeting

Date	Item	Major resolutions
2021/08/19	Shareholders' meeting of Yr.2021	1、Approval for 2020 Annual Business Report and Financial Statements. 2、Approval for the Proposal of 2020 Deficit Compensation of loss. 3、Approval for issuing ordinary shares in the form of private placement or public offering. 4、Approval the amendment for revisions of the sections on " Rules of Procedure for Shareholders' Meeting." 5、Approval the amendment for revisions of the sections on " Procedures for Endorsement and Guarantee."

(2) Important Resolutions of Board of Directors

Date	Item	Major resolutions	Item listed in the provisions of Article 14-3 of the Securities and Exchange Act	Against opinion from independent directors
2021/4/27	The 6 th session of the 6 th board meeting	1、Approved the unaudited financial statements for the first quarter ended March 31, 2021. 2、Approved that the company intends to provide buildings as guarantees to apply for financing from financial institutions or issuing the first secured ordinary corporate bonds in 2021. 3、Approval for issue ordinary shares in the form of private placement or public offering. 4、Approved the company's calling of 2021 shareholders' meeting(Amendment) All of resolutions: Any of opinion from independent directors :	V. V V V	None

Date	Item	Major resolutions	Item listed in the provisions of Article 14-3 of the Securities and Exchange Act	Against opinion from independent directors
		Independent Director Tsai, Wen-Jing: Please supplement the plan for the use of funds. Executions of independent directors' opinion : Wang,Zhen-Yi, chief accounting manager, replied: It has been fully disclosed on page 30 of the consolidated financial report. Resolution approved by all of directors.		
2021/7/29	The 7 st session of the 6 th board meeting	1、Approved the change of business registration of the subsidiary and the appointment of directors. 2、Approved the unaudited financial statements for the second quarter ended June 30, 2021. 3、Approved to change the date of the company's 2021 general meeting of shareholders due to the epidemic. All of resolutions: Any of opinion from independent directors : Independent Director Su, Peng-Fei: Please pay attention to whether the reinvestment evaluation can properly express the actual value. Executions of independent directors' opinion : Wang,Zhen-Yi, chief accounting manager, replied: We will provide evaluation reports for directors' reference. Resolution approved by all of directors.	√ √ √ √ √	None
2021/10/8	The 8 st session of the 6 th board meeting	1、Approval of the Company's proposed sale of idle Fabs and ancillary equipment. All of resolutions: Any of opinion from independent directors : Independent Director Su, Peng-Fei: Please explain the relevant questions and comments about the appraisal report. Executions of independent directors' opinion : Wang,Zhen-Yi, chief accounting manager, replied: The price difference between the April valuation report and the October valuation report is 4.6%, mainly due to the depreciation and impairment during the period, and there is no significant difference. Resolution approved by all of directors.	√	None
2021/11/2	The 9 th session of the 6 th board meeting	1、Approved the financial statements for the third quarter ended September 30, 2021. 2、Approved the proposal of 2022 internal auditing plan. All of resolutions: Any of opinion from independent directors : None Executions of independent directors' opinion : None Resolution approved by all of directors.	√ √	None

Date	Item	Major resolutions	Item listed in the provisions of Article 14-3 of the Securities and Exchange Act	Against opinion from independent directors
2021/12/16	The 10 th session of the 6 th board meeting	1、Approval of the Company's Quota Authorization for Investing in a System Engineering Company. 2、Approval of the relocation of the company's main business address. 3、Approval of the budget authorization of the company to acquire real estate. All of resolutions: Any of opinion from independent directors : The resolution of the first proposal is not approved, and the proposal will be discussed after the cooperation object and content are more clear. Executions of independent directors' opinion : None Except for the first proposal, other proposals were approved by all of directors.	V V V	None
2021/12/21	The 11 th session of the 6 th board meeting	1、Approved the termination of the company's long-term silicon material supply contract. All of resolutions: Any of opinion from independent directors : None Executions of independent directors' opinion : None Resolution approved by all of directors.	V	None

3.12.2 The execution of resolutions of shareholders' meeting of 2021

3.12.2.1 Acknowledged the business report and financial statement of year 2020

Execution result: Execute according to the resolution.

3.12.2.2 Acknowledged the deficit off-setting of year 2020

Execution result: Approved and handled the relevant accounts according to regulations.

3.12.2.3 The issuing ordinary shares in the form of private placement or public offering.

Execution result: Due to the expiry of the capital increase deadline, it will not be renewed.

3.12.2.4 Revised the "Rules of Procedure for the Shareholders' Meeting".

Execution result: Complete the amendments as required

3.12.2.5 Revised the "Procedures for Endorsement and Guarantee".

Execution result: Complete the amendments as required

3.12.3 Major resolutions of Audit committee's meeting

Date	Item	Major resolutions	Item listed in the provisions of Article 14-5 of the Securities and Exchange Act	The resolution approved by the directors of more than 2/3 without the approval of the audit committee
2021/4/27	The 5 th session of the 3 rd audit committee	1、Approved the unaudited financial statements for the first quarter ended March 31, 2021. 2、Approved that the company intends to provide buildings as guarantees to apply for financing from financial institutions or issuing the first secured ordinary corporate bonds in 2021. 3、Approval for issuing ordinary shares in the form of private placement or public offering. All of resolutions: Any of opinion from independent directors : 1. Independent Director Su, Peng-Fei:Has the contingent matter been fully disclosed? 2.Independent Director Tsai, Wen-Jing: Please supplement the plan for the use of funds. Executions of audit committee's opinion : Wang,Zhen-Yi, chief accounting manager, replied: It has been fully disclosed on page 30 of the consolidated financial report. Approved by audit committee	√ √ √	None
2021/7/29	The 6 th session of the 3 rd audit committee	1、Approved the unaudited financial statements for the second quarter ended June 30, 2021. All of resolutions: Any of opinion from independent directors : 1. Independent Director Su, Peng-Fei: Please pay attention to whether the reinvestment evaluation can properly express the actual value. Executions of audit committee's opinion : Wang,Zhen-Yi, chief accounting manager, replied: We will continue to pay attention to the operation of the reinvested company. Approved by audit committee	√	None
2021/10/8	The 7 th session of the 3 rd audit committee	1、Approval of the Company's proposed sale of idle Fabs and ancillary equipment. All of resolutions: Independent Director Su, Peng-Fei and Independent Director Lin, Her-Yuan and Independent Director Tsai, Wen-Jing :	√	None

Date	Item	Major resolutions	Item listed in the provisions of Article 14-5 of the Securities and Exchange Act	The resolution approved by the directors of more than 2/3 without the approval of the audit committee
		Please explain the relevant questions and comments about the appraisal report. Executions of audit committee's opinion : 1) Tang,Fong-Fan replied: The complete valuation report is expected to be received by the week of October 13 due to the processing time for document cataloging. 2) Wang,Zhen-Yi, chief accounting manager, replied: The price difference between the April valuation report and the October valuation report is 4.6%, mainly due to the depreciation and impairment during the period, and there is no significant difference. Approved by audit committee		
2021/11/2	The 8 th session of the 3 rd audit committee	1、 Approved the financial statements for the third quarter ended September 30, 2021. All of resolutions: None Executions of audit committee's opinion : None Approved by audit committee	V	None
2021/12/16	The 9 th session of the 3 rd audit committee	1、 Approval of the Company's Quota Authorization for Investing in a System Engineering Company. 2、 Approval of the authorization of the company to obtain the quota of real estate. All of resolutions: The resolution of the first proposal is not approved, and the proposal will be discussed after the cooperation object and content are more clear. Executions of audit committee's opinion : None Except for the first proposal, other proposal were approved by all audit committee	V V	None
2021/12/21	The 10 th session of the 3 rd audit committee	1、 Approved the termination of the company's long-term silicon material supply contract. All of resolutions: None Executions of audit committee's opinion : None Approved by audit committee	V	None

3.13 Major issues of record or written statements made by any director or supervisor dissent to important resolutions approved by the board meeting:

None

3.14 Resignation or dismissal of the company's key individuals, including the chairman, CEO, and heads of accounting and corporate governance, finance, internal audit and R&D:

Title	Name	Date of appointment	Date of dismissal	Reasons of resignation or dismissal
Senior Assistant Vice President	Wang, Jung-Chun	105.10.01	110.05.27	personal reason

4. Information regarding the company's accountant fee

4.1 Audit Fee

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remarks
PwC Taiwan	Lai, Chung-Hsih	Zhi, Bing-Jun	2021.1.1~2021.12.31	None

Unit: NT\$ thousands

Auditing Firm	Name	Period	Audit Fee	Non-audit Fee	Total	Remark
PWC Taiwan	Lai, Chung-Hsih	2021.1.1~2021.12.31	1, 560	40	1, 600	None
	Zhi, Bing-Jun	2021.1.1~2021.12.31				

4.2 The company with any conditions below shall disclose the items listed below

4.2.1 Those non-audit fees paid for CPA, accounting firm of CPA and for the related enterprises are more than one quarter of audit fees shall be disclosed, including the amount of audit and non-audit fees and non-audit services:

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit fee	Non-audit Fee					Period covered by CPA's audit	Remarks
			System of design	Company registration	Human resource	Others	Subtotal		
PwC Taiwan	Lai, Chung-Hsih	1,600	0	0	0	0	0	2021	None
	Zhi, Bing-Jun								

4.2.2 Those enterprises that paid audit fees for change of accounting firm and the amounts of audit fees are less than the ones of prior year should disclose the audit fees before and after changes and the reasons: None

4.2.3 Those enterprises whose audit fees decrease more than half of the ones of prior year shall disclose the reduction amounts, percentage and reasons: None

5. Replacement of CPA: PwC accounting firm performs internal regular rotations to maintain the independence of the accountant. The accountant for the company's financial report audit was changed

from Li,Siou-Ling accountant and Zhi, Bing-Jun accountant to Zhi, Bing-Jun accountant and Lai, Chung-Hsih accountant since the first quarter of 2018.

6. Whether the chairman, president, manager responsible for financing or accounting have held posts in the accounting firm of CPA or in its related enterprises within recent year: None

7. Shareholding alienation and changes of directors , supervisors, managers and the shareholders with more than 10% shares in recent year and up to the date of Annual Report publication:

7.1 Changes in equity of directors, supervisors, managers as well as major shareholders

Unit: share

Title	Name	Year 2021		As of April 23 th , 2022	
		Increments and decrements of shares holding (note 1)	Increments and decrements of pledged shares	Increments and decrements of shares holding	Increments and decrements of pledged shares
Chairman	Fang, Jenn-Ming	0	0	0	0
Vice Chairman	Hung, Wen-Chin	92	0	0	0
Independent Director	Tsai, Wen-Ching	0	0	0	0
Independent Director	Lin, Her-Yuan	0	0	0	0
Independent Director	Su, Peng-Fei	0	0	0	0
Senior Assistant Vice President	Wang, Jung-Chun	0	0	0	0

7.2 Shares Trading with Related Parties: None

7.3 Shares Pledge with Related Parties: None

8. The information of relationships among the top 10 shareholders

April 23th, 2021 Unit: One Thousand share; %

Name	Current Shareholding		Spouse's/minor's shareholding		Shareholding by nominee arrangement		Name and relationship between the company's top Ten shareholders, or spouses or relatives within two degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Kinship	
Zhaoxing Investment Co., Ltd.	7,994	7.04%	—	—	—	—	—	—	—
Hung, Wen-Chin	2,197	1.94%	696	0.61%	—	—	—	—	—
Liang, Chi-Chen	1,879	1.66%	—	—	—	—	—	—	—
Fang, Jenn-Ming	1,661	1.46%	59	0.05%	—	—	—	—	—
Yu, Tse-Lung	1,000	0.88%	—	—	—	—	—	—	—
Chen, Yu-Lian	613	0.54%	—	—	—	—	—	—	—
Liu, Ling-Chun	560	0.49%	—	—	—	—	—	—	—
Lin, Mu-Chuan	506	0.45%	—	—	—	—	—	—	—
Chang, Ming-Hsin	500	0.44%	—	—	—	—	—	—	—
Lin, Chien-Chang	467	0.41%	—	—	—	—	—	—	—

9. The shares of the same reinvestment enterprises held by directors, supervisors, managers of the company or the enterprises directly or indirectly controlled by the company, and consolidating the shares and shareholding ratio:

Investees accounted for under the equity method	Investments by the Company		Investments from Directors, Supervisors, Managers, and Directly or Indirectly Controlled Businesses		Total Investments	
	Shares	%	Shares	%	Shares	%
Ming Yu Energy Co., Ltd.	1,000,000	100%	0	0	1,000,000	100%

IV. Capital overview

1. Capital and shares

1.1 Source of Capital

1.1.1 Issued Shares

Unit: One Thousand share; NT\$ thousands

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount(NT\$ thousands)	Shares	Amount(N T\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
November 2007	10	25,000	250,000	100	1,000	Capital establishment	None	Note1
November 2007	10	25,000	250,000	25,000	250,000	Capital increase	None	Note2
December 2007	10	120,000	1,200,000	31,500	315,000	Capital increase	None	Note3
March 2008	10	120,000	1,200,000	88,000	880,000	Capital increase	None	Note4
October 2008	30	120,000	1,200,000	91,000	910,000	Capital increase	None	Note5
August 2009	18	180,000	1,800,000	126,000	1,260,000	Capital increase	None	Note6
January 2010	32	180,000	1,800,000	141,000	1,410,000	Capital increase	None	Note7
June 2010	10	180,000	1,800,000	147,658.2	1,476,582	Execution of Employee Stock Option Certificates	None	Note8
July 2010	50	180,000	1,800,000	164,458.2	1,644,582	Capital increase	None	Note9
March 2011	59	280,000	2,800,000	201,258.2	2,012,582	Capital increase	None	Note10
August 2011	10	280,000	2,800,000	203,673.2	2,036,732	Capital increase from surpluses	None	Note11
February 2013	14.09	280,000	2,800,000	263,673.2	2,636,732	Capital increase	None	Note12
July 2013	0	280,000	2,800,000	264,823.3	2,648,233	Restricted stocks	None	Note13
February 2014	15.46	350,000	3,500,000	349,823.3	3,498,233	Capital increase	None	Note14
January 2015	0	350,000	3,500,000	349,675.8	3,496,758	Capital decrease of restricted stocks	None	Note15
December 2015	0	350,000	3,500,000	349,626.8	3,496,268	Capital decrease of restricted stocks	None	Note16
October 2019	10	350,000	3,500,000	113,513.6	1,135,136	Capital reduction to make up for losses	None	Note17

Note 1: Date of approval and registration and document No. are November 9th, 2007 and Ri-Fu-Chan-Ye Zi No. 09691818000 respectively.

Note 2: Date of approval and registration and document No. are December 18th, 2007 and Ri-Fu-Chan-Ye Zi No. 09693594700 respectively.

Note 3: Date of approval and registration and document No. are January 14th 2008 and Ri-Fu-Chan-Ye Zi No. 09780124600 respectively.

Note 4: Date of approval and registration and document No. are April 9th, 2008 and Ri-Jing-Shou-Shan Zi No. 09701082540 respectively

Note 5: Date of approval and registration and document No. are October 24th, 2008 and Ri-Jing-Shou-Shan Zi No. 09701271840 respectively.

Note 6: Date of approval and registration and document No. are August 27th, 2009 and Ri-Jing-Shou-Shan Zi No. 09801192040 respectively.

Note 7: Date of approval and registration and document No. are February 3rd, 2010 and Ri-Jing-Shou-Shan Zi No. 09901022670 respectively.

Note 8: Date of approval and registration and document No. are July 8th, 2010 and Ri-Jing-Shou-Shan Zi No. 09901145830 respectively.

Note 9: Date of approval and registration and document No. are August 9th, 2010 and Ri-Jing-Shou-Shan Zi No. 09901176690 respectively.

Note 10: Date of approval and registration and document No. are April 6th, 2011 and Ri-Jing-Shou-Shan Zi No. 10001064740 respectively.

Note 11: Date of approval and registration and document No. are August 12th, 2011 and Ri-Jing-Shou-Shan Zi No. 10001187300 respectively.

Note 12: Date of approval and registration and document No. are February 18th, 2014 and Ri-Jing-Shou-Shan Zi No. 10201029210 respectively.

Note 13: Date of approval and registration and document No. are July 17th, 2014 and Ri-Jing-Shou-Shan Zi No. 10201143450 respectively.

Note 14: Date of approval and registration and document No. are February 11th, 2014 and Ri-Jing-Shou-Shan Zi No. 10301019530 respectively.

Note 15: Date of approval and registration and document No. are January 17th, 2015 and Ri-Jing-Shou-Shan Zi No. 10301260750 respectively.

Note 16: Date of approval and registration and document No. are December 11th, 2015 and Ri-Jing-Shou-Shan Zi No. 10401262780 respectively.

Note 17: Date of approval and registration and document No. are October 18th, 2019 and Ri-Jing-Shou-Shan Zi No. 10801119050 respectively.

1.1.2 Types of shares

Unit: One Thousand share

Types of shares	Authorized capital stock			Note
	Outstanding capital stock	Unissued capital stock	In total	
Registered common stock	113,513.6	236,486.4	350,000	Shares of public companies

1.1.3 Related information of shelf registration system: None

1.2 Status of shareholders

April 23th, 2022 Unit: person, share; %

Shareholders' structure Numbers	Government agencies	Financial institutions	Other juridical persons	Foreign institutions & natural persons	Domestic natural persons	Treasury shares	Total
Number of Shareholders	0	0	149	40	35,874	0	36,063
Shareholding (shares)	0	0	8,221,858	1,734,124	103,557,661	0	113,513,643
Percentage	0.00%	0.00%	7.24%	1.53%	91.23%	0.00%	100.00%

1.3 Shareholding Distribution Status

April 23th, 2022 Unit: share; %

Class of shareholding (Unit: Share)	Number of shareholders	Shareholding (Shares)	Percentage
1-999	21,263	3,333,425	2.94%
1,000-5,000	11,278	24,635,368	21.70%
5,001-10,000	1,923	15,547,752	13.70%
10,001-15,000	487	6,262,289	5.52%
15,001-20,000	414	7,705,368	6.79%
20,001-30,000	238	6,085,155	5.36%
30,001-40,000	158	5,694,276	5.02%
40,001-50,000	94	4,395,753	3.87%
50,001-100,000	131	9,396,876	8.28%
100,001-200,000	45	6,430,488	5.66%
200,001-400,000	19	5,317,607	4.68%
400,001-600,000	7	3,364,653	2.96%
600,001-800,000	1	613,416	0.54%

Class of shareholding (Unit: Share)	Number of shareholders	Shareholding (Shares)	Percentage
800,001-1000,000	1	1,000,000	0.88%
1,000,001 or over	4	13,731,217	12.10%
Total	36,063	113,513,643	100.00%

1.4 List of major shareholders

April 23th, 2022 Unit: share; %

Names of major shareholders	Shares	Shares held	Shareholding ratio (%)
Zhaoxing Investment Co., Ltd.		7,994,000	7.04%
Hung, Wen-Chin		2,196,666	1.94%
Liang, Chi-Chen		1,879,402	1.66%
Fang, Jenn-Ming		1,661,149	1.46%
Yu, Tse-Lung		1,000,000	0.88%
Chen, Yu-Lian		613,416	0.54%
Liu, Ling-Chun		560,368	0.49%
Lin, Mu-Chuan		506,000	0.45%
Chang, Ming-Hsin		500,000	0.44%
Lin, Chien-Chang		466,585	0.41%
Total		17,377,586	15.31%

1.5 Market price, net worth, earnings, and dividends per share

Unit: NT\$

Items		Years	2020	2021	01/01/2022-03/31/2022 (Note 8)
Market price per share (Note 1)	Highest market Price		24.55	24.25	19.2
	Lowest market Price		2.53	12.6	13.5
	Average market Price		9.5	17.02	16.57
Net Worth per Share (Note 2)	Before distribution		6.92	6.74	6.66
	After distribution		6.92	6.74	6.66
Surpluses per share	Weighted average shares		113,514	113,514	113,514
	Surpluses per share (Note 3)		(1.33)	(0.18)	(0.08)
Dividends	Cash dividends		-	-	-

per share	Stock Dividends	-	-	-	-
		-	-	-	-
	Accumulated undistributed dividends (Note 4)		-	-	-
Investment rewards analysis	Price/earnings ratio (Note 5)		(7.14)	(94.56)	(207.13)
	Price/dividend ratio (Note 6)		-	-	-
	Cash dividend yield rate (Note 7)		-	-	-

Note 1: Presenting the highest and lowest market values of common stocks of each year and calculating average market values according to transaction values and amount of each year.

Note 2: Fill the forms based on issued shares in the year end and according to the distribution resolutions of shareholders' meeting of coming year.

Note 3: If the retroactive adjustments are necessary due to stock grants and other reasons, the surpluses per share before and after adjustment shall be presented.

Note 4: If the issue terms of equity securities require that the undistributed dividends of previous years that are accumulated and not distributed until the year with surpluses shall be disclosed.

Note 5: Price-earnings ratio=average closing price per share of current year/surplus per share.

Note 6: Capital-interest ratio= average closing price per share of current year/cash dividends per share.

Note 7: Cash dividends yields ratio=cash dividends per share/average closing price per share of current year

Note 8: The information audited by accountant.

1.6 Dividend policy and implementation status

1.6.1 The dividend policies stipulated in the Articles of Corporation

The dividends and bonuses are only available when there are surpluses in the company. The net profits of the company for each annual financial year shall be allocated in the following order:

1.6.1.1 Paying taxes.

1.6.1.2 Offsetting the losses.

1.6.1.3 Set aside ten percent (10%) as legal reserve unless the accumulated amount of such legal reserve equals to the total capital of the company.

1.6.1.4 Setting aside or make any reversal of an amount as Special Reserve pursuant to the applicable rules and requirements of the committees

1.6.1.5 With respect to the earnings available for distribution, i.e. the net profit after the deduction of the items 1.6.1.1 to 1.6.1.4 above plus the previously cumulative undistributed retained earnings, the board meeting may present a proposal to distribute to the shareholders by way of dividends at the regular meeting for approval.

The allocation of the directors' remuneration not exceeding three percentages of the annual

earnings and not less than five percentages of employee remuneration and a company may set off losses if any accumulated losses.

Resolutions at a shareholders' meeting for the allocation of the employees' remuneration and directors' remuneration shall be adopted by a majority vote of the directors present, who represent over two-thirds of the directors and report in the meeting.

The allocation of the employee bonuses in the form of cash or shares, the employees entitled to such share bonuses may include employees of the Subordinate Companies satisfying certain criteria.

The industrial environments are changeable and diverse and the corporate life cycle are in the first stage and continued to develop. In order to perfect the financial planning and pursue sustainable development, it's necessary to stipulate the dividend distribution policies. Several factors shall be taken into consideration when it comes to the establishment including future capital expenditure budget and fund demands, the necessity of handling financial problems with surpluses. By doing these can the retained earnings, distributed amounts and the dividends and bonuses distributed to shareholders in cash can be determined. Earnings may be distributed in the form of cash dividends and/or shares, but the cash dividends are prior to any shares, or distribution by the amount of dividends. Share dividends shall comprise a minimum of fifty percent (50%) of the total dividends allocated to Shareholders.

1.6.2 The dividend distribution scheme proposed at this shareholders' meeting

The dividends and bonuses are not available due to zero surpluses in 2021.

The dividends distribution of the company over the years:

The cash dividends and the stock dividends of 2010 distributed in 2011 are NT\$ 201,258 thousand and NT\$ 24,151 thousand respectively and the total amount distributed accounts for 47.07% of the profits after tax.

There were zero after-tax profits between 2012 and 2020, therefore, the dividends distributions are not available according to Articles of Corporation, and namely the dividend distribution rate was 0%.

1.6.3 Whether the dividend policies are estimated to subject to major changes: None

1.7 The effects the stock grants proposed at this shareholders' meeting exerting on the corporate performance and surpluses per share

This is not applicable due to the unavailability of dividends and bonuses of 2021.

1.8 Remunerations for employees and directors

1.8.1 The percentage and range of remunerations for employees and directors recorded in the Articles of

Corporation

The allocation of the directors' remunerations should not exceed three percentages of the annual earnings and no less than five percentages of employee remuneration and a company may set off losses if there are any accumulated losses.

The allocation of the directors and employees' remunerations in the Articles of Corporation mentioned above are the draft mapped out by the board, which needs to be approved at the regular meeting of shareholders.

1.8.2 The handling of difference between estimated allocation amounts and estimated bases of remunerations for employees and directors ; shares calculation bases of employees and directors' remunerations paid in dividends and actual allocation amounts: none.

1.8.3 The remuneration allocation resolutions passed at the Board:

1.8.3.1 Remunerations paid in cash or stocks for employees and directors: none

1.8.3.2 The ratio between compensations for employees paid in stock allocation and after-tax profits in individual or several financial statements; and the ratio between total amount of employees' remunerations and after-tax profits in individual or several financial statements: none.

1.8.4 The actual compensation allocation for employees and directors of prior years (including number of shares, amount and share price distributed), the variances, reasons and handling situations shall be clearly stated if there are differences from the recognizing compensations for employees and directors: none.

1.9 Whether the company has repurchased the shares of its own: None

2. Debt of the company:

None

3. Preferred stock of the company:

None

4. GDR of the company:

None

5. Employee stock option certificates and restricted stocks

5.1 The management of employee stock option certificates yet to expire as of the date of annual report publication and its impacts on the interests and rights of shareholders shall be disclosed: None.

5.2 The names subscription situations of manager with employee stock option certificates and the top ten employees with option-certificate stocks as of the date of annual report publication: None.

5.3 The management status of restricted stocks

The management status of restricted stocks of year 2015:

The proposals for issuing restricted stocks in 2015 have been passed at the shareholders meeting of 2015, yet haven't actually issued as of the date of annual report publication.

5.4 The names subscription situations of manager with employee stock option certificates and the top ten employees with option-certificate stocks: None

6. New share issue under merge or transfer

None

7. Financial plan and execution status

The use of proceeds for negotiable securities issuance has been finished as of one quarter prior to date of annual report publication.

V. Operational Highlights

1. Business Activities

1.1 Scope of business

1.1.1 Main contents of the business

1.1.1.1 Electronic components manufacturing

1.1.1.2 Electronic material wholesale business

1.1.1.3 Electronic material retain business

1.1.1.4 Any businesses without being prohibited or restricted by laws except licensing business.

1.1.2 Proportion of business

Unit: NT\$ thousands; %

Items	Year 2020		Year 2021	
	Amount	Proportion	Amount	Proportion
Multi-crystalline solar wafer	–	–	–	–
Others	104,515	100.00	243,740	100.00
In total	104,515	100.00	243,740	100.00

1.1.3 Products (services) provided by the company at present

1.1.3.1 6.2-inch Multi-crystalline solar wafer (156.75*156.75mm*200μm).

1.1.3.2 6.2-inch Multi-crystalline solar wafer foundry services.

1.1.3.3 Multi-crystalline solar ingots and bricks.

1.1.4 The new products (services) planned to be developed : No plans to develop new products.

1.2 Industrial overview

1.2.1 Industrial status and development

Since 1990's the global ecological environment pollution and damage have been increasingly serious, in response to the worse conditions, the relevant conventions have been stipulated successively. Governments of all the nations reached a consensus for energy saving and carbon reduction based on Kyoto Protocol and Copenhagen Accord and established an important position for solar energy in future energy supply. In the past ten years, European countries, United States, Japan and China have encouraged the investment of solar industry by legislation in succession and have subsidized users which made solar industry begin to flourish.

With the technological advancement of solar cells and costs declination, the application of photovoltaic has shifted from space technology, military use to livelihood purposes and it has been widely applied. In our daily life the large-sized power plants are much more commonplace. By now, in some advanced European countries the costs for photovoltaic power generation has come approximately to power consumption costs in prime time. With the further technological revolutions and cost decrease, more and more countries and regions can enjoy a price the same as the one of commercial power. Furthermore, it's easier to connect grids, which is estimated to mobilize the industrial sustainability. The photovoltaic applications so far are much extensive, which can be classified as follows:

Application of solar products and examples

Items	Application examples
Livelihood	Radio, electrical test meter, watch, computer, solar camera, flashlight, battery charger, camping light, household appliance and PV system for power supply of livelihood consumption goods.
Road and traffic	Street lamps, traffic signs, road signs, identification lamp, solar electric vehicle charging stations, freeway emergency telephone, emergency telephone in remote road, parking meter, control gate system in parking lot, PV system for sound-proof wall in expressway and PV systems for highway rest area, solar vehicles, level crossing indicator light, bus shelter and rooftop stations.
Agriculture, forestry, fishery, pastoral and medical areas.	Farmhouse power supply, PV system of power supply for greenhouse culture, agricultural irrigation, fire sprinkler system, agriculture and animal husbandry greenhouses, fisheries aquaculture pumping ventilation and automatic pet feeder.
Communication	PV System for wireless communication, relay base station, emergency telephone relay station, telephone communication power supply and PV system of signal receiver for microwave relay station and radio.
Buildings	Household power supply system, emergency power supply system, emergency lighting system, curtain wall, sunshade, dome skylight, and roofing-tile type PV system.
Industrial Application	Electrical corrosion prevention of pipeline, power supply PV system pipeline flow meter, market advertising tower, offshore oil platform, power supply PV

Items	Application examples
	system for all kinds of measuring stations.
Emergency / Disaster Prevention	Duty Command Center, emergency refuge, medical establishments, parks, schools, earthquake observing station, forester observation deck, evacuation indicator, PV system for power supply of water level alarm, river lamp, PV breakwater safety lamp.
Power plant	Roof-type, Ground-type and Floating on water Solar power plants.

Data source: Photovoltaic Information Network, collocated by Danen, March 2022

Solar cells can be divided into two types, namely silicon and non-silicon, according to materials applied and silicon battery can be categorized into three types, i.e. Mono-crystalline silicon, polycrystalline silicon and Mono-crystalline silicon. Among them, Mono-crystalline silicon, polycrystalline silicon belong to crystalline solar cells while Mono-crystalline silicon are applied in thin-film solar cells. The parts made from non-silicon materials can be divided into compound battery, organic and inorganic materials which are applicable to thin-film solar cells.

Classification table of solar cell materials

Types of solar cells		semiconductor materials	Market module power conversion efficiency
silicon is the most widely used material in PV system	Crystalline Silicon	Mono-crystalline Silicon	20~23%
		Multi-crystalline Silicon	19~20%
	Amorphous Silicon	Si, SiC, SiGe, SiH, SiO	8~10%
Compounds are applicable to space and HCPV system	III - V compound	GaAs, InP	30~45%
	Non-III - V compound	CdS, CdTe, CuInSe	14~18%
Nano & Organic are applicable to organic solar cells which are still developed and researched at present.	TiO ₂ 、Csx/Pby/Clz		5~10%

Data source: Photovoltaic Information Network, collocated by Danen, March 2022

Silicon solar cells, divided into Mono-crystalline Silicon and Multi-Crystalline Silicon, are widely accepted by the market due to excellent durability, higher conversion efficiency and lower average selling price. It has become the mainstream products which account for 90% of market

shares. The Mono-crystalline solar cells are made from silicon with high purity grade about 9-11 N which makes its conversion efficiency higher than that of Multi-crystalline solar cells. However, the higher losses, long and sophisticated processing make the costs higher than those of Multi-crystalline solar cells. The Multi-crystalline solar cells require lower purity of silicon materials about 7 to 8 N with a conversion efficiency of 19% to 20%, a little bit lower than Mono-crystalline solar cells. However, it can be rapidly produced without wasting too many materials and the lower costs of raw materials and manufacturing also make it the mainstream products in future crystalline silicon cells. Moreover, thanks to the tendency of cost decline of thin-film solar cells, excellent scratch prevention and light transmission; they can be combined with buildings and applied to external glasses of the building and car windows. Nevertheless, the development potential of it is restricted, due to lower conversion efficiency and shortage of resources compared to other crystalline cells and it can't be well developed unless the conversion efficiency and the product yield are improved. While, according to the estimations by EnergyTrend and other market research institutions, the silicon solar cells will still dominate the market for a period of time in the future.

The solar industry has experienced changes in the US Section 201, the 61 new policy of China, the defensive tariffs in India and the remove of the EU MIP. From the most upstream supply chain to the most downstream system were all with extremely unstable situation.

Among these events, the 61 new policy of China has significantly affected the cost of global solar panels. The government of China issued a new policy at the end of May 2018, which not only reduced subsidies, but also significantly restricted the construction of solar power plants. Driving a lot of solar energy projects and construction in China come to an abrupt end, so that Chinese manufacturers actively sell solar panels overseas, causing a wave of low-priced dumping across the board. BNEF pointed out that the market situation of oversupply has caused global solar cost to decline and global solar installation cost has dropped by 12% in 2018.

China has also launched a non-subsidized solar program, and if it is approved, it will start construction before the end of 2020. Europe has now also ended the minimum price limit. Driven by the continued decline in solar energy costs and energy-saving and carbon-reduction awareness, market demand is expected to grow substantially in the future.

According to EnergyTrend's latest demand report, the global market size is expected to be stable between 100-120GW from 2018, and the annual demand change will be less than 10%. The GW-class market will grow from 6 in 2016 to 15 in 2019, indicating that the market is moving from oligopolistic to average and decentralized.

EnergyTrend believes that the solar industry faces a strong challenge in 2018, but it also enters a consolidation phase, and it is expected that long-term development will tend to be stable and healthy.

As supply chain prices continue to fall, solar energy is gradually moving away from subsidies and affordable grid parity online. The popularity of the non-subsidy system and actually LCOE cost of energy will become the price indicator for the future supply chain.

1.2.2 Industrial status

In 2021, domestic solar energy companies, whether they are manufacturing or downstream system companies, were hit by the surge in upstream raw materials this year, which will not only dilute profits, but also cause system installation progress to lag behind. Looking forward to the new year, with the production capacity of Chinese factories, the imbalance between supply and demand of raw materials is expected to be resolved, and the cost pressure is expected to decrease next year. The industry also expects that the upstream, middle and downstream can have reasonable profits and promote the healthy development of the industry.

Because the main solar upstream materials are controlled in the hands of Chinese factories currently, including poly-silicon, silicon wafers and batteries, all of which are under the control of one-stop Chinese players. Since the end of 2020, the price of poly-silicon has risen sharply from the end of 2020 to this year. The price has risen from 80-90 RMB/kg at the beginning of the year to the current level of 270 RMB, which has almost tripled.

However, looking forward to the new year, China's polysilicon production capacity has the opportunity to accelerate. According to the forecast of the market research agency, China's effective annualized production capacity in 2022 will be 780,000 tons, a significant increase from this year's 570,000 tons, and the main production time will be concentrated in the second half of the year. Under the circumstance that the supply of polysilicon will be relaxed, the market estimates that the price of polysilicon is expected to fall compared with the second half of the previous year. However, since many silicon wafer manufacturers are still increasing their production capacity and providing demand support, the price will be revised but still supported.

As for domestic solar module manufacturers, they have been hit by the surge in upstream raw materials, so that new orders received at the end of last year or at the beginning of the year may have to lose money and ship out, resulting in a recession or loss of profits. At the same time, due to the sharp rising in costs, the Ministry of Economic Affairs recently announced an increase in the wholesale purchase rate, with an additional rate of 0.2245 yuan per kilowatt-hour of electricity, to stimulate the system industry to accelerate the grid connection in the fourth quarter and accelerate the digestion of deferred orders. In addition, the newly signed orders after the second half of the year have already reflected the increase in raw materials, and some of them have been passed on to customers. It is expected that the rising cost of module manufacturers will be relieved. In addition, the bulk purchase rate in the new year will not fall. And if the overall rising material pressure is

relieved, the overall domestic solar installations are expected to return to healthy development and catch up with policy goals.

Taiwan's solar power generation target is 20GW in 2025, but as of September 2021, the total installed capacity has only reached 7GW, which means that there is still a level of 13GW to be set in the next few years, and there is still a lot of room for growth.

1.2.3 Global market forecast and development

According to the global market forecast, 2022 is a year with great potential for photovoltaic development. Due to the many disturbances in the upstream raw materials and the epidemic last year, the overall situation has changed abruptly. At present, as the prices of various raw materials have fallen from the peak, the supply and demand level will gradually return to a healthy level. In line with the carbon reduction needs of various countries, the installed capacity of systems will be further driven. According to the forecast of the InfoLink global photovoltaic market supply and demand database, there will be 214-234GW of module demand in 2022, a total of 230 GW-level markets. The global photovoltaic industry is helping to achieve carbon reduction goals, of which China, Europe and the United States account for about 70% of the world's total.

Looking at the reasons for the booming photovoltaic demand in 2022, the main growth is still from the Chinese market. China is expected to add 75GW this year, an increase of 56% compared to last year. The main support comes from a number of favorable policies issued by the Chinese government in 2021.

1.3 Research and Development

1.3.1 The cost for development and research, successfully developed technologies and products in recent two years and period as of the date of Annual Report publication

1.3.1.1 Costs for development and research

Items \ Years	Year 2021	Year 2022
Costs for development and research	-	-
Operating revenues	125,500	243,740
Ratio of R&D costs to operating revenues	-	-

1.3.1.2 The technologies and products successfully developed

Year	R&D achievement
2009	Completed the development of solar poly crystalline silicon wafers (180μm).
	Successfully developed domestic cutting oils for slicing.
	High yield rates in terms of UMG (16%) and Virgin Poly wafers.

2010	Successfully recycled the cutting oils from waste sizing and reapplied in cutting sizing.
	Succeeded in adjusting the angles and shapes of slicer guide wheels to further improve the slicing yield.
	Successfully applied the diamond wire in ingot cutting processes to further enhance the capacity of machines.
2011	Recycled cutting powder from waste cutting sizing and reapplied in the cutting sizing to reduce the wastes.
	Completed the assessment of next-generation crystalline growth furnace to further improve the capacity of capacity.
	Improved the conversion efficiency of wafers with a growth to more than 16.8%.
2012	Succeeded in developing the crystal growth manufacturing procedures of cast-mono.
	Promoted the wafer conversion efficiency to 17.5%.
2013	Improved the conversion efficiency rate of poly crystalline silicon wafers to 17.8%, which maintained a leading position in the industry.
	Reduced the silicon losses of wafers during slicing processes and enhanced the unit yield of silicon materials by 5%.
2014	Promoted the yield of ingot by 10% in unit time of the machine by transforming the growth crystal machines.
	Reduced the side-effects producing during the manufacturing of growth crystal by introducing new materials and further improved the wafer quality to satisfy the needs of customers with respect to conversion efficiency.
	Optimized the manufacturing processes of high-conversion-efficiency wafers along with the betterment of manufacturing procedures of customers' cells to further promote the average conversion efficiency rate to more than 18.6%.
2015	Reduced deficiency rate of wafer by the optimization of manufacturing procedures of growth crystals along with the betterment of manufacturing procedures of customers' cells to further promote the average conversion efficiency rate to more than 19%.
	Effectively reduced the deficiency rate by reforming the tools and the improvement rate reached more than 20%.
	Cutting down the costs for slicing manufacturing by introducing new slicing materials and the reduction rate was greater than 8%.
2016	Through wafer process optimization, we provide new generation product with 19.2% conversion efficiency, from which we can better serve customer's satisfaction.
	Collaborate with customer in high end PERC process, work through experiment and electrical parameter's adjustment, we have improved the efficiency by more than 0.8%.
	Through the study and evaluation for slicing material with sufficient experiments to demonstrate consistent result. Effectively cut down the manufacture cost and meet the goal of environment protection after the high ratio recycle of slicing material were introduced into slicing process, cost was effectively reduce higher than 5%.
2017	Reduced ~3% power consumption by furnace hardware retrofit in order to energy saving and carbon reduction to meet the goal of environment protection.

	Through casting process optimization and collaborate with customer in cell process improvement to increase multi wafer efficiency more than 19.6% to fulfill customer's requirement.
2018	Through the hardware modification of the crystal growth furnace and optimization of the process recipe, the manufacturing process is converted from G5 to G6 ingots, and increasing productivity by approximately 40% via process optimization
	Introducing diamond cutting technology, the throughput of wafers increased by 20%, and the production cost was reduced by about 30%.
2019	In 2019, the supply and demand relationship of the solar industry deteriorated, prices continued to fall to an irrational condition, and the company withdrew from solar wafer manufacturing and continued to dispose of idle assets. In the short term, the main operating direction is to maintain the reduction of cash loss, and actively seek opportunities in the solar industry and other development potentials.
2020	In the fourth quarter of 2020, the company decided to take the renewable energy power generation business as the new direction and goal of the company's transformation and operation, and strive to develop the business opportunities in construction and maintenance of solar power plants. At the end of last year, the company has established a solar energy system subsidiary company. Currently, it is still actively looking for strategic partners in the field of solar power generation to discuss cooperation models and future development goals.
2021	In 2021, the company team has completed the disposal of idle plant assets, and continued to focus on developing renewable energy power generation for the future. The company still needs to actively look for strategic partners in related business fields, and expects to make efforts to develop toward green energy system-related business through new cooperation opportunities and market development conditions, and also actively pay attention to the development opportunities of new technologies and materials in the market. Under the premise and goal of promoting the development of new businesses, it will also strive to seek possible development opportunities in semiconductor and other fields, and will timely plan and handle financing and fundraising activities to meet the necessary capital needs for the company's transformation and operation and strengthen future finance.

1.3.2 Future research and development : None

1.4 Long-term and short-term business development schemes

1.4.1 Short-term development schemes

1.4.1.1 Transformation of business related to renewable energy power generation.

In the past two years, even though all regions of the world have been affected by the epidemic, the solar energy industry has continued to grow due to environmental issues. At the same time of growth, in terms of policy, the solar industry can only continue to grow if the government can put forward an effective policy on the use of electricity from land and buildings, and ensure that the goal of solar installation is progressing. At present, Danen Technology continues to pay attentions to the development of renewable energy power generation related businesses to find opportunities for transformation. In terms of funds, the company's financial structure is stable. The price obtained after disposing of assets last year will be sufficient to meet the funds required for initial transformation investment. At the same time, the company is also actively looking for strategic partners in the field of renewable energy power generation. It is hoped that with the help of new cooperation opportunities and market development, it will strive to develop towards green energy system-related business, and also actively pay attentions to the development opportunities of new technologies and materials in the market.

1.4.2 Long-term development schemes

1.4.2.1 The company's future operation and development strategy: Semiconductor and new energy related industries.

1.4.2.2 Innovative businesses related to renewable energy power generation, establishing industry benchmarks and a rigorous management system.

Under the premise and goal of promoting the development of new businesses, the company will also strive to seek possible development opportunities in the fields of semiconductors and new energy. We will plan and handle financing and fund-raising activities in a timely manner to meet the necessary capital needs for the company's transformation and operations and to strengthen its future financial structure.

2. Market and Sales Overview

2.1 Market analyses

2.1.1 Sale territories of major commodities (services)

The sales of the company's products cover Europe, the United States, Asia and China years ago. In the past two years, it has mainly focused on Taiwan and mainland China market.

2.1.2 Market shares and the situations of future market supply & demands and growth

2.1.2.1 Global Solar Market

According to the global market forecast, 2022 is a year with great potential for photovoltaic development. Last year, due to the many disturbances in upstream raw materials and the epidemic, the overall situation changed abruptly; and this year, as the prices of various raw materials have fallen from the peak, the supply and demand level will gradually return to a healthy level. In line with the carbon reduction needs of various countries, the installed capacity of systems will be further driven. According to the forecast of the InfoLink global photovoltaic market supply and demand database, there will be 214-234GW of module demand in 2022.

2.1.2.2 System Installation Market in Taiwan

Looking back at Taiwan's solar energy industry in 2021, according to the latest data from the Ministry of Economic Affairs as of November, Taiwan's newly installed solar capacity in 2021 was around 1.45 GW, which did not meet the government's original target of 2.2 GW. The main reason is that the raw materials soared in the first half of the year, including silicon materials, silicon wafers, brackets, wires, steel structures, etc., caused the system developers (EPC) to suspend the purchase of goods, resulting in poor grid connection progress in the first half of the year. However, as the second half of 2021 enters the peak season for buying goods, and the Ministry of Economic Affairs raised the wholesale purchase rate of electricity by about 4.5% in 21Q4, thus the progress of grid integration was accelerated.

With the government raising the rate for electricity acquisitions, it is expected that the cumulative installed capacity for the year could reach 1.65GW. Looking forward to 2022, it is expected to benefit from the decline in the price of raw materials including silicon materials and silicon wafers from high levels. Moreover, the government stipulates that power plants that pass the audit must be connected to the grid within 2 years. In addition, the average wholesale purchase rate in the first half of 2022 and would increase by about 2.7% compared with 2021, which will speed up system players to pull goods from module manufacturers. The government is targeting 3GW of new installations in 2022, a doubling number from 2021.

2.1.3 Forecast of the solar market

2.1.3.1 At present, the outlook of the future solar energy market is predicted. Under the global trend of green electricity, and the government has set a target of 11GW of solar energy cumulative installation capacity in 2022, the new installation capacity will reach 3GW in one year. It can be expected that the solar energy market in the new year will grow explosively. Danen Technology is still paying attention to this market and actively looking for strategic partners in the renewable energy power generation business and mainstream industries. It is hoped that with the help of new cooperation opportunities and market development, it will strive to develop towards green energy system related businesses. At the same time, it also actively pays attention to the development opportunities of new technologies and materials in the market. Under the premise and goal of

promoting the development of new businesses, the company will also strive to seek possible development opportunities in new energy-related industries and semiconductor fields. We will plan and handle financing and fund-raising activities in a timely manner to meet the necessary capital needs for the company's transformation and operations and to strengthen its future financial structure.

2.2 Supply Status of Main Materials

Major Raw Materials	Source of Supply	Supply Situation
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2.2.3 Main customer list of purchases and sales

2.2.3.1 Major Suppliers in the Last Two Calendar Years

Unit: NT\$ thousands; %

	2020				2021				2022 (As of March 31)			
Items	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Supplier A	127,359	100.00	None	Supplier A	260,311	100.00	None	Supplier A	24,773	100.00	None
-	Others	-	-	-	Others	-	-	None	Others	-	-	-
-	Net purchase amount	127,359	100.00	-	Net purchase amount	260,311	100.00	-	Net purchase amount	24,773	100.00	-

2.2.4.2 Major Clients in the Last Two Years

Unit: NT\$ thousands; %

	2020				2021				2022 (As of March 31)			
Items	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Company A	58,541	56.01	None	Company A	170,629	70.00	None	Company A	18,601	100.00	None
2	Company L	28,158	26.94	None	Company S	60,497	24.82	None	-	-	-	None
3	Company S	7,735	16.97	None	Company L	12,399	5.09	None	-	-	-	None
4	-	-	-	None	-			None	-	-	-	None
5	-	-	-	None	-			None	-	-	-	None
6	Others	81	0.08	None	Others	215	0.09	None	Others	-	-	None
-	Net Sales	104,515	100.00	-	Net Sales	243,740	100.00	-	Net Sales	18,601	100.00	-

2.2.5 Production in the Last Two Years

Unit: thousand pieces; NT\$ thousands

Output	Year	2020			2021		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Major products							
Poly crystalline silicon solar wafers		-	-	-	-	-	-
Others		-	-	-	-	-	-
Total		-	-	-	-	-	-

2.2.6 Shipments and Sales in the Last Two Years

Unit: thousand pieces; NT\$ thousand; MT

Shipment & Sales	Year	2020				2021			
		Local		Export		Local		Export	
Major products		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Poly crystalline silicon solar wafers		-	-	432	104,434	-	-	414	243,525
Others		1	81	-	-	3	215	-	-
In total		1	81	432	104,434	3	215	414	243,525

3. Human Resources

Unit: Person

Year		2020	2021	March 31 th , 2022
Number of employees	Managers	7	6	6
	Common employees	7	3	3
	Manufacturing workers	0	0	0
	In total	14	9	9
Average ages (years old)		45 years old	47.81 years old	46.94 years old
Average service seniority (years)		10.75 years	11.65 years	10.69 years
Education	Ph.D.	0%	0%	0%
	Master	21%	33%	44%
	University	71%	67%	56%
	Junior college	7%	0%	0%
	High school	0%	0%	0%

Note: The managers here refer to section managers and above in the company.

4. Environmental Protection Expenditure

4.1 Total Losses and Penalties: None.

4.2 Countermeasures:

There was no environment pollution produced since the company started and the periods as of the date of Annual Report publication. So far, the waste water and gases produced during production and manufacture have been well treated by pollution-prevention equipment before being discharged and the industrial wastes are commissioned to the treatment agencies ratified by competent authorities.

5. Labor Relations

5.1 All kinds of employee welfare benefits, further education, training, retirement system and actual executions as well as the execution of employers-employees agreements and maintenance of employees' rights and interests

5.1.1 Employee welfare benefits

5.1.1.1 The company provides National Health Insurance, labor insurance, setting aside pension reserve, overdue wages repayment funds as well as providing accident insurance.

5.1.1.2 The employees join Employee Welfare Committee according to Employee Welfare Fund Act. The Committee is responsible for handling with employee welfare affairs and setting aside bonuses according to the percentages of initial capital fund, monthly operating revenues, employees' salaries and revenues from selling off leftovers based on the regulations.

5.1.1.3 In addition, the employees within company enjoy the additional group insurances of Life Insurance Agency bought by the company including life insurance, accident insurance and cancer & medical insurance.

5.1.1.4 The new employees enjoy the holidays more than the ones regulated by the calendar of government agencies once they are working in the company.

5.1.1.5 We hold birthday parties, department dinner parties on a regular basis and the employee activities irregularly to unite the employees' emotions, liven up the harmony and perk up the morale.

5.1.1.6 The employees will be distributed with bonuses annually according to Articles of Corporation if there are surpluses.

5.1.2 Employees' further study and training

Once the new employees are in office they will be provided with professional and technical training based on different functions and business requirements to strengthen their functions and effectively improve the corporate performance and competitiveness. Furthermore, we enhance employees' professional knowledge by holding professional courses, technical seminars and other activities; besides, the online courses are provided to launch comprehensive and systematic educational plans which are beneficial for improving the individual abilities and work quality.

The training plans of Danen Technology Corp. are as follows:

5.1.2.1 Training for new employees: including two phases, i.e. basic information introductions for newcomers, fundamental occupational training which is contributing to their perception and

grasping of corporate philosophy and cultures; by individual guidance, online learnings and tests can help employee catch the occupational skills rapidly.

5.1.2.2 Enhancement of professional skills: As for the professional competency of different functions we have conducted internal training along with the combination with external academic seminars, the professional courses offered by consultant companies and other channels to improve employees' knowledge and skills.

5.1.2.3 Training for management skills: in order to cultivate the management abilities of managers, we have planned a series of applicable training courses for managers of all levels, including: management practices, corporate operation and management, leadership and other training and referred to the external managerial trends to lead the team to realize the goals set by organization.

5.1.2.4 Training subsidies: in order to meet different functional needs of employees, intensify the professional competency of them, we have provided employees with subsidies for external training courses to improve the competitiveness of the organization.

5.1.2.5 Self-development: We have self-developed the educational training system and the E-learning and practical course's engagement available for employees, with which they can learn some knowledge irrelevant to the work to improve themselves and achieve in-depth learning outcomes.

The execution results of educational courses in 2021 can be seen as below:

Types of courses	Number of class	Gross impression	Total hours	Total expenses(NT\$)
Training for new employees	0	0	0	24,400
General training	0	0	0	
Professional training	21	21	86	
Managerial abilities	0	0	0	
Self-development	0	0	0	
In total	21	21	86	

5.1.3 Retirement system and execution results

According to Labor Standards Law, we allocate 6% of monthly salaries of employees as pension, which is in line with the provisions of relevant regulations.

5.1.4 The conditions of employers-employees agreement

We have been focusing on human-based management and adhering to the philosophy of sharing weal and woe together with employees. In consequence, with respect to communication of employers-employees problems we have always adopted flexible and multi-faceted measures which have maintained a good employers-employees relationship.

5.1.5 Supporting measures for all kinds of employees' rights and interests

The Company has stipulated comprehensive regulations and systems which clearly state all the managerial policies, employees' rights and obligations as well as welfare items. In addition, we

conduct regular reviews on the welfare items to protect the rights and interests of the employees.

5.2 The losses incurred from labor disputes in recent years and the periods as of the date of Annual Report publication; the disclosure of estimated amounts involved in the labor disputes at present and in the future as well as the corresponding measures, the reasons should be demonstrated if the amount cannot be reasonably estimated: None.

6. Important Contracts

Contract character	Parties involved	The beginning and ending dates of the contract	Main contents	Restricted terms
Lease Contract	Pan-Asia Technology (shares) Company	2008.02.15~ 2023.06.30	Factory land lease. The original contract expired on 2023.06.30, and the lease contract was terminated in advance on 2021.12.27 due to the sale of the plant	None
Lease Contract	Pan-Asia Technology (shares) Company	2010.01.20~ 2025.06.30	Factory land lease. The original contract expired on 2023.06.30, and the lease contract was terminated in advance on 2021.12.27 due to the sale of the plant	None
Lease Contract	Pan-Asia Technology (shares) Company	2010.12.27~ 2026.05.31	Factory land lease. The original contract expired on 2023.06.30, and the lease contract was terminated in advance on 2021.12.27 due to the sale of the plant	None

Contract character	Parties involved	The beginning and ending dates of the contract	Main contents	Restricted terms
Supply contract	OCI Company Ltd.	2011.03.15~ 2023.12.31	Purchasing contract of poly-silicon. The original contract expired on 2023.12.31, because the supplier, based on its internal policy decision, voluntarily proposed to the company to unconditionally terminate the execution of the subsequent contract. For supply and purchase matters, without prejudice to the company's interests, agree to the supplier's proposal to terminate the contract transaction agreement, and the contract was terminated on 2021.12.21	None

VI. Financial overview

1. Five-year financial statement summary

1.1 Balance sheet-- Based on IFRS

1.1.1 Non-Condensed Balance sheet

Unit: NT\$ thousands

Years Items		Financial data of prior five years (Note 1)					Financial data of current year as of March 31 th , 2022 (Note 2)
		2017	2018	2019	2020	2021	
Current assets		914,279	475,821	935,623	765,231	648,231	615,697
Real estate, factories and equipment		2,171,589	752,680	2,757	2,544	0	97
Intangible assets		0	0	0	0	0	0
Other assets		176,564	167,431	328,344	317,560	153,230	152,065
Total assets		3,262,432	1,395,932	1,266,724	1,085,335	801,461	767,860
Current liabilities	Before distribution	275,141	143,551	96,895	109,425	32,105	7,827
	After distribution	275,141	143,551	96,895	109,425	32,105	7,827
Non-current liabilities		5,355	117,245	233,382	190,427	4,405	4,428
Total liabilities	Before distribution	280,496	260,796	330,277	299,852	36,510	12,256
	After distribution	280,496	260,796	330,277	299,852	36,510	12,256
Equity attributable to parent company owners		2,981,936	1,135,136	936,447	785,483	764,951	755,604
Capital stock		3,496,268	3,496,268	1,135,136	1,135,136	1,135,136	1,135,136
Capital reserves		176,418	0	0	0	0	0
Retained earnings	Before distribution	(690,750)	(2,361,132)	(198,689)	(349,653)	(370,185)	(379,533)
	After distribution	(690,750)	(2,361,132)	(198,689)	(349,653)	(370,185)	(379,533)
Other equity		0	0	0	0	0	0
Treasury stock		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total equity	Before distribution	2,981,936	1,135,136	936,447	785,483	764,951	755,604
	After distribution	2,981,936	1,135,136	936,447	785,483	764,951	755,604

Note 1: The financial data of prior five years have been audited and verified by accountant.

Note 2: Checked and approved by accountants.

1.1.2 Condensed Balance sheet

Unit: NT\$ thousands

Years Items		Financial data of prior five years (Note 1)					Financial data of current year as of March 31 th , 2022 (Note 2)
		2017	2018	2019	2020	2021	
Current assets		-	-	-	774,931	657,763	625,228
Real estate, factories and equipment		-	-	-	2,544	0	97
Intangible assets		-	-	-	0	0	0
Other assets		-	-	-	308,050	143,699	142,535
Total assets		-	-	-	1,085,525	801,462	767,860
Current liabilities	Before distribution	-	-	-	109,615	32,106	7,828
	After distribution	-	-	-	109,615	32,106	7,828
Non-current liabilities		-	-	-	190,427	4,405	4,429
Total liabilities	Before distribution	-	-	-	300,042	36,511	12,257
	After distribution	-	-	-	300,042	36,511	12,257
Equity attributable to parent company owners		-	-	-	785,483	764,951	755,603
Capital stock		-	-	-	1,135,136	1,135,136	1,135,136
Capital reserves		-	-	-	0	0	0
Retained earnings	Before distribution	-	-	-	(349,653)	(370,185)	(379,533)
	After distribution	-	-	-	(349,653)	(370,185)	(379,533)
Other equity		-	-	-	0	0	0
Treasury stock		-	-	-	0	0	0
Non-controlling interests		-	-	-	0	0	0
Total equity	Before distribution	-	-	-	785,483	764,951	755,603
	After distribution	-	-	-	785,483	764,951	755,603

Note 1: The financial data of prior five years have been audited and verified by accountant. No subsidiary was established from 2016 to 2019, and there is no consolidated financial information.

Note 2: Checked and approved by accountants.

1.2 Consolidated Statement of Comprehensive Income – Based on IFRS

1.2.1 Non-Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Items \ Years	Financial data of prior five years (Note 1)					Financial data of current year as of March 31 th , 2022 (Note 2)
	2017	2018	2019	2020	2021	
Operating revenue	948,607	257,468	125,500	104,515	243,740	20,081
Gross profit	(621,200)	(200,689)	(100,459)	(21,684)	133,247	(2,405)
Income from operations	(688,071)	(253,440)	(151,120)	(62,653)	88,278	(9,339)
Non-operating Income and expense	(1,376)	(986,315)	24,161	(88,311)	(108,810)	(8)
Income before tax	(689,447)	(1,239,755)	(126,959)	(150,964)	(20,532)	(9,437)
Continuing operating net profits for current period	(690,750)	(1,240,294)	(126,959)	(150,964)	(20,532)	(9,437)
Discontinued operating losses	0	(606,506)	(71,730)	0	0	0
Net profit (loss) for current period	(690,750)	(1,846,800)	(198,689)	(150,964)	(20,532)	(9,437)
Other consolidated profits or losses for current period (net amount after tax)	0	0	0	0	0	0
Total consolidated profits or losses for current period	(690,750)	(1,846,800)	(198,689)	(150,964)	(20,532)	(9,437)
Net profits are attributable to parent company owners	(690,750)	(1,846,800)	(198,689)	(150,964)	(20,532)	(9,437)
Net profits are attributable to non-controlling equity	0	0	0	0	0	0
Total consolidated profits or losses are attributable to parent company owners	(690,750)	(1,846,800)	(198,689)	(150,964)	(20,532)	(9,437)
Total consolidated profits or losses are attributable to non-controlling equity	0	0	0	0	0	0
Earnings per share	(1.98)	(5.28)	(1.75)	(1.33)	(0.18)	(0.08)

Note 1: The financial data of prior five years have been audited and verified by accountant.

Note 2: Checked and approved by accountants.

1.2.2 Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Items \ Years	Financial data of prior five years (Note 1)					Financial data of current year as of March 31 th , 2022 (Note 2)
	2017	2018	2019	2020	2021	
Operating revenue	-	-	-	104,515	243,740	20,081
Gross profit	-	-	-	(21,864)	133,247	(2,405)
Income from operations	-	-	-	(63,143)	88,268	(9,344)
Non-operating Income and expense	-	-	-	(87,821)	(108,800)	(4)
Income before tax	-	-	-	(150,964)	(20,532)	(9,348)
Continuing operating net profits for current period	-	-	-	(150,964)	(20,532)	(9,348)
Discontinued operating losses	-	-	-	0	0	0
Net profit (loss) for current period	-	-	-	(150,964)	(20,532)	(9,348)
Other consolidated profits or losses for current period (net amount after tax)	-	-	-	0	0	0
Total consolidated profits or losses for current period	-	-	-	(150,964)	(20,532)	(9,348)
Net profits are attributable to parent company owners	-	-	-	(150,964)	(20,532)	(9,348)
Net profits are attributable to non-controlling equity	-	-	-	0	0	0
Total consolidated profits or losses are attributable to parent company owners	-	-	-	(150,964)	(20,532)	9348)
Total consolidated profits or losses are attributable to non-controlling equity	-	-	-	0	0	0
Earnings per share	-	-	-	(1.33)	(0.18)	(0.08)

Note 1: The financial data of prior five year have been audited and verified by accountant. No subsidiary was established from 2016 to 2019, and there is no consolidated financial information.

Note 2: Checked and approved by accountants.

1.3 Names and auditing opinions of CPA in recent five years

1.3.1 Names and auditing opinions of CPA in recent five years

Years	CPA	Name of accounting firm	Auditing opinion
2017	Lee, Hsiu-Ling , Lin, Chun-Yao	PwC Taiwan	Clean opinion
2018	Lai, Chung-Hsih , Zhi, Bing-Jun	PwC Taiwan	Clean opinion
2019	Lai, Chung-Hsih , Zhi, Bing-Jun	PwC Taiwan	Clean opinion
2020	Lai, Chung-Hsih , Zhi, Bing-Jun	PwC Taiwan	Clean opinion
2021	Lai, Chung-Hsih , Zhi, Bing-Jun	PwC Taiwan	Clean opinion

1.3.2 If the accountants have been changed in recent five years, the reasons for changing provided by the company, former accountant and successor should be noted: None.

2. Five-year financial status analysis

2.1 Financial Analysis – Based on IFRS

2.1.1 Non-Consolidated Financial Analysis

Item (Note 4) \ Year		Financial data of prior five years (Note 1)					Financial data of current year as of March 31 th , 2022 (Note 2)
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt Ratio	8.60	18.68	26.07	27.63	4.56	1.59
	Ratio of long-term capital to property, plant and equipment	137.56	166.39	42,431.23	38,360.29	-	-
Solvency (%)	Current ratio	332.29	331.47	965.61	699.32	2019.09	7865.9
	Quick ratio	275.97	304.01	950.06	694.15	2017.95	7857.59
	Interest earned ratio (times)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)
Operating performance	Accounts receivable turnover (times)	15.54	20.65	-	-	-	-
	Average collection period	23	18	-	-	-	-
	Inventory turnover (times)	12.56	18.49	17.62	-	-	-
	Accounts payable turnover (times)	30	20	21	-	-	-
	Average days in sales	12.64	16.30	7791.7	-	-	3.59
	Property, plant and equipment turnover (times)	0.44	0.36	0.4	47.32	229.94	18.05
	Total assets turnover (times)	0.26	0.22	0.11	0.11	0.34	-
Profitability	Return on total assets (%)	(19.21)	(79.24)	(14.77)	(12.7)	(2.41)	(1.11)
	Return on stockholders' equity (%)	(20.76)	(89.71)	(19.18)	(17.53)	(2.85)	(1.15)
	Pre-tax income to paid-in capital (%)	(19.72)	(35.46)	(17.5)	(13.3)	(1.81)	(0.77)
	Profit ratio (%)	(72.82)	(717.29)	(158.32)	(144.44)	(8.42)	(46.55)
	Earnings per share (NT\$)	(1.98)	(5.28)	(1.75)	(1.33)	(0.18)	(0.08)
Cash flow	Cash flow ratio (%)	4.07	(191.71)	(64.92)	(44.33)	(136.14)	(422.75)
	Cash flow adequacy ratio (%)	25.03	41.20	52.61	83.47	22.47	(1074.61)
	Cash reinvestment ratio (%)	0.17	0	0	0	0	-
Leverage	Operating leverage	0.18	0.43	0.18	(0.04)	1.52	1.13
	Financial leverage	1.00	1.00	0.98	0.96	1.02	1

Note 1: The financial data of prior five years have been audited and verified by accountant.

Note 2: Checked and approved by accountants.

Note 3: Non-applicable because the correlation ratio is negative.

Note 4: Calculation formula of financial ratio can be seen below:

2.1.2 Consolidated Financial Analysis

Item (Note 4) \ Year		Financial data of prior five years (Note 1)					Financial data of current year as of March 31 th , 2022 (Note 2)
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt Ratio	-	-	-	27.63	4.56	1.59
	Ratio of long-term capital to property, plant and equipment	-	-	-	38,360.29	-	-
Solvency (%)	Current ratio	-	-	-	699.32	2048.70	8007.13
	Quick ratio	-	-	-	694.15	2047.53	7998.82
	Interest earned ratio (times)	-	-	-	(Note 3)	(Note 3)	(Note 3)
Operating performance	Accounts receivable turnover (times)	-	-	-	-	-	-
	Average collection period	-	-	-	-	-	-
	Inventory turnover (times)	-	-	-	-	-	-
	Accounts payable turnover (times)	-	-	-	-	-	-
	Average days in sales	-	-	-	-	-	-
	Property, plant and equipment turnover (times)	-	-	-	47.32	229.92	495.89
	Total assets turnover (times)	-	-	-	0.11	0.31	0.03
Profitability	Return on total assets (%)	-	-	-	(12.7)	(2.06)	(1.11)
	Return on stockholders' equity (%)	-	-	-	(17.53)	(2.65)	(1.15)
	Pre-tax income to paid-in capital (%)	-	-	-	(13.3)	(1.81)	(0.77)
	Profit ratio (%)	-	-	-	(144.44)	(8.42)	(46.55)
	Earnings per share (NT\$)	-	-	-	(1.33)	(0.18)	(0.08)
Cash flow	Cash flow ratio (%)	-	-	-	(44.33)	(136.66)	(422.75)
	Cash flow adequacy ratio (%)	-	-	-	83.47	22.47	(1074.61)
	Cash reinvestment ratio (%)	-	-	-	0	-	-
Leverage	Operating leverage	-	-	-	(0.04)	1.52	1.13
	Financial leverage	-	-	-	0.96	1.02	1

Note 1: The financial data of prior five years have been audited and verified by accountant. No subsidiary was established from 2016 to 2019, and there is no consolidated financial information.

Note 2: Checked and approved by accountants.

Note 3: Non-applicable because the correlation ratio is negative.

Note 4: Calculation formula of financial ratio can be seen below:

2.1.1 Financial structure

2.1.1.1 Debt Ratio=total debts/total assets.

2.1.1.2 Ratio of long-term capital to property, plant and equipment =(total equity + non-current liabilities)/net value of real estate/factories/equipment.

2.1.2 Solvency

2.1.2.1 Current ratio =current assets/current liabilities.

2.1.2.2 Quick ratio=(current assets-inventory-prepayments)/current liabilities.

2.1.2.3 Interest earned ratio =net profits of income tax and interest expenses before tax/interests Expenses for current period.

2.1.3 Operating performance

2.1.3.1 Accounts receivable (including accounts receivable and notes receivable for business) turnover=net sales revenues/average accounts receivable balances for all periods (including accounts receivable and notes receivable for business).

2.1.3.2 Average collection period =365/receivables turnover.

2.1.3.3 Inventory turnover=goods sale costs/average inventory amount.

2.1.3.4 Accounts payable (including accounts payable and notes payable for business)turnover=sales expenses/average accounts payable balances for all periods (including accounts payable and notes payable for business).

2.1.3.5 Average days in sales =365/ inventory turnover.

2.1.3.6 Real estate, factories and equipment turnovers=net sales revenues/net average revenues of real estate, factories and equipment.

2.1.3.7 Total assets turnover=net sales revenues/total average assets.

2.1.4 Profitability

2.1.4.1 Return on total assets =[profit or loss after tax+ interest expends ×(1- tax ratio)]/total average assets.

2.1.4.2 Return on stockholders' equity =profit or loss after tax/net average equity.

2.1.4.3 Profit ratio=profit or loss after tax/net sales revenues.

2.1.4.4 Earnings per share =(profit or loss attributable to parent company owners-dividends of common stocks)/weighted average number of shares issued. (Note 4)

2.1.5 Cash flow

2.1.5.1 Cash flow ratio=net cash flow for business activities/current liabilities.

2.1.5.2 Cash flow adequacy ratio = net cash flow for business activities in recent five years/(capital expenses + cash dividends) in recent five years.

2.1.5.3 Cash reinvestment ratio =(net cash flow for business activities-cash dividends)/(gross amount of real estate, factories and equipment + long-term investments + other non-current assets + operating capital).

2.1.6 Leverage

2.1.6.1 Operating leverage= (net operating revenues - changes in operating expenses and costs)/operating profits.

2.1.6.2 Financial leverage =operating profits/(operating profits - interest expenses).

2.2 Causes of change in financial ratio

2.2.1 Financial structure:

Due to the completion of the transfer procedure of the assets be sold in 2021 and the reduction of non-current assets, the total amount of assets and the total amount of liabilities decreased respectively, and the debt ratio was reduced due to the cancellation of contracts and liabilities.

2.2.2 Solvency:

The increase in current assets in 2022 led to an increase in the current ratio and quick ratio.

2.2.3 Operating performance:

The growth in operating income in 2021 and the substantial reduction in real estate, plant and equipment will lead to an increase in the turnover rate of real estate, plant and equipment.

2.2.4 Profitability:

In the second half of 2021, the transaction volume of the solar polycrystalline product supply chain market recovered, and the market price rose, resulting in an increase in profitability compared with 2020.

2.2.5 Cash flow:

The net cash outflow from operating activities in 2021 is slightly more than 2020, and the cash flow ratio is lower due to the significant reduction in current liabilities compared with the previous period.

2.2.6 Leverage:

As the global economy is affected by the epidemic in 2021, the company adopts a selective order-taking method in response to market conditions to reduce losses.

3. Audit committee reports for recent year

Please refer to P104 of this Annual Report.

4. Consolidated financial statements and report of independent accountants:

Please refer to P105-P156 of this Annual Report.

5. Non-consolidated financial statements and report of independent accountants:

Please refer to P157-P208 of this Annual Report.

6. The impact to company financial condition if any financial turnover troubles within the company or subsidiary up to the date of annual report publication

We did not have related parties and there were no financial flow difficulties in the company, either in 2021 and a period as of the date of Annual Report publication.

VII. Review of Financial Conditions, Financial Performance, and risk assessment

1. Financial status

1.1 Comparison Statement of Financial Status (Non-Consolidated)

Unit: NT\$ thousands

Item \ Year	2021	2020	Difference	
			Amounts	%
Current assets	648,231	765,231	(117,000)	-15.29%
Financial Assets Carried at Cost - Non Current	65,720	147,188	(81,468)	-55.35%
Fixed assets	0	2,544	(2,544)	-100.00%
Other assets	87,510	170,372	(82,862)	-48.64%
Total assets	801,461	1,085,335	(283,874)	-26.16%
Current liabilities	32,105	109,425	(77,320)	-70.66%
Long-term liabilities	0	0	0	0
Other liabilities	4,405	190,427	(186,022)	-97.69%
Total debts	36,510	299,852	(263,342)	-87.82%
Capital stock	1,135,136	1,135,136	0	0
Additional paid-in capital	0	0	0	0
Retained earnings	(370,185)	(349,653)	(20,532)	5.87%
Other equity	0	0	0	0
Total equity	764,951	785,483	(20,532)	-2.61%

Statement of changes in percentage increments and decrements:

- (1) Financial Assets Carried at Cost - Non Current: An impairment of NT \$ 81,468 thousands was recognized, resulting in a decrease from the previous period.
- (2) Fixed assets: The main reason is due to the complete disposal of the idle plant buildings in the current period.
- (3) Other assets: The main reason is that the right-of-use assets decreased by NT \$ 83,732 thousands.
- (4) Current liabilities: The main reason is that the provision for short-term liabilities decreased by NT \$ 65,859 thousands and lease liabilities decreased by NT \$ 21,210 thousands.
- (5) Other liabilities: The main reason is that the provision for long-term liabilities decreased by NT \$ 122,106 thousands and lease liabilities decreased by NT \$ 63,916 thousands.

1.2 Comparison Statement of Financial Status (Consolidated)

Unit: NT\$ thousands

Item \ Year	2021	2020	Difference	
			Amounts	%
Current assets	657,763	774,931	(117,168)	-15.12%
Financial Assets Carried at Cost - Non Current	65,720	147,188	(81,468)	-55.35%
Fixed assets	0	2,544	(2,544)	-100.00%
Other assets	77,979	160,862	(82,883)	-51.52%
Total assets	801,462	1,085,525	(284,063)	-26.17%
Current liabilities	32,106	109,615	(77,509)	-70.71%
Long-term liabilities	0	0	0	0
Other liabilities	4,405	190,427	(186,022)	-97.69%
Total debts	36,511	300,042	(263,531)	-87.83%
Capital stock	1,135,136	1,135,136	0	0
Additional paid-in capital	0	0	0	0
Retained earnings	(370,185)	(349,653)	(20,532)	5.87%
Other equity	0	0	0	0
Total equity	764,951	785,483	(20,532)	-2.61%

Statement of changes in percentage increments and decrements:

- (6) Financial Assets Carried at Cost - Non Current: An impairment of NT \$ 81,468 thousands was recognized, resulting in a decrease from the previous period.
- (7) Fixed assets: The main reason is due to the complete disposal of the idle plant equipment in the current period.
- (8) Other assets: The main reason is that the right-of-use assets decreased by NT \$ 83,732 thousands.
- (9) Current liabilities: The main reason is that the provision for short-term liabilities decreased by NT \$ 65,859 thousands and lease liabilities decreased by NT \$ 21,210 thousands.
- (10) Other liabilities: The main reason is that the provision for long-term liabilities decreased by NT \$ 122,106 thousands and lease liabilities decreased by NT \$ 63,916 thousands.

2. Financial performance

2.1 Comparison of financial performance

2.1.1 Comparison Statement of Financial Performance(Non-Consolidated)

Unit: NT\$ thousands

Items \ Years	2021	2020	Increments and decrements in amount	Variable ratio (%)
Operating revenues	243,740	104,515	139,225	133.21%
Operating costs	(110,493)	(126,379)	15,886	12.57%
Gross profits	133,247	(21,864)	155,111	709.44%
Operating expenses	(44,969)	(40,789)	(4,180)	-10.25%
Operating profit and loss	88,278	(62,653)	150,931	240.90%
Profit or loss before tax for current period	(20,532)	(150,964)	130,432	86.40%
Income tax (expenses) profits	0	0	0	0
Profit or loss after tax for current period	(20,532)	(150,964)	130,432	86.40%

Statement of changes in percentage increments and decrements:

- (1) Operating revenues: Due to the stabilization of the epidemic, the price of the silicon material market has rebounded, resulting in a substantial increase in revenue compared to the previous period.
- (2) Operating costs and Gross profits : The main reason is the recognition of reversal of liabilities, resulting in an increase in cost and gross profit
- (3) Profit or loss before tax for current period : The main reason is the increase in revenue and the significant reduction in costs, resulting in less pre-tax loss in the current period than in the previous period.

2.1.2 Comparison Statement of Financial Performance(Consolidated)

Unit: NT\$ thousands

Items \ Years	2021	2020	Increments and decrements in amount	Variable ratio (%)
Operating revenues	243,740	104,515	139,225	133.21%
Operating costs	(110,493)	(126,379)	15,886	12.57%
Gross profits	133,247	(21,864)	155,111	709.44%
Operating expenses	(44,979)	(41,279)	(3,700)	-8.96%
Operating profit and loss	88,268	(63,143)	151,411	239.79%
Profit or loss before tax for current period	(20,532)	(150,964)	130,432	86.40%
Income tax (expenses) profits	0	0	0	0
Profit or loss after tax for current period	(20,532)	(150,964)	130,432	86.40%

Statement of changes in percentage increments and decrements:

- (1) Operating revenues: Due to the stabilization of the epidemic, the price of the silicon material market has rebounded, resulting in a substantial increase in revenue compared to the previous period.
- (2) Operating costs and Gross profits : The main reason is the recognition of the benefit of the reversal of liabilities, resulting in an increase in cost and gross profit

2.2 Estimated sales volume and bases

Unit: MT

Product type	Estimated sales volume
Multi c-Si Solar Products (including wafer)	-

Because the solar silicon material supplier voluntarily proposed to terminate the silicon material supply and procurement contract in December 2021 due to the adjustment of operation strategy. The Company will carefully evaluate the production and sales of solar energy products based on future changes in the market.

2.3 The potential impacts on corporate future finance and corresponding measures

Looking at the development trend of solar energy domestic and abroad, even if the global solar market has opportunity to grow and green energy policies of domestic non-nuclear homes, Taiwan's domestic demand market has opportunity to gain further development. However, in the environment where the price of products has fallen sharply and the market share of mono-crystal products has greatly eroded the share, it is difficult for multi-crystalline wafers to regain the capacity utilization rate. With the change of market and industry conditions, multi-crystalline wafers cannot be competitive in the market due to production costs, resulting in the company's business scale be shrunk. Despite the use of lean organization and lower operating expenses, the operation continues to suffer losses. In order to protect the interests of shareholders, and considering the premise of long-term sustainable operation of the company, we will actively seek business opportunities with development potential in the renewable energy power generation business and other mainstream industries.

3. Cash flow

3.1 Analysis of changes in cash flow of recent years

Items \ Years	2021	2020	Percentages of increments and decrements
Cash flow ratio	-136.14%	-44.33%	-91.81%

Cash flow adequacy ratio	22.47%	83.47%	-61%
Cash re-investment ratio	0%	0%	0%
Cash flow ratio : The net cash outflow from operating activities in 2021 is higher than 2020, resulting in a larger cash flow ratio than the previous period			
Cash flow adequacy ratio: Under the influence of the decrease in net cash flow from operating activities and no capital expenditure in 2021, the fair cash flow ratio in 2021 should increase accordingly.			

3.2 Improvement policies for liquidity shortage: None.

3.3 Analysis of cash liquidity of coming year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plans	Financing plans
647,460	(24,950)	—	622,510	—	—
Analysis of changes in cash flow:					
(1) Analysis of cash liquidity of coming year					
a. Business activities: In order to transform and invest in the green energy power generation business and the development of semiconductor-related fields, after completing the transfer procedure of assets be sold, the cost of overall operating activities is estimated based on market conditions and development trends. The estimated cash outflow from operating activities in 2022 is NT\$ 24,950 thousands.					
b. Financing activities: The overall operation plan for 2022 is still based on the principle of prudent operation. If there is a suitable investment opportunity, it is assessed to be in line with the overall interests of the company, and it is planned to handle the capital increase. At current stage, there is no need for financing.					
(2) The remedial measures for estimated cash deficits and analysis of liquidity: None.					

4. The impacts of major capital spending on business in recent fiscal years

4.1 Major capital spending in recent fiscal years: None.

4.2 The impacts on finance and business: None.

5. Reinvestment policies, main reasons for profits and losses, improvement plans and investment plans of coming year

5.1 Re-investment policies, main reasons for profits and losses, improvement plans in recent years: None.

5.2 Investment plans of coming year: It is planned to invest in green energy power generation related business.

6. Analysis of risk factors and assessments

6.1 The impacts of interest rate, changes in exchange rate and inflation on corporate loss and profit and corresponding measures in the future

6.1.1 Changes in interest rates

6.1.1.1 The impacts on corporate loss and profit

The interest expenses and revenues of 2021 were NT\$1,369 and NT\$815 thousand respectively and the ratios of them to net operating revenues were 0.56% and 0.33% respectively. The impacts of interest ratio changes reflecting on the corporate loss and profit proved to be limited.

6.1.1.2 Corresponding measures in the future

We conduct regular assessment on bank loan interest rate and keep good relations with banks to gain preferential interest rates to reduce interest expenses.

6.1.2 Changes in exchange rates

6.1.2.1 Impacts on corporate loss and profit

The foreign exchange loss of 2021 reached NT\$ 1,305 thousand, which accounted for 0.53% of net operating profits and the impacts of exchange loss reflecting on the corporate loss and profit proved to be limited.

6.1.2.2 Corresponding measures in the future

The foreign currency was mainly applied when we proceed purchases and sales. In order to effectively reduce the effects the interest rate changes playing on operating revenues and profits, we continue to observe the overall economic impacts on interest rate to take necessary hedging measures apart from moderately reserving the foreign currency position of sales revenues to cover the foreign procurement spending and further realize the function of natural hedging. If the interest rates change remarkably, we will adjust the transaction values in a moderate manner to relieve the effects of the exchange rate fluctuation playing on the corporate revenues and profits.

6.1.3 Inflation

6.1.3.1 Impacts on corporate loss and profit

We have maintained good partnerships with suppliers and customers and paid attention to price fluctuation of raw materials in the market at any time, thus, the inflation has not yet played significant effects on corporate loss and profit.

6.1.3.2 Corresponding measures in the future

By now there are no immediate impacts of inflation on the company and in order to reduce the

risks of inflation on corporate operation we have paid numerous attentions to the changes of raw material prices.

6.2 Main reasons of policies, profit or loss and corresponding measures for high-risk, high-leveraged investments, loans to others, endorsement and derivatives transactions.

6.2.1 The Company is dedicated to our own business without engaging in high-risk or high-leveraged investments.

6.2.2 We were not involved in lending to others and proceeding endorsement and derivatives transactions in recent years. And if it's necessary for us to conduct above mentioned affairs because of business needs or risk hedging, we will handle with them according to corporate "Operational Procedures for Lending Loans to Others", "Operational Procedures for Endorsement", "Management Procedures for Assets Acquisition or Assets Disposal" and announce the relevant information correctly according to regulations.

6.3 Future R&D plans and estimated costs for these plans

6.3.1 Future R&D plans

Planned projects	Description of contents
None	None

6.3.2 Estimated R&D expenses

The R&D ability is a key competitive factor for company in the future. Because the company withdrew from solar wafer manufacturing in 2019, it has continued in disposing idle assets, actively evaluated new business transformation, and has suspended research and development plans for the coming year till the new business projects been confirmed.

6.4 The impacts of important policies and legal change in domestic and abroad affected on corporate finance and business as well as corresponding measures

In 2021, domestic solar energy companies, whether they are manufacturing or downstream system companies, have been hit by the surge in upstream raw materials, which will not only dilute profits, but also cause system installation progress to lag behind. Looking forward to next year, with the production capacity of Chinese factories, the demand/supply imbalance is expected to be resolved, and the cost pressure is expected to decrease. The industry also hopes that the upstream, midstream and downstream can have reasonable profits and promote the healthy development of the industry. Taiwan's solar power generation target is 20GW in 2025, but as of September 2021, the total installed capacity has only reached 7GW, which means that there is still a level of 13GW to be set in the next few years, and there is still a lot of room for business growth.

Looking forward to 2022, energy conservation and emission reduction has become a common global goal at present, and countries have also set net zero carbon emission targets, which will

further stimulate the increase in demand for the solar energy industry value chain. In 2022, PV InfoLink predicts that the annual demand will reach 214GW globally, and the non-Chinese market demand will reach 139GW, an increase of 11.6% over the previous year. Although the increase is not as fast as the previous year, it is still positive for Chinese module exports. However, it is still necessary to observe the changes in international situation. For example, India will impose a 40% tariff on modules in April this year, or each country will ensure the stability of the supply chain and establish its own photovoltaic production capacity, which will be factors affecting the future supply and demand of international solar energy industry value chain.

6.5 The impacts of the technical and industrial changes having on corporate finance and business and corresponding measures

We are paying attention to relevant industrial trends regarding technical development and changes at any time and appointing professional personnel or project teams to research industrial technologies that will have significant impacts on corporate future development, finance and business as well as propose necessary corresponding measures. There were no significant technical changes having considerable effects on corporate finance and business in recent years and up to the date of Annual Report publication.

6.6 The impacts of the corporate image changes exerting on the corporate crises management and corresponding measures

Since foundation, we have been adhering to the principle of credit management and focusing on corporate images, therefore we never ran into corporate crisis management due to corporate image changes.

6.7 Estimated profits, risks of mergers and acquisitions and corresponding measures

We didn't have any plans of mergers and acquisitions in recent years and a period as of the date of Annual Report publication. If there are mergers and acquisitions in the future we will take a careful attitude and take comprehensive effectiveness of mergers and acquisitions into consideration when assessing them to ensure the shareholders' equity.

6.8 The estimated benefits of factories expansion, potential risks and corresponding measures

The factory has been shut down and there are no new risk.

6.9 Risks of purchases and sales centralization and the corresponding measures

As for goods purchasing, the purchasing department of the company has purchased silicon from major giant companies since 2009. In addition, the poly-silicon is oversupplied in the market now therefore, we have got rid of the silicon centralization risks and resolve the problem for buying the silicon material. Furthermore, we have signed long-term supply contracts with Korean manufacture OCI in March 2011 making sure the sound supply of main materials to satisfy the manufacturing needs.

Those customers with 5% net operating revenues ranking accounted for 99.91% of total operating revenues of 2021 which was made up with three major customers, among them the largest customer

share was approaching 70%. The total revenues from top 10 customers made up 100% of total revenues in 2021, among them the individual revenues occupied between 0.09% and 70% of total operating revenues.

6.10 The impacts, risks of large equity transfer and exchange of directors, supervisors or major shareholders with more than 10% shares exerting on the company and corresponding measures
There are no such matters in recent years and up to the date of Annual Report publication.

6.11 The impacts of management right changes exerting on the company, risks and corresponding measures

The managements are dedicated to the operation of the company and the employees of the company are identifying with the corporate developing directions and willing to hold company's shares and grow with the company. Thus, there were no large equity transfer and exchange that would lead to management rights and further exert negative effects on the company and increase the risks.

6.12 In terms of lawsuits or non-lawsuit affairs and administrative litigation sentenced and determined or yet to be judged by corporate directors, supervisors, general manager, actual responsible person, major shareholders with more than 10% shares and affiliated companies shall be clearly stated. And for those lawsuits or non-lawsuit affairs and administrative litigation which may exert significant effects on shareholders' equity or securities' price, the contentious facts, amount of subjects, starting date of litigation, the main parties involved as of the date of Annual Report publication shall be disclosed:

Case no.	Amount of subjects	Starting date of litigation	The main parties involved	Contentious facts
Sue-Chi No.2412, 107 Taichung District Court	NTD 58,464,800	107.09.14~	The company & managers involved	Taichung District Court's 107 Nian Nian No. 2412 case of abolition of the Qing law, on March 10, 111, the second instance of the Taichung High Court in Taiwan ruled that the company was not guilty. However, the prosecutor of the Taichung High Prosecutor's Office in Taiwan refused to accept it and filed an appeal against the aforementioned verdict on March 31, 2022. At present, the case is still pending before the Supreme Court, and there is no relevant verdict.
Zhong-Sue-Chi No.246, 108 Taipei District	NTD 50,363,325	108.01.03	The company	The Taipei District Court's 108 Nian Chong Su Zi No. 246 civil action claim for damages

Court				due to breach of contract. This case is still on going at the second trial, and there is no court decision yet.
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6.13 Information security risk assessment analysis and countermeasures

The Company follows the provisions of Articles 8 and 9 of standards for publicly held companies to internal control systems to establish personal data protection management and computerized information system related control operations, such as operations of personal data protection, inspection operations of information security, and operations of system recovery control...etc, and in accordance with the provisions of Article 13 of the handling guidelines, the safety inspections will be included in the annual audit plan . The latest implementation date of the internal audit of the information safety inspection was 2021/06/10. There was no significant impact and risk on the company.

On the security control, the company established and implemented an information security management system and set up information security policy and documents to standardize company information security. At the same time, information security risk assessment and internal/ external information security auditing operations are conducted regularly every year to ensure the effectiveness of the management system and comply with the laws and regulations. Therefore, the risk of security is not a major operational risk of the company.

6.14 Other material risks and corresponding measures:

None.

7. Other important matters

7.1 Depreciation methods and life span for real estate, plants and equipment

7.1.1 Real estate, plants and equipment shall be recorded on the basis of the actual cost of acquisition and the related interests during the period of construction shall be capitalized.

7.1.2 The subsequent costs can only be included in the carrying amount of assets or as a separated asset when the future economic outcomes related to the item are likely to flow into the company and the costs can be measured reliably. The carrying amount reset shall be excluded. And all other maintenance expenses occurred will be recognized as current profits and losses.

7.1.3 The follow-up measurement of real estate, plants and equipment is based on cost model. Except the land without being made depreciation, all the rest are made depreciation based on durability according to straight-line depreciation method. The real estate, plants and equipment shall be made depreciation separately if the compositions of them are major.

7.1.4 The company would inspect the residual values, durable years and depreciation methods of all kinds of assets on the closing date of fiscal year. If the expected values of residual values and durable years are different from what we estimated before or the expected consumption patterns of future economic outcomes of assets have changed considerably, we would handle with these matters according to No. 8 “Accounting Policies, Changes in Accounting Estimates and Errors” of International Accounting Standards since the date changes occurred.
The durable years of all kinds of assets can be seen below:

Buildings	11 years ~ 36 years
Machinery equipment	4 years ~ 11 years
Office facilities	4 years ~ 6 years
Transportation facilities	4 years ~ 6 years
Leasing assets	7 years
Miscellaneous assets	6 years ~ 8 years

7.2 Evaluation bases of provision methods of assets and liabilities evaluation subjects

7.2.1 Bad debt

The bad debt provisions of the company are based on the ages of closing notes receivable and accounts receivable and the analysis of recover possibilities and according to the Regulations on the Bad Debt Provisions. The provision rates can be seen below:

Ages overdue	Bad debt ratio
Non-overdue	0.5%
1 to 30 days	0.5%
31 to 90 days	20%
91 to 180 days	50%
181 to 270 days	80%
271 to 365 days	90%
More than 366 days	100%

7.2.2 Allowance for inventory valuation losses

The inventories are measured based on the lower one between costs and net realized values and its costs are calculated according to weighted average method.

Cost of finished goods and semi-finished products include raw materials, direct labor, other direct and related manufacture cost.

The comparison between cost and net realized values for inventories are applied with item-by-item method and net realized values refer to the balance between estimated selling price under normal operations and the costs need to be invested into as of the completion date and

relevant selling expenses.

Besides, the allowances for inventory valuation losses are based on its stock ages. The allowance losses follow inventory management regulation will be 25%, 50%, 75% and 100% of ending inventory cost if stock ages are between 6 and 12 months, 13 and 18 months, 19 and 24 months and more than 25 months respectively.

VIII. Special Disclosure

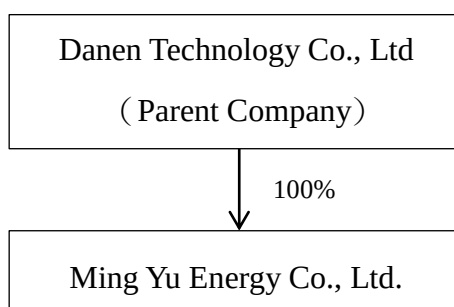
1. Information about the Affiliated Companies

Consolidated Business Report

Danen Technology Co., Ltd and Affiliated Companies

2021 Consolidated Business Report

1.1 Affiliated Organization Chart



1.2 Danen Affiliated Companies:

Unit: NT\$ thousands

Company Name(s)	Date of Incorporation	Holding (affiliated) company	Relationship	Area of business
Danen Technology Co., Ltd	96.11.9	Taipei	1,135,136	Manufacturing solar silicon wafers
Ming Yu Energy Co., Ltd.	109.10.30	Tainan	10,000	Power Generation from Renewable Energy

1.3 Information on directors and general managers of each affiliated company:

Name of Company	Title	Name or Representative	Shareholding	
			Shares	%
Danen Technology Co., Ltd	Chairman	Fang, Jenn-Ming	1,661,149	1.46%
	Vice Chairman	Hung, Wen-Chin	2,196,574	1.94%
	Independent director	Tsai, Wen-Jing	0	0%
	Independent director	Lin, Her-Yuan	0	0%

	Independent director	Su, Peng-Fei	0	0%
Ming Yu Energy Co., Ltd.	Chairman	Danen Technology Co., Ltd Representative: : Fang, Jenn-Ming	1, 000, 000	100%

1.4 Operational overview of each affiliated company:

Unit: NT\$ thousands

Name of Company	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Income	Net Profit	Earnings per Share (NT\$)
Danen Technology Co., Ltd	1,135,136	801,461	36,510	764,951	243,740	88,278	(20,532)	(0.18)
Ming Yu Energy Co., Ltd.	10,000	9,532	1	9,531	0	(11)	20	0.02

1.5 Statement of Consolidated Financial Statements of the Affiliates:

We hereby that:

From January 1st to December 31st, 2021, the Company has included the entities in preparing the consolidated financial statements covering affiliated enterprises, in according with the “ Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are entirely the same as those that IFRS 10 requires to be included in preparing the consolidated financial report comprising the parent and its subsidiaries. Therefore, the consolidated financial statements covering affiliated enterprises would not be prepared separately.

Company Name: Danen Technology Co., Ltd

Representative: Fang, Jenn-Ming

2. Information of private equity in latest year and up to the date of Annual Report publication:

None.

3. Shares of the company held or disposed by the subsidiaries:

None.

4. Other necessary supplementary disclosure:

None.

5. Significant impacts to shareholder equity and security price which violate Provision 2 Item 2 Article 36

of Securities Exchange Act in latest year up to the date of Annual Report publication:

None.

Audit Committee's Review Report

To 2022 Regular Meeting of Shareholders:

The 2021 Business Report, Financial Report and Proposal for Deficit Compensation prepared by the Board of Directors, of which Financial Report was audited by accountants, Lai Chung-Shih and Zhi Bing Jun of PricewaterhouseCoopers Taiwan and issue a review report. Also Business Report, Financial Report and Proposal for Deficit Compensation above have been examined by the Audit Committee, who prepared the report in accordance with the Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and submit it for reference.

Sincerely,

The convener of the Audit Committee

Tsai, Wen-Jing

Date: March 1, 2022

**DANEN TECHNOLOGY CORP.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL
STATEMENTS AND REPORT OF
INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2021 AND 2020**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Danen Technology Corporation

Opinion

We have audited the balance sheets of Danen Technology Corporation and subsidiaries as of December 31, 2020 and 2021, and consolidated statements of comprehensive income, of changes in equity and of cash flows for the year 2021 and 2020, and notes to the consolidated 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 Danen Technology Corporation and subsidiaries as of December 31, 2020 and 2021, and its consolidated financial performance and consolidated cash flows for the year 2021 and 2020 in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” and the interpretations of International Financial Reporting Standards, International Accounting Standards, as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAP). 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 Danen Technology Corporation in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for 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 individual 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, we do not provide a separate opinion on these matters.

Transactions on disposal of non-current assets for sale

Description and Audit Procedure:

For the accounting policies related to non-current assets to be sold, please refer to Note 4(13) and (16) to the consolidated financial statements for details; for the explanation of other accounting items, please refer to Note 6(5) to the consolidated financial statements.

On March 13, 2019, Danen Technology Co., Ltd. adopted the resolution of the board of directors to shut down the production of uneconomical fabs and dispose of related plants and plant equipment. After that, on October 8, 2021, through an interim resolution of board of directors, the factory and ancillary equipment were sanctioned at a price of NT\$519,846,000 to a non-related party, High Tech Battery. Co., Ltd. As of December 31, 2021, the sale price has been fully received and the registration of the transfer of building ownership has been completed. Since the transaction amount of the sale of plant and ancillary equipment is significant, the accountant believes that the reasonableness of the transaction amount and the correctness of the calculation of profit and loss have a significant impact on the financial statements, so the accountant has listed it as one of the most important matters in this year's audit.

Procedures for Response Checks:

1. The main response of audit procedures performed by the accountant on the specific aspects described in the above-mentioned key audit matters are summarized as follows: Obtain and review relevant meeting minutes and real estate sales contracts, and confirm that the relevant resolutions are consistent with the content of the sales and purchase contracts.
2. Evaluate the suitability and objectivity of the experts appointed by the management, and review the real estate appraisal report and the price reasonable opinion provided by the management.
3. Check whether the recipient and amount of payment are consistent with the sales contract.
4. Review the correctness of the calculation of the disposal profit and loss related to the transaction.

Assessment of the liability provision for purchase contract losses

Description and Audit Procedure:

For the accounting policies related to the preparation of liabilities, please refer to Note 4(19) to the consolidated financial statements for details; for the description of accounting items, please refer to Note 6(11) to the consolidated financial statements for details; for the description of contractual commitments, please refer to Note 9(2) to the consolidated financial statements for details.

The consolidated company and the silicon raw material supplier OCI COMPANY LTD. signed a long-term material purchase contract with a total amount of US\$161 million in March 2011, and then revised the contract to a total amount of US\$128.8 million in March 2016. The supplier filed a request for unconditional termination of the contract in December 2021, and the consolidated company adopted a resolution of the board of directors on December 21, 2021 to terminate the long-term silicon material supply contract and signed the termination contract on the same day. Except for the agreed purchase amount of USD 579,600 in January 2022 before the termination of the contract, the remaining contract amount that has not been executed has no performance obligations, so the estimated purchase contract loss liability provision of NTD 146,428 thousands will be reversed when the contract is terminated. Because the amount of the reversal of the liability provision is significant, the termination of its performance obligations and the correctness of the calculation of the reversal of the liability provision has a significant impact on the financial statements, so the accountant listed it as one of the most important items in the current year's audit.

Procedures for Response Checks:

The main response of audit procedures performed by the accountant on the specific aspects described in the above-mentioned key audit matters are summarized as follows:

1. Interview the management and review the relevant meeting minutes, and obtain the long-term silicon material supply termination contract signed with the supplier to confirm whether the company's performance obligations have been terminated unconditionally.
2. Send a letter to OCI COMPANY LTD. to confirm whether the promised purchase amount is correct before the contract is terminated and whether the future performance obligation has been terminated by mutual agreement.
3. Reviewed the correctness of the management's calculation of the reversal amount of the loss liability provision for purchase contracts.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the fair presentation of the financial statements in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” and the interpretations of International Financial Reporting Standards, International Accounting Standards, as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of Danen Technology Corporation and subsidiaries, whether to continue business, disclosing, as applicable, matters related to the going concern accounting basis unless the managements either intend to liquidate Danen Technology Corporation or to cease operations, or has no realistic alternative but to do so.

Those who charged with governance, including audit committee, are responsible for overseeing financial reporting process of Danen Technology Corporation and subsidiaries.

Accountant’s responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether the issue was due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is with a high level of confidence, but is not a guarantee that an audit conducted in accordance with ROC GAAP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered materially when it happens in individual or 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 ROC GAAP, we take 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 system relevant to the audit, in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the internal control effectiveness of Danen Technology Corporation.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the managements.
4. Conclude on the appropriateness of the managements' use of the going concern basis accounting and base on the audit evidence obtained, whether a material uncertainty exists, which related to events or conditions that may cast significant doubt on Danen Technology Corporation and subsidiaries's ability to continue business as a going concern. If we conclude that a material uncertainty exists, we are required to draw attentions in our auditor's report to related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated company to cease the operation, could be as a going concern.
5. Evaluate the overall presentations, structures and contents of the consolidated financial statements (including the notes), 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 of the consolidated financial information of the entities organized within Danen Technologies Co., Ltd and subsidiaries to express an opinion on the entity's financial statements. The accountant is responsible for the guidance, supervision and execution of audit cases, and is responsible for forming audit opinions on the consolidated financial statements.

We communicate with those who charged with governance, including the planned audit scope, timing of the audit and significant audit findings (including any significant deficiencies in internal control that were identified during the audit.

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

From the matters communicated with those who charged with governance, we determine the matters that were with most significance in the audit of the financial statements for the current period and therefore are the key audit matters. We describe these matters in our auditor's report unless law or

regulation precludes public disclosure about the matter or 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 interests of such communication.

DANEN TECHNOLOGY CORPORATION AND SUBSIDIARIES

BALANCE SHEETS

DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

Assets			2021		2020			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	560,978	70	\$	52,266	5
1136	Amortized Cost Financial Assets-	6(3)						
	current			96,000	12		146,000	13
1200	Other receivables			341	-		386	-
1220	Current income tax assets			47	-		143	-
130X	Inventories	6(4)		-	-		-	-
1410	Prepayments			363	-		5,657	1
1460	Net non-current assets held for sale	6(6)		-	-		570,448	53
1479	Other current assets – others			20	-		17	-
11XX	Total current assets			657,763	82		774,931	71
Non-current assets								
1510	Non-current Financial Assets at Fair	6(2)						
	Value through Profit or Loss-							
	non-current			65,720	8		147,188	14
1535	Financial assets at amortised cost -	6(3)&8						
	non-current			11,021	1		11,021	1
1600	Property, plant and equipment	6(7)		-	-		2,544	-
1755	Right-of-use assets	6(8)		6,558	1		90,290	8
1990	Other non-current assets - others	6(9) 、 8&9		60,400	8		59,551	6
15XX	Total non-current assets			143,699	18		310,594	29
1XXX	Total assets		\$	801,462	100	\$	1,085,335	100

(Continued)

DANEN TECHNOLOGY CORPORATION AND SUBSIDIARIES

BALANCE SHEETS

DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

Liability and Shareholders' Equity		Notes	2021		2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2200	Other payables	6(9)	\$ 25,785	3	\$ 5,770	1
2250	Provisions - current	6(11)	4,000	1	69,859	6
2280	Lease liabilities - current		2,153	-	23,363	2
2399	Other current liabilities – others		167	-	10,433	1
21XX	Total current liabilities		32,105	4	109,425	10
Non-current liabilities						
2550	Provisions - non-current	6(11)	-	-	122,106	11
2580	Lease liabilities - non-current		4,405	1	68,321	7
25XX	Total non-current liabilities		4,405	1	190,427	18
2XXX	Total liabilities		36,510	5	299,852	28
	Share capital	6(12)				
3110	Common stock		1,135,136	141	1,135,136	104
	Capital surplus	6(13)				
3350	Accumulated deficit		(370,185)	(46)	(349,653)	(32)
3XXX	Total equity		764,951	95	785,483	72
	Significant commitments and contingent events	9				
3X2X	Total liabilities and shareholders' equity		\$ 801,461	100	\$ 1,085,335	100

The accompanying notes are an integral part of these financial statements.

DANEN TECHNOLOGY CORPORATION AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except loss per share amounts)

	Items	Notes	2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(15)	\$ 243,740	100	\$ 104,515	100
5000	Operating costs	6(4)	(110,493)	(45)	(126,379)	(121)
5900	Gross loss from operations		133,247	55	(21,864)	(21)
	Operating expenses	6(20) 6(21)				
6100	Selling expenses		(40)	-	(41)	-
6200	General and administrative expenses		(44,929)	(19)	(40,748)	(39)
6000	Total operating expenses		(44,969)	(19)	(40,789)	(39)
6900	Operating loss		88,278	36	(62,653)	(60)
	Non-operating income and expenses					
7100	interest income	6(16)	784	-	1,469	2
7010	Other income	6(17)	3,250	2	2,259	2
7020	Other gains and losses	6(18)	(111,496)	(46)	(89,513)	(86)
7050	Finance costs	6(19)	(1,369)	-	(2,036)	(2)
7070	Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method	6(5)	21	-	(490)	-
7000	Total non-operating income and expenses		(108,810)	(44)	(88,311)	(84)
7900	Loss before income tax		(20,532)	(8)	(150,964)	(144)
7950	Income tax expense	6(22)	-	-	-	-
8000	Loss from continuing operations		(20,532)	(8)	(150,964)	(144)
8200	Loss for the period		(\$ 20,532)	(8)	(\$ 150,964)	(144)
8500	Total comprehensive loss		(\$ 20,532)	(8)	(\$ 150,964)	(144)
9750	Basic loss per share	6(23)	(\$ 0.18)		(\$ 1.33)	
9850	Diluted loss per share	6(23)	(\$ 0.18)		(\$ 1.33)	

The accompanying notes are an integral part of these financial statements.

DANEN TECHNOLOGY CORPORATION AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

<u>Notes</u>	<u>Common stock</u>	<u>Accumulated deficit</u>	<u>Total equity</u>
<u>Year ended December 31, 2020</u>			
Balance at January 1, 2020	\$ 1,135,136	(\$ 198,689)	\$ 936,447
Loss for the year	-	(150,964)	(150,964)
Net income or loss for current period	-	(150,964)	(150,964)
Balance at December 31, 2020	<u>\$ 1,135,136</u>	<u>(\$ 349,653)</u>	<u>\$ 785,483</u>
<u>Year ended December 31, 2021</u>			
Balance at January 1, 2021	\$ 1,135,136	(\$ 349,653)	\$ 785,483
Loss for the year	-	(20,532)	(20,532)
Net income or loss for current period	-	(20,532)	(20,532)
Balance at December 31, 2021	<u>\$ 1,135,136</u>	<u>(\$ 370,185)</u>	<u>\$ 764,951</u>

The accompanying notes are an integral part of these financial statements.

DANEN TECHNOLOGY CORPORATION AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

	Notes	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax for the year		(\$ 20,532)	(\$ 150,964)
Adjustments to reconcile loss before tax to net cash provided by operating activities			
Income and expenses			
Depreciation expense	6(20)	33,781	22,678
Amortization expense	6(20)	191	254
Net gain of financial assets and liabilities at fair value through profit or loss	6(2)	81,468	(2,387)
Interest expense	6(19)	1,369	2,036
Interest income	6(16)	(784)	(1,469)
Share of profit of associates and joint ventures	6(5)	(21)	490
Gain on disposal of property, plant and equipment	6(18)	15	(102)
Disposal or impairment loss on non-current assets to be sold	6(18)	28,708	90,261
Lease modification benefit (accounted for other income)	6(17)	(1,507)	-
Provision for reversal of liabilities for purchase contract losses	6(12)	(181,049)	(18,953)
Changes in operating assets and liabilities:			
Net change in assets related to operating activities			
Other receivables		25	(35)
Prepayments		5,294	9,400
Other current assets-other		(3)	4
Other non-current assets		(446)	(38)
Net change in liabilities related to operating activities			
Other payables		20,015	(244)
Other current liabilities- other		(10,265)	10,099
Cash outflow from operations		(43,741)	(38,970)
Cash received as interest		803	1,583
Interest paid		(865)	(1,423)
Income tax paid (returned)		95	(107)
Net cash outflow from operating activities		(43,708)	(38,917)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Financial assets at amortized cost - current		-	(29,801)
Disposal of financial assets at amortized cost - current		50,000	126,474
Acquisition of investments accounted for under the equity method	6(5)	-	(10,000)
Disposal of immovable property, plant and equipment		71	102
Disposal of non-current assets for sale		519,846	-
Increase in refundable deposits	6(9)	(594)	-
Net cash inflow from investing activities		569,323	86,775
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Lease principal repayment		(16,735)	(21,940)
Net cash outflow from financing activities		(16,735)	(21,940)
Increase in cash and cash equivalents		508,880	25,918

The accompanying notes are an integral part of these financial statements.

DANEN TECHNOLOGY CORPORATION AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents at beginning of year		<u>42,580</u>	<u>16,662</u>
Cash and cash equivalents at end of year		<u>\$ 551,460</u>	<u>\$ 42,580</u>

The accompanying notes are an integral part of these financial statements.

DANEN TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE
INDICATED)

1. HISTORY AND ORGANIZATION

- (1) Danen Technology Corporation (the "Company") started preparing for establishment from October 1, 2007 and was approved to establish on November 9, 2007. The Company is primarily engaged in manufacturing and processing of solar-energy related products. Starting from July 20, 2010, the Company's stocks are officially listed on the Taiwan Stock Exchange.
- (2) The subsidiary Mingyu Energy Co., Ltd. (hereinafter referred to as "Mingyu Energy") was established on October 30, 2020, mainly engaged in renewable energy equipment power generation and energy technology consulting services.
- (3) The Company and its subsidiaries are collectively referred to as the "Consolidated Company".

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 1, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

The following table sets out the amendment and revision guidelines and explanations for the 2021 new issuance of the appliance on International Financial Reporting Standards approved by the Financial Management Committee:

<u>New Release / Amendment / Revision Criteria and Explanations</u>	<u>The effective date of announcement from the International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from a yin g IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021 (Note)

(Note) Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact to the consolidated Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New Release / Amendment / Revision Criteria and Explanations</u>	<u>The effective date of announcement from the International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Release / Amendment / Revision Criteria and Explanations</u>	<u>The effective date of announcement from the International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023

Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the consolidated Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

- A. Except "Financial assets measured at fair value through profit or loss" are measured by fair value, the financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the consolidated company's financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the consolidated company loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the consolidated company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the consolidated company.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the consolidated company loses control of a subsidiary, the consolidated company measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the consolidated company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

<u>Name of investors</u>	<u>Name of subsidiaries</u>	<u>Business activities</u>	<u>Percentage owned by the consolidated company</u>		<u>Note</u>
			<u>December 31,2021</u>	<u>December 31,2020</u>	
parent company	Ming Yu Energy Co., Ltd.	Renewable energy equipment power generation and energy technology consulting services	100.00	100.00	(Note)

Note: Mingyu Energy was established on October 30, 2020.

C. Subsidiaries not included in the consolidated financial statements: None.

- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries with non-controlling interests that are material to the consolidated company:
None.

(4) Foreign currency translation

Items included in the financial statements of the consolidated company are measured using the currency of the primary economic environment which the Company operates (the “functional currency”). The financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

- (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial Assets at Fair Value through Profit or Loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. The consolidated companies use trade-date accounting for financial assets at fair value through profit or loss in customary transactions.
- C. At initial recognition, the consolidated Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

The consolidated company holds time deposits that do not qualify as cash equivalents. Due to the short holding period, the impact of discounting is not significant and is measured by the

investment amount.

(9) Accounts receivable

- A. Accounts receivable refers to the unconditional collection of the right to receive the amount of the consideration due to the transfer of goods or services in accordance with the contract.
- B. Short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

The financial assets measured by the amortized cost at each balance sheet date, after considering all reasonable and provable information (including forward-looking), For the credit risk that has not increased significantly since the original recognition, the allowance loss is measured by the 12-month expected credit loss amount. For those who increase the credit risk after the initial recognition, the allowance loss is measured by the expected amount of credit loss during the period of existence. For accounts receivable or contract assets that do not contain significant financial components, the allowance for loss is measured by the amount of expected credit losses over the life of the period.

(11) Derecognition of Financial asset

Financial assets are derecognised when the rights to receive cash flows from the assets expire

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Non-current assets for sale

When the carrying amount of a non-current asset is mainly recovered through a sale transaction rather than continued use, and the sale is highly probable, it is classified as an asset for sale and is measured at the lower of its book value and fair value less costs to sell.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate

asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	11 ~ 36 years
Machinery and equipment	4 ~ 11 years
Office equipment	4 ~ 6 years
Transportation equipment	4 ~ 6 years
Leased assets	7 years
Other assets	6 ~ 8 years

(15) Leasing arrangements (lessee)- right-of-use assets/lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the consolidated company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments less any lease incentives that may be collected.
The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is

re-measured and the amount of re-measurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. The right-of-use asset is recognised at the lease inception date at cost, which is the original measure of the lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is re-measured, the amount of re-measurement is recognized as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and re-measure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(16) Impairment of non-financial assets

The consolidated company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Accounts and notes payable

A. Means the debt incurred as a result of the purchase of the original materials, goods or services and the notes payable due to business and non-business

B. Short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Provisions (Decommissioning liabilities and onerous contract)

Provisions are recognised when the Company has a present legal or constructive obligation as a

result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

The Company's pension policy is a defined contribution plan which the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. If there is a difference between Actual distribution amount and estimated amount, the company will handle it according to Change in accounting estimate.

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

The unappropriated retained earnings is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carry forward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(22) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are

approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

A. Sales of goods

The company sells solar silicon raw material products. Revenue from sales is recognized when the control of the product is transferred to the buyer, that is, when the product is delivered to the buyer. The buyer has discretion to the price of the product sold, and the company has no unfulfilled obligations that may affect the buyer's recognition of the revenue when accepting the product. The risk of obsolescence and loss has been transferred to the buyer, and accepting products based on sales contracts. Or when there is objective evidence that all acceptance criteria have been met, the goods are delivered.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The consolidated company's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

The period of the lease

When determining the lease term of the leased asset, the Company takes into account all relevant facts and circumstances that would give rise to an economic incentive to exercise (or not exercise) the option, including the expected changes in all facts and circumstances from the lease commencement date to the date on which the option is exercised. Key factors to be considered include the contractual terms and conditions for the period covered by the option, significant

leasehold improvements made during the contract period and the importance of the underlying asset to the lessee's operations. The lease term is reassessed when major events or circumstances within the control of the Company occur.

(2) Critical accounting estimates and assumptions

Impairment assessment of non-current assets held for sale

The Company assesses impairment based on its subjective judgement and determines the recoverable amount of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any change of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31 , 2021</u>	<u>December 31 , 2020</u>
Cash on hand	\$ 70	\$ 70
Demand deposits	56,908	26,564
Repurchase bond	<u>-</u>	<u>25,632</u>
	<u>\$ 551,460</u>	<u>\$ 52,266</u>

A. The consolidated company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The consolidated company has no cash and cash equivalents pledged to others.

(2) Non-current financial assets at fair value through profit or loss

	<u>December 31 , 2021</u>	<u>December 31 , 2020</u>
Non-current items :		
Fair value through other comprehensive income financial assets	\$ 155,000	\$ 155,000
Unlisted, not on the counter, non-stock stock	(89,280)	(7,812)
Adjustments for change in value	<u>\$ 65,720</u>	<u>\$ 147,188</u>

A. The details of financial assets at fair value through profit or loss are as follows:

	<u>2021</u>	<u>2020</u>
Fair value through other comprehensive income financial assets		
Equity Instruments	(\$ 81,468)	\$ 2,387

B. The consolidated company has not provided financial assets measured at fair value through profit or loss as a pledge.

(3) Financial assets measured at amortised cost

	<u>December 31 , 2021</u>	<u>December 31 , 2020</u>
Current items :		
fixed deposit	\$ 96,000	\$ 146,000
Non-current items :		
fixed deposit	\$ 11,021	\$ 11,021

A. The breakdown of financial assets measured at amortized cost recognized in profit or loss is as follows:

	<u>2021</u>	<u>2020</u>
interest income	\$ 723	\$ 1,413

B. Without taking into account the collateral or other credit enhancements held, the exposure amount that best represents the maximum credit risk of financial assets held by the Group at amortized cost as at 31 December 2021 and 2020 is NT \$107,021 and NT \$157,021 respectively.

C. Please refer to Note 8 for details of the financial assets measured by the amortized cost provided by the Company as pledge guarantees.

D. Please refer to Note 12(2) for information on the credit risk of financial assets measured by amortized cost.

(4) Inventories

	<u>December 31 , 2021</u>	<u>December 31 , 2020</u>
Raw materials	\$ -	\$ -
Supplies	-	-
Semi-finished goods	-	-
Finished goods	-	-
Total	\$ -	\$ -

For the years ended 2021 and 2020, details of related profit or loss recognised for inventories

that are included in operating costs are as follows:

	Years end December 31,	
	<u>2021</u>	<u>2020</u>
Cost of goods sold	\$ 294,429	\$ 147,165
Loss reversal of purchase contract	(181,049)	(18,953)
Gain on reversal of decline in market value	(2,887)	(1,833)
	<u>\$ 110,493</u>	<u>\$ 126,379</u>

Note: The gain on reversal of decline in market value was caused by the disposal of inventory previously written down.

(5) Non-current assets to be sold

A. On March 13, 2019, the board of directors of the company decided to suspend the uneconomical wafer fab and dispose of related plants and plant equipment. Later, on October 8, 2021, the interim board of directors approved the disposal of the plant and ancillary equipment to HIGH TECH BATTERY Co., Ltd., a non-related party, at a price of \$519,846, and it is planned to use the disposition of the plant to enrich the long-term transformation funds.

On December 30, 2021, the company has fully received the sale price and completed the registration of the transfer of ownership of the building. At the same time, the book balance of non-current assets to be sold of \$518,339 and the book balance of decommissioning liabilities related to the plant are \$7,421.

In 2021 and 2020, the Company recognized the above-mentioned disposal and impairment losses of non-current assets for sale as (\$28,708) and (\$90,261) respectively.

B. The previous 2020 profit and loss of the closed unit is re-expressed to the profit and loss of the continuing business unit as follows:

<u>2020</u>			
<u>Original financial statement</u>		<u>Restatement financial</u>	
Discontinued operations		Continuing operations	
Costs and Fees	(\$ 17,989)	Operating cost	(\$ 17,989)
Impairment loss	(90,261)	Other gains and losses	(90,261)
Pre-tax losses of discontinued operations	(108,250)	Pre-tax losses of continuing operations	(108,250)

Income tax	-	Income tax	
After-tax loss of discontinued operations	(\$ 108,250)	After-tax loss of continuing operations	(\$ 108,250)

(6) Property, plant and equipment

	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
At January 1, 2021					
Cost	\$ 3,119	\$ 170,465	\$ 8,323	\$ 1,351	\$ 183,258
Accumulated depreciation and impairment	(792)	(170,410)	(8,161)	(1,351)	(180,714)
	\$ 2,327	\$ 55	\$ 162	\$ -	\$ 2,544
<u>2021</u>					
Opening net book amount as at January 1	\$ 2,327	\$ 55	\$ 162	\$ -	\$ 2,544
Non-current assets for sale					
Reclassification	(2,327)	-	-	-	(2,327)
Disposal	-	(5)	(80)	-	(85)
Depreciation charge	-	(50)	(82)	-	(132)
Closing net book amount as at December 31	\$ -	\$ -	\$ -	\$ -	\$ -
At December 31, 2021					
Cost	\$ -	\$ -	\$ 1,242	\$ 44	\$ 1,286
Accumulated depreciation and impairment	-	-	(1,242)	(44)	(1,286)
	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>Buildings</u>	<u>Machinery Equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
At January 1, 2020					
Cost	\$ 3119	\$ 171,391	\$ 9,916	\$ 2,796	\$ 187,222
Accumulated depreciation and impairment	(700)	(171,297)	(9,672)	(2,796)	(184,465)
	\$ 2,419	\$ 94	\$ 244	\$ -	\$ 2,757
<u>2020</u>					
Opening net book amount as at January 1	\$ 2,419	\$ 94	\$ 244	\$ -	\$ 2,757
Depreciation charge	(92)	(39)	(82)	-	(213)
Closing net book amount as at December 31	\$ 2,327	\$ 55	\$ 162	\$ -	\$ 2,544
At December 31, 20120					
Cost	\$ 3,119	\$ 170,465	\$ 8,323	\$ 1,351	\$ 183,258
Accumulated depreciation and impairment	(792)	(170,410)	(8,161)	(1,351)	(180,714)
	\$ 2,327	\$ 55	\$ 162	\$ -	\$ 2,544

(7) Leasing transactions – lessee

- A. The subject assets leased by the Company are land and offices. The land lease contract is from 2008 to December 2021, and the office lease contract is from 2022 to 2024. Each lease contract is negotiated individually and contains various terms and conditions, and no other restrictions are imposed except that the leased assets shall not be used as loan guarantees.
- B. As stated in Note 6(5), when the Company completes the transfer registration of the

ownership of the building on December 30, 2021, it will also transfer the rights and obligations related to the lease contract and terminate the land lease contract.

- C. The information on the book value of the right-of-use asset and the recognized depreciation expense is as follows:

	<u>December 31 , 2021</u>	<u>December 31 , 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ -	\$ 90,290
Buildings	6,558	-
	<u>\$ 6,558</u>	<u>\$ 90,290</u>
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 16,849	\$ 22,465

- D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>2021</u>	<u>2020</u>
Items affecting profit or loss		
Interest expense on lease liabilities	\$ 865	\$ 1,423
Gain of Lease Modification	1,507	-

- E. The Company's total lease cash outflows in 2021 and 2020 are \$17,600 and \$23,363, respectively.

(8) Other non-current assets

	<u>December 31 , 2021</u>	<u>December 31 , 2020</u>
Refundable deposits(note)	\$ 60,069	\$ 59,474
Others	1,410	77
	<u>\$ 60,400</u>	<u>\$ 59,551</u>

Note: On July 17, 2019, the company has withdrawn the security deposit of \$58,464 to release the real estate seizure. Please refer to Note IX (1) for relevant information.

(9) Other payables

	<u>December 31 , 2021</u>	<u>December 31 , 2021</u>
Accrued expenses		
Wages and salaries payable	\$ 1,133	\$ 1,361
Bonus payable	2,042	2,520
Business tax payable	19,371	-

others	3,240	2,061
	<u>\$ 25,786</u>	<u>\$ 5,942</u>

(10) Pensions

The Company have established a defined contribution pension plan (the “New Plan”) under the Labour Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. The Company contributes monthly an amount of at least 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2021 and 2020 were \$565 and \$649 respectively.

(11) Provisions

	Decommissioning liabilities	Loss of purchase contract	Total
At January 1, 2021	\$ 6,918	\$ 185,047	\$ 191,9657
Liability provision for reversal in the current period	(7,422)	(34,619)	(42,041)
Liability provision reversed due to termination of purchase contract			
Unwinding of discount	- <u>504</u>	(146,428) =	(146,428) <u>504</u>
At December 31, 2021	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>

	Decommissioning liabilities	Loss of purchase contract	Total
At January 1, 2020	\$ 6,304	\$ 204,000	\$ 210,304
Liability provision for reversal in the current period	-	(18,953)	(18,953)
Unwinding of discount	<u>614</u>	=	<u>614</u>
At December 31, 2020	<u>\$ 6,918</u>	<u>\$ 185,047</u>	<u>\$ 191,965</u>

Analysis of total provisions:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current	<u>\$ 4,000</u>	<u>\$ 69,859</u>
Non-current	<u>\$ -</u>	<u>\$ 122,106</u>

a. Decommissioning liabilities

According to the policy published, applicable agreement or the law/regulation requirement, the Company bears dismantling, removing the asset and restoring the site obligations for the Guanyin plant in the future. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site.

b. Loss of purchase contract

The obligation to fulfil the raw material supply contract exceeds the expected economic benefit; the company recognizes the liability provision for the loss of the purchase contract. On December 21, 2021, the company passed the resolution of the board of directors to terminate the long-term silicon material supply contract. Please refer to Note 9 (2) for the description of commitments.

(12) Share capital

- A. As of December 31, 2018, the Company's authorized capital was \$3,500,000, consisting of 350,000 thousand shares of ordinary stock, and the paid-in capital was \$1,135,136 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. On June 27, 2019, the company passed a resolution to reduce capital to make up for the loss of 236,113,000 shares, with a face value of 10 yuan per share, the total capital reduction was \$2,361,132, and the capital reduction ratio was 67.5329%. In addition, August 13, 2019 was set as the base date for capital reduction, and the relevant change registration was completed on October 18, 2019 with the approval of the Ministry of Economic Affairs Jing Shushang Zi No. 10801119050.

(13) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:
 - (a) Payment of all taxes and dues.
 - (b) Offset against prior years' operating losses, if any.
 - (c) Set aside 10% of the remainder as legal reserve until the accumulated amount of the legal

reserve reaches the total authorized capital of the Company.

- (d) Set aside or reverse special reserve in accordance with related laws or the Competent Authority.
- (e) The appropriation of the current year's distributable earnings less the abovementioned items of (a) to (d), plus prior year's accumulated un-appropriated earnings, shall be proposed by the Board of Directors and then approved by the shareholders.

The Company operates in a volatile business environment and is in the rapid growth stage, so it sets its dividend policy based on an optimal financial plan to chase for an on-going development. The Company considers the future capital expenditure budget and capital needs, as well as necessity of earnings to fulfil capital needs, the Company determines the amount of earnings retained or distributed and the amount of dividends or bonus distributed to shareholders in the form of cash. Earnings can be distributed as cash dividends or stock dividends. However, earnings shall be preferably distributed using cash dividends and may also be distributed using stock dividends. The ratio for stock dividends shall not exceed 50% of the total amount of dividends distributed.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

(14) Operating revenue

	<u>2021</u>	<u>2020</u>
Revenue from Contracts with Customers	\$ 243,740	\$ 104,515

Segmentation of revenue from contracts with customers

The consolidated company's revenue is derived from the provision of goods that are transferred at a certain point in time. The revenue can be broken down into the following major product lines and geographic regions:

	<u>2021</u>	<u>2020</u>
	<u>Sales revenue</u>	<u>Sales revenue</u>
Taiwan	\$ 12,613	\$ 28,240

Asia(excluding Taiwan)	<u>60,498</u>	<u>17,735</u>
America	<u>170,629</u>	<u>58,540</u>
Revenue from Contracts with external	<u>\$ 243,740</u>	<u>\$ 104,515</u>

(15) Interest income

	<u>2021</u>	<u>2020</u>
Bank deposit interest	\$ 9	\$ 8
Interest income from financial assets measured at amortised cost	723	1,413
other interest income	83	48
	<u>\$ 815</u>	<u>\$ 1,469</u>

(16) Other income

	<u>2021</u>	<u>2020</u>
Rental income	\$ 1,033	\$ 1,120
Gain of Lease Modification	1,507	\$ -
Other income-other	<u>710</u>	<u>1,139</u>
	<u>\$ 3,250</u>	<u>\$ 2,259</u>

(17) Other gains and losses

	<u>2021</u>	<u>2020</u>
Gain on disposal of property, plant and equipment	(\$ 15)	\$ 102
Currency exchange gains or losses	(1,305)	(1,731)
Financial assets (losses) benefit at fair value through profit or loss	(81,468)	2,387
Disposal and impairment loss of non-current assets to be sold	(28,708)	(90,261)
Other gains and losses	<u>-</u>	<u>(10)</u>
	<u>(\$ 111,496)</u>	<u>(\$ 89,513)</u>

(18) Finance costs

	<u>2021</u>	<u>2020</u>
Interest expense		
Provision: unwinding of discount	504	614

Lease Liabilities: Discounted Amortization	865	1,422
	<u>\$ 1,369</u>	<u>\$ 2,036</u>

(19) Expenses by nature

	<u>2021</u>	<u>2020</u>
Employee benefit expense	\$ 19,005	\$ 21,585
Depreciation charges	33,781	22,678
Amortization charges	<u>191</u>	<u>254</u>
	<u>\$ 52,977</u>	<u>\$ 44,517</u>

(20) Employee benefit expense

	<u>2021</u>	<u>2020</u>
Wages and salaries	\$ 16,909	\$ 19,355
Labour and health insurance fees	1,181	1,254
Pension costs	565	649
Other personnel expenses	<u>350</u>	<u>327</u>
	<u>\$ 19,005</u>	<u>\$ 21,585</u>

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees and pay remuneration to the directors and supervisors that account for no less than 5% and 3%, respectively, of the total distributed amount. If a company has accumulated deficit, earnings should be channelled to cover losses.

A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

B. For the years ended December 31, 2021 and 2020, employees' compensation and directors' and supervisors' remuneration were both accrued at \$0.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the

stockholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(21) Income tax

A. The company's income tax expenses for 2021 and 2020 are both \$0.

B. Reconciliation between income tax expense and accounting loss:

	<u>2021</u>	<u>2020</u>
Tax calculated based on loss before tax and statutory tax rate	(\$ 4,106)	(\$ 30,192)
Temporary differences and current tax losses are not recognized as deferred tax assets	4,106	30,192
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

C. Expiration dates of unused taxable loss and amounts of unrecognised deferred tax assets are as follows:

<u>Year incurred</u>	<u>December 31, 2021</u>			
	Amount field/ assessed	Unused amount	Unrecognized Deferred tax assets	Usable until
2011	\$ 300,197	\$ 300,197	\$ 300,197	2021
2012	917,673	917,673	917,673	2022
2013	746,449	746,449	746,449	2023
2014	575,492	575,492	575,492	2024
2015	527,720	527,720	527,720	2025
2016	521,686	521,686	521,686	2026
2017	696,793	696,793	696,793	2027
2018	646,299	646,299	646,299	2028
2019	171,436	171,436	171,436	2029
2020	82,522	82,522	82,522	2030
2021	259,376	259,376	259,376	2031
	<u>\$ 5,145,446</u>	<u>\$ 5,145,446</u>	<u>\$ 5,145,446</u>	

<u>Year incurred</u>	<u>December 31, 2020</u>			
	Amount field/ assessed	Unused amount	Unrecognized Deferred tax assets	Usable until
2011	\$ 300,197	\$ 300,197	\$ 300,197	2021
2012	917,673	917,673	917,673	2022
2013	746,449	746,449	746,449	2023
2014	575,492	575,492	575,492	2024

2015	527,720	527,720	527,720	2025
2016	521,686	521,686	521,686	2026
2017	696,793	696,793	696,793	2027
2018	646,299	646,299	646,299	2028
2019	171,436	171,436	171,436	2029
2020	82,522	82,522	82,522	2030
	<u>\$ 4,886,070</u>	<u>\$ 4,886,070</u>	<u>\$ 4,886,070</u>	

D. The company's profit-seeking business income tax has been approved by the tax collection authority until 2019.

(22) Loss per share

	<u>Year ended December 31, 2021</u>		
	Weighted average		
	Number of ordinary		
	Shares outstanding		
	Losses per share		
	<u>Amount after tax</u>	<u>(share in thousands)</u>	<u>(in dollars)</u>
<u>Basic loss per share</u>			
Loss of continuing operations for the year	<u>(\$ 20,532)</u>	<u>113,514</u>	<u>(\$ 0.18)</u>
<u>Diluted loss per share</u>			
Loss of continuing operations for the year	<u>(\$ 20,532)</u>	<u>113,514</u>	<u>(\$ 0.18)</u>

	<u>Year ended December 31, 2020</u>		
	Weighted average		
	Number of ordinary		
	Shares outstanding		
	Losses per share		
	<u>Amount after tax</u>	<u>(share in thousands)</u>	<u>(in dollars)</u>
<u>Basic loss per share</u>			
Loss of continuing operations for the year	<u>(\$ 150,964)</u>	<u>113,514</u>	<u>(\$ 1.33)</u>
<u>Diluted loss per share</u>			
Loss of continuing operations for the year	<u>(\$ 150,964)</u>	<u>113,514</u>	<u>(\$ 1.33)</u>

(23) Changes in liabilities from financing activities

Investing activities with partial cash payments :

	2021	
<u>lease liability</u>		<u>Total liabilities from</u>

			<u>financing activities</u>
At January 1, 2021	\$	91,684	\$ 91,684
Changes in cash flow from financing activities	(	16,735)	(16,735)
Excluded lease liabilities	(	74,949)	(74,949)
New lease liability			
At December 31, 2021		<u>6,558</u>	<u>6,558</u>
	\$	<u>6,558</u>	\$ <u>6,558</u>

		2020	
		<u>lease liability</u>	<u>Total liabilities from financing activities</u>
At January 1, 2021	\$	113,624	<u>6,558</u>
Changes in cash flow from financing activities	(	21,940)	(21,940)
At December 31, 2021	\$	<u>91,684</u>	\$ <u>91,684</u>

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

None.

(2) Key management compensation

	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 7,685	\$ 9,474
Post-employment benefits	53	108
Total	<u>\$ 7,738</u>	<u>\$ 9,582</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

	<u>Book value</u>		
<u>Pledged asset</u>	<u>December 31,2021</u>	<u>December 31,2020</u>	<u>Purpose</u>
Time deposits (shown as other financial Assets-non-current)	\$ 11,021	\$ 11,021	Land tenancy
Refundable deposits	<u>58,464</u>	<u>58,464</u>	Litigation bond (Note)

(shown as Other non-current
assets-other)

\$ 6,9485 \$ 69,485

Note: On July 17, 2019, the company has raised the security deposit to release the real estate seizure. Please refer to Note 9(1) for relevant information.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

(1) Contingencies

The company was involved in the case of violation of the waste disposal law in June, 2018. (Taiwan Taichung District Court Year 2018 v. No. 2412 case), The Seventh Corps of the Security Police of the Ministry of the Interior of the Ministry of the Interior applied for the Taichung District Court to detain the three real estates located in the 27-1, 27-2 and 27-3 construction of the Guantang section of Guanyin District (all belong to the first factory), The prosecutor sued the company for a fine of the violation of Section 46 of the Waste Clean-up Act and pursued unlawful gains. The company has paid a cash deposit of NT\$58,464,000 to the Taichung District Court on July 17, 2019. The case was acquitted by the first instance of the Taichung District Court in Taiwan on August 19, 2020. The prosecutor of the Taichung District Prosecutor's Office in Taiwan refused to accept it and filed an appeal against the aforementioned verdict on September 11, 2020. The case is still pending the trial of the High Court of Second trial, and there is no relevant verdict.

(2) Commitments

A. In order to ensure that the sources of silicon raw materials are sufficient, the Company has entered into a supply contract with a world-renowned supplier in March 2011. The contract period is from January 1, 2012 to December 31, 2018. The supplier has committed to provide a certain quantity of silicon raw material to the Company during the contract period. The total contract price is USD 161 million. As the price of the silicon raw material has fluctuated dramatically, the delivered price and quantity for each purchase were then determined based on mutual agreements for the years ended December 31, 2015 and 2014.

Amendments were made for poly-silicon contract with material supplier at March 2016, the contract period was extended to December 31, 2023, the total amount of contract value was revised to \$ 128.8 million, the company agreed to purchase a fixed amount of silicon raw material according to the revised contract during 2016-2018, and the purchasing price and quantity will be negotiated and agreed by the two parties from 2019 and afterwards.

OCI COMPANY LTD. submitted a request to the company for unconditional termination of the contract in December 2021. The company passed the resolution of the board of directors on December 21, 2021 to terminate the long-term silicon material supply contract, and signed the termination contract on the same day.

In addition to the agreement to be executed in January 2022 with the purchase amount of USD 579,600, the remaining unexecuted contract amount has no performance obligation due to the termination of the contract. At the time of termination of the contract, the Company reversed the estimated liability provision for purchase contract losses of NT\$ 146,428 thousands

As of December 31, 2021, the company has estimated that the contract amount of USD 579,600 that still needs to be executed is \$4,000 for the loss of purchase contracts, and it is accounted for as a liability reserve account, please refer to Note 6 (11) for details..

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The consolidated company's objectives when managing capital are to safeguard the consolidated company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. As of December 31, 2021 and 2020, the consolidated company's gearing ratio was as follows:

	<u>December 31,2021</u>	<u>December 31,2020</u>
Total borrowings	\$ -	\$ -
Less: Cash and cash equivalents	<u>560,978</u>	<u>52,266</u>

Net liabilities	(	560,978)	(	52,266)
Total equity		764,951		785,483
Total capital		203,973		733,217
Liabilities Capital ratio	(	275.03%)	(	7.13%)

(2) Financial instruments

A. Types of financial instruments

	<u>December 31,2021</u>	<u>December 31,2020</u>
<u>Financial asset</u>		
Financial asset at fair value through profit or loss		
Fair value through other comprehensive income financial assets	\$ 65,720	\$ 147,188
Cash and cash equivalents of financial assets measured at amortized cost	\$ 560,978	\$ 52,266
Financial assets measured at amortized cost-current	\$ 96,000	\$ 146,000
Other payables	341	386
Financial assets measured at amortized cost-non-current	11,021	11,021
Refundable deposits	60,069	59,474
	<u>\$ 728,409</u>	<u>\$ 269,147</u>
<u>Financial liabilities</u>		
Financial assets measured at amortized cost		
Other payables	\$ 25,786	\$ 5,942
Lease liability	\$ 6,558	\$ 91,684

B. Financial risk management policies

- (a) The consolidated company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on

the consolidated company's financial position and financial performance.

- (b) Risk management is carried out by a treasury department (Company treasury) under policies approved by the Board of Directors. The consolidated company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The consolidated company's certain transactions were denominated in foreign currencies and the Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.
- ii. Management has set up a policy to require the Company to manage the foreign exchange risk against the functional currency.
- iii. The consolidated company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

		<u>December 31, 2021</u>	
		Foreign currency Amount (In thousands)	Book value (NTD)
		<u>Exchange rate</u>	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary assets</u>			
JPY : NTD	\$	2	0.2405 \$ -
USD : NTD		386	27.6800 10,684

		<u>December 31, 2020</u>	
		Foreign currency Amount	Book value
		<u>Exchange rate</u>	

	(In thousands)		(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary assets</u>			
JPY : NTD	\$	2	0.2763 \$
USD : NTD		475	28.4800 13,540

- iv. Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the consolidated company for the years ended December 31, 2021 and 2020, amounted to (\$1,305) and (\$1,731), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

<u>Year ended December 31,2021</u>				
<u>Sensitivity analysis</u>				
<u>Degree of</u>	<u>Effect on profit</u>	<u>Effect on other</u>		
<u>variation</u>	<u>or loss</u>	<u>Comprehensive income</u>		
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary assets</u>				
USD : NTD	1%	\$	107	\$ -

<u>Year ended December 31,2020</u>				
<u>Sensitivity analysis</u>				
<u>Degree of</u>	<u>Effect on profit</u>	<u>Effect on other</u>		
<u>variation</u>	<u>or loss</u>	<u>Comprehensive income</u>		
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary assets</u>				
USD : NTD	1%	\$	135	\$ -

Price risk

- i. The equity instruments exposed to the price risk of the Company are held at the financial assets measured at fair value through profit or loss.
- ii. The Company invests primarily in equity instruments issued by domestic companies, and the price of such equity instruments is affected by the uncertainty of the future value of the investment target. If the price of the equity instruments increases or decreases by 10%, and all other factors remain unchanged. Net loss after tax for 2021 and 2020 will increase or decrease by \$6,572 and \$14,719 respectively due to gains or losses from equity instruments at fair value through profit or loss.

Cash flow and fair value interest rate risk

The Company's interest rate risk mainly comes from short-term and long-term borrowings, which exposes the Company to cash flow interest rate risk.

(b)Credit risk

- i. The consolidated company's credit risk is the risk of financial loss due to client or the inability of the financial instrument counterparty to perform its contractual obligations, mainly from the fact that the counterparty is unable to pay off the accounts receivable on the terms of the payment, and is classified as contractual cash flows measured by amortized cost and measured by fair value through profit or loss.
- ii. The consolidated company establishes the management of credit risk from the perspective of the company. In accordance with the internal credit policy, the Company must manage and credit risk analysis before setting terms and conditions for payment and delivery with each new customer. The internal risk control system assesses the credit quality of customers by considering their financial status, past experience and other factors. The individual risk limits are determined by the board of directors based on internal or external evaluations. The company regularly monitors the use of credit lines.
- iii. The consolidated company adopts IFRS 9 to provide the following presumptions as a basis for judging whether there is a significant increase in the credit risk of financial instruments since initial recognition :

When the contract payment is overdue for more than 30 days according to the agreed payment terms, the credit risk of financial assets will be deemed to have increased significantly since the initial recognition.

- iv. The consolidated company adopts IFRS 9 to provide the premise that when the contract payment is overdue for more than 366 days according to the agreed payment terms, it is deemed that a default has occurred.

(c) Liquidity risk

- i. The consolidated company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times. So that the company does not violate the relevant borrowing limits or terms. Such forecasting takes into consideration of the Company's debt financing plans, covenant compliance, compliance with targeted internal balance sheet ratios.
- ii. The consolidated company's undrawn loan limit is \$0 on both 2021 and December 31, 2020.

- iii. The table below analyses the consolidated company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

None-derivative financial liabilities :

December 31,2021

	<u>Less than 1</u> <u>year</u>	<u>Between 1</u> <u>and 2</u> <u>years</u>	<u>Between 2</u> <u>and 5 years</u>	<u>More</u> <u>than 5</u> <u>years</u>
Other payables	\$ 25,786	\$ -	\$ -	\$ -
Lease liability	2,320	2,288	2,255	-

None-derivative financial liabilities :

December 31,2020

	<u>Less than 1</u> <u>year</u>	<u>Between 1</u> <u>and 2</u> <u>years</u>	<u>Between 2</u> <u>and 5 years</u>	<u>More</u> <u>than 5</u> <u>years</u>
Other payables	\$ 5,941	\$ -	\$ -	\$ -
Lease liability	24,477	2,4163	46,008	2,598

- iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual

cash flow amount will be significantly different.

(3) Fair value information

A. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows :

Level one : Quotations from the same assets or liabilities that the company can obtain in the active market (Unadjusted). An active market is a market in which assets or liabilities with sufficient frequency and volume are traded to provide pricing information on an on-going basis.

Level two : An observable input value of an asset or liability, directly or indirectly, excluding the Level-one bidder.

Level three : Unobservable input value of an asset or liability. The equity investment of the company's investment in the inactive market is at this level.

B. Financial and non-financial instruments measured at fair value. The Company is classified on the basis of the nature, characteristics and risks of the assets and liabilities and the fair value hierarchy. The relevant information is as follows :

December 31, 2021	<u>Level one</u>	<u>Level two</u>	<u>Level three</u>	<u>Total</u>
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Assets

Repetitive fair value

Financial assets
measured at fair
value through profit
or loss

Equity securities	\$ -	\$ -	\$ 65,720	\$ 65,720
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December 31, 2020	<u>Level one</u>	<u>Level two</u>	<u>Level three</u>	<u>Total</u>
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Assets

Repetitive fair value

Financial assets
measured at fair
value through profit
or loss

Equity securities	\$	\$ -	\$ 147,188	\$ 147,188
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C. No transfer from or to the third level in 2020 and 2021.

D. The company's evaluation process for fair value classified as the third level is

evaluated by an external appraiser.

E. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	December 31, 2021	Valuation technique	Significant unobservbale input	Relationship of inputs to fair value
Non-derivative equity instrument:	Fair Value			
Unlisted shares	\$ 65,720	Free Cash Flow Method and Option Evaluation Model	Weighted average cost Discount for lack of market liquidity Discount for minority stake	The higher the weighted average cost of capital, the lower the fair value Lack of market liquidity The higher the discount, the lower the fair value The higher the discount of the minority stake, the lower the fair value

	December 31, 2020		<u>Significant unobservbale input</u>	<u>Relationship of inputs to fair value</u>
	<u>Fair Value</u>	<u>Valuation technique</u>		
Non-derivative equity instrument:				
		Free Cash Flow Method and Option Evaluation Model	Weighted average cost	The higher the weighted average cost of capital, the lower the fair value
Unlisted shares	\$ 147,188		Discount for lack of market liquidity	Lack of market liquidity The higher the discount, the lower the fair value
			Discount for minority stake	The higher the discount of the minority stake, the lower the fair value

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): please refer to attached Table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: please refer to attached Table 2.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Invested company name, location and other related information: Please refer to attached Table 3.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

There are no shareholders who hold 5% of the company's equity.

14. SEGMENT INFORMATION

(1) General information

The consolidated company operates business only in a single industry. The chief operating decision-maker, Board of Directors who considers the Company as a single performance management entity and assesses performance, makes strategic decisions and allocates resources based on the financial statements of the Company, has identified that the consolidated company has only one reportable operating segment.

(2) Measurement of segment information

The Board of Directors evaluates the performance of the operating segments based on the quarterly financial statements.

(3) Information about segment profit or loss, assets and liabilities

The consolidated company has only one reportable operating segment. Segment profit or loss, assets and liabilities are in agreement with those shown in the financial statements.

(4) Reconciliation for segment profit or loss, assets and liabilities

The consolidated company has only one reportable operating segment. Segment profit or loss, assets and liabilities are in agreement with those shown in the financial statements, thus there is no reconciliation.

(5) Information on products and services

Revenue from external customers is mainly arising from the sales of solar energy related products, detail of revenue balance is as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Good and Processing fees revenue	<u>\$ 243,740</u>	<u>\$ 104,515</u>

(6) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	<u>Years ended December 31,</u>			
	<u>2021</u>		<u>2020</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 12,613	\$ 66,958	\$ 28,240	\$ 152,385
Asia(excluding Taiwan)	60,498	-	17,735	-
America	170,629	-	58,540	-
	<u>\$ 243,740</u>	<u>\$ 66,958</u>	<u>\$ 104,515</u>	<u>\$ 152,385</u>

(7) Major customer information

Information about the Company's sales revenue of major customers for the years ended December 31, 2021 and 2020 is as follows:

	<u>Years ended December 31,2021</u>	<u>Years ended December 31,2020</u>
Company A	\$ 170,629	\$ 58,541
Company B	12,399	28,158
Company F	<u>60,497</u>	<u>125,995</u>
	<u>\$ 243,525</u>	<u>\$ 732,425</u>

DANEN TECHNOLOGY CORPORATION AND SUBSIDIARIES
HOLDING OF MARKERABLE SECURITIES AT THE END OF THE PERIOD
(EXCLUFING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 1

<u>Holder</u>	<u>Type and name of securities</u> <u>(Note 1)</u>	<u>Relationship with</u> <u>issuer of securities</u> <u>(Note 2)</u>	<u>Ledger account</u> <u>Financial assets at fair</u> <u>value through profit or</u> <u>loss - non-current</u>	<u>End of period</u>				<u>Fair value</u>	<u>Remark</u> <u>(Note 4)</u>
				<u>Shares</u>	<u>Carrying amount</u> <u>(Note 3)</u>	<u>%</u>			
Danen Technology Co., Ltd.	Centrillion Technologies Taiwan Co., Ltd.			3,100	\$ 65,720	9.52%	\$	65,720	

Note 1 : The term "marketable securities" in this table refers to stocks, bonds, beneficiary certificates and the marketable securities derived from the above items that fall within the scope of IFRS No. 9 "Financial Instruments".

Note 2 : If the issuer of securities is not a related person, this column is omitted.

Note 3 : If measured by fair value, please fill in the book balance after adjustment by fair value evaluation and after deducting accumulated impairment in column B of book amount ; If it is not measured by fair value, please fill in the book balance of the original acquisition cost or amortized cost less accumulated impairment in column B of the carrying amount.

Note 4 : The listed securities have restricted users due to the provision of guarantees, pledged loans or other agreements, and the number of guarantees or pledged shares, the amount of guarantees or pledges and the restricted use conditions shall be indicated in the remarks column.

DANEN TECHNOLOGY CORPORATION AND SUBSIDIARIES
DISPOSE OF REAL ESTATE REACHING \$300 MILLION OR 20% OF THE COMPANY'S PAID-IN CAPITAL OR MORE
YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 2

<u>Corporation of Disposition</u>	<u>Name of Property</u>	<u>Date of Disposition</u>	<u>Original date of acquisition</u>	<u>Carrying amount</u>	<u>Trade amount</u>	<u>Status of payment of Disposal profit and loss (Note 5)</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>Purpose of disposition</u>	<u>Basis for price determination (Note 4)</u>	<u>Other terms</u>	
Danen Technology Co., Ltd.	Plant and equipment	October 8, 2021	Various construction completion dates from 2008 to 2018	\$ 518,339	\$ 519,846	Full payment (\$ received	28,708)	HIGH TECH BATTERY Co., Ltd.	Non-relationship	Sell the idle wafer plant and ancillary equipment that are not in line with economic benefits, and plan the disposal funds to enrich the use of long-term transformation funds.	Real estate appraisal report of DTRE Appraiser Associates	none

Note 1 : If the assets to be disposed of should be appraised according to regulations, the appraisal result should be indicated in the column "Reference Basis for Price Determination".

Note 2 : Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated on the basis of 10% of the equity attributable to the owner of the parent company on the balance sheet.

Note 3 : The date of occurrence of the fact refers to the date of signing the transaction, the date of payment, the date of entrusted transaction, the date of transfer of account, the date of resolution of the board of directors, or any other date that is sufficient to determine the transaction object and transaction amount.

Note 4 : On October 8, 2021, Danen Technology Co., Ltd. passed the resolution of the interim board of directors to dispose of the uneconomical wafer idle plant and ancillary equipment to HIGH TECH BATTERY Co., Ltd., a non-related party, and signed a real estate sales contract on the same day. The sale price totaled NT \$519,846 (tax excluded), and was commissioned by DTRE Appraisers and Associates to conduct the appraisal, and the estimated amount was NT\$537,089.

Note 5 : Disposal gains and losses include impairments and disposal losses provided for in 2021, with a total loss of NT\$28,708.

DANEN TECHNOLOGY CORPORATION AND SUBSIDIARIES
NAMES, LOCATIONS AND OTHER INFORMATION OF INVESTEE COMPANIES
(EXCLUDING INVESTEEs IN MAINLAND CHINA)
YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 3

Investor	Investee (NOTE 1.2)	Location	Main Businesses	<u>Original investment amount</u>		<u>Holding status as of December 31, 2021</u>			Net income (loss) of the investee (Note 2(2))	Investment Income (loss) recognized by the Company (Note 2(3))	Note
				Balance as at December 31, 2021	Balance as at December 31, 2020	Shares	Percentage of ownership	Book value			
Danen Technology Co., Ltd.	Ming Yu Energy Co., Ltd.	Taiwan	1. Renewable energy equipment power generation business 2. Energy Technology Services	\$ 10,000	\$ 10,000	1,000	100.00%	\$ 9,531	\$ 21	\$ 21	Subsidiary

Note 1 : If a public offering company has a foreign holding company and the consolidated financial report is the main financial report in accordance with local laws and regulations, the disclosure of information about the foreign invested company may only disclose relevant information to the holding company.

Note 2 : For cases other than those mentioned in Note 1, fill in according to the following provisions:

- (1) Columns such as "Investee", "Location", "Main Business", "Original Investment Amount" and "Holding status", The above fields should be filled in in order according to the reinvestment situation of the company and the reinvestment situation of each directly or indirectly controlled investee company, and the relationship between each investee company and the company should be indicated in the remarks column.
- (2) In the column of "Net income (loss) of the investee" should fill in the current profit and loss amount of each investee company.
- (3) In the column of "Investment Income (loss) recognized by the Company", only the profit and loss amount of each subsidiary recognized by this (public offering) company for direct reinvestment and each investee company evaluated by the equity method must be filled in, and the rest can be omitted. When filling in the "Recognition of Profits and Losses of Each Subsidiary for the Period of Direct Reinvestment", it should be confirmed that the amount of profit and loss of each subsidiary for the current period has included the investment profit and loss of its reinvestment that should be recognized in accordance with regulations.

**DANEN TECHNOLOGY
CORPORATION
PARENT COMPANY ONLY
FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
ACCOUNTANTS
DECEMBER 31, 2021 AND 2020**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Danen Technology Corporation

Opinion

We have audited the balance sheets of Danen Technology Corporation as of December 31, 2020 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the year 2021 and 2020, and notes to the parent company only 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 Danen Technology Corporation as of December 31, 2020 and 2021, and its individual financial performance and individual cash flows for the year 2021 and 2020 in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” and the interpretations of International Financial Reporting Standards, International Accounting Standards, as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAP). 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 Danen Technology Corporation in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for 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 individual 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, we do not provide a separate opinion on these matters.

Transactions on disposal of non-current assets for sale

Description and Audit Procedure:

For the accounting policies related to non-current assets to be sold, please refer to Note 4(13) and (16) to the individual financial statements for details; for the explanation of other accounting items, please refer to Note 6(6) to the parent company only financial statements.

On March 13, 2019, Danen Technology Co., Ltd. adopted the resolution of the board of directors to shut down the production of uneconomical fabs and dispose of related plants and plant equipment. After that, on October 8, 2021, through an interim resolution of board of directors, the factory and ancillary equipment were sanctioned at a price of NT\$519,846,000 to a non-related party, High Tech Battery. Co., Ltd. As of December 31, 2021, the sale price has been fully received and the registration of the transfer of building ownership has been completed. Since the transaction amount of the sale of plant and ancillary equipment is significant, the accountant believes that the reasonableness of the transaction amount and the correctness of the calculation of profit and loss have a significant impact on the financial statements, so the accountant has listed it as one of the most important matters in this year's audit.

Procedures for Response Checks:

The main response audit procedures performed by the accountant on the specific aspects described in the above-mentioned key audit matters are summarized as follows:

1. Obtain and review relevant meeting minutes and real estate sales contracts, and confirm that the relevant resolutions are consistent with the content of the sales and purchase contracts.
2. Evaluate the suitability and objectivity of the experts appointed by the management, and review the real estate appraisal report and the price reasonable opinion provided by the management.
3. Check whether the recipient and amount of payment are consistent with the sales contract.
4. Review the correctness of the calculation of the disposal profit and loss related to the transaction.

Assessment of the liability provision for purchase contract losses

Description and Audit Procedure:

For the accounting policies related to the preparation of liabilities, please refer to Note 4(19) to the consolidated financial statements for details; for the description of accounting items, please refer to Note 6(12) to the consolidated financial statements for details; for the description of contractual commitments, please refer to Note 9(2) to the individual financial statements for details.

The company and the silicon raw material supplier OCI COMPANY LTD. signed a long-term material purchase contract with a total amount of US\$161 million in March 2011, and then revised the contract to a total amount of US\$128.8 million in March 2016. The supplier filed a request for unconditional termination of the contract in December 2021, and the company passed a resolution of the board of directors on December 21, 2021 to terminate the long-term silicon material supply contract and signed the termination contract on the same day. Except for the agreed purchase amount of USD 579,600 in January 2022 before the termination of the contract, the remaining contract amount that has not been executed has no performance obligations, so the estimated purchase contract loss liability provision of NTD 146,428 thousands will be reversed when the contract is terminated. Because the amount of the reversal of the liability provision is significant, the termination of its performance obligations and the correctness of the calculation of the reversal of the liability provision have a significant impact on the financial statements, so the accountant listed it as one of the most important items in the current year's audit.

Procedures for Response Checks:

The main response of audit procedures performed by the accountant on the specific aspects described in the above-mentioned key audit matters are summarized as follows:

1. Interview the management and review the relevant meeting minutes, and obtain the long-term silicon material supply termination contract signed with the supplier to confirm whether the company's performance obligations have been terminated unconditionally.
2. Send a letter to OCI COMPANY LTD. to confirm whether the promised purchase amount is correct before the contract is terminated and whether the future performance obligation has been terminated by mutual agreement.
3. Reviewed the correctness of the management's calculation of the reversal amount of the loss liability provision for purchase contracts.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the fair presentation of the financial statements in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” and the interpretations of International Financial Reporting Standards, International Accounting Standards, as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the presentation 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 ability of Danen Technology Corporation, whether to continue business, disclosing, as applicable, matters related to the going concern accounting basis unless the managements either intend to liquidate Danen Technology Corporation or to cease operations, or has no realistic alternative but to do so.

Those who charged with governance, including audit committee, are responsible for overseeing financial reporting process of Danen Technology Corporation.

Accountant’s responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether the issue was due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is with a high level of confidence, but is not a guarantee that an audit conducted in accordance with ROC GAAP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered materially when it happens in individual or 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 ROC GAAP, we take 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 system relevant to the audit, in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the internal control effectiveness of Danen Technology Corporation.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the managements.
4. Conclude on the appropriateness of the managements' use of the going concern basis accounting and base on the audit evidence obtained, whether a material uncertainty exists, which related to events or conditions that may cast significant doubt on Danen Technology Corporation's ability to continue business as a going concern. If we conclude that a material uncertainty exists, we are required to draw attentions in our auditor's report to related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease the operation, could be as a going concern.
5. Evaluate the overall presentations, structures and contents of the parent company only financial statements (including the notes), 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 of the financial information of the entities organized within Danen Technologies Co., Ltd. to express an opinion on the entity's financial statements. The accountant is responsible for the guidance, supervision and execution of audit cases, and is responsible for forming audit opinions on the parent company only financial statements.

We communicate with those who charged with governance, including the planned audit scope, timing of the audit and significant audit findings (including any significant deficiencies in internal control that were identified during the audit.

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

From the matters communicated with those who charged with governance, we determine the matters that were with most significance in the audit of the financial statements for the current period and therefore are the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or 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 interests of such communication.

DANEN TECHNOLOGY CORPORATION
BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	2021		2020			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	551,460	69	\$	42,580	4
1136	Amortized Cost Financial Assets-	6(3)						
	current			96,000	12		146,000	13
1200	Other receivables			341	-		386	-
1220	Current income tax assets			47	-		143	-
130X	Inventories	6(4)		-	-		-	-
1410	Prepayments			363	-		5,657	1
1460	Net non-current assets held for sale	6(6)		-	-		570,448	53
1479	Other current assets – others			20	-		17	-
11XX	Total current assets			648,231	81		765,231	71
Non-current assets								
1510	Non-current Financial Assets at Fair	6(2)						
	Value through Profit or Loss-							
	non-current			65,720	8		147,188	14
1535	Financial assets at amortised cost -	6(3)&8						
	non-current			11,021	1		11,021	1
1550	Investments accounted for under	6(5)						
	equity method			9,531	1		9,510	1
1600	Property, plant and equipment	6(7)		-	-		2,544	-
1755	Right-of-use assets	6(8)		6,558	1		90,290	8
1990	Other non-current assets - others	6(9) 、 8&9		60,400	8		59,551	5
15XX	Total non-current assets			153,230	19		320,104	29
1XXX	Total assets		\$	801,461	100	\$	1,085,335	100

(Continued)

DANEN TECHNOLOGY CORPORATION
BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

Liability and Shareholders' Equity		Notes	2021		2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2200	Other payables	6(10)	\$ 25,786	3	\$ 5,942	1
2250	Provisions - current	6(12)	4,000	1	69,859	6
2280	Lease liabilities - current		2,153	-	23,363	2
2399	Other current liabilities – others		167	-	10,451	1
21XX	Total current liabilities		32,106	4	109,615	10
Non-current liabilities						
2550	Provisions - non-current	6(12)	-	-	122,106	11
2580	Lease liabilities - non-current		4,405	1	68,321	7
25XX	Total non-current liabilities		4,405	1	190,427	18
2XXX	Total liabilities		36,511	5	300,042	28
	Share capital	6(13)				
3110	Common stock		1,135,136	141	1,135,136	104
	Capital surplus	6(14)				
3350	Accumulated deficit		(370,185)	(46)	(349,653)	(32)
3XXX	Total equity		764,951	95	785,483	72
	Significant commitments and contingent events	9				
3X2X	Total liabilities and shareholders' equity		\$ 801,462	100	\$ 1,085,525	100

The accompanying notes are an integral part of these financial statements.

DANEN TECHNOLOGY CORPORATION
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31

(Expressed in thousands of New Taiwan dollars, except loss per share amounts)

	Items	Notes	2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(14)	\$ 243,740	100	\$ 104,515	100
5000	Operating costs		(110,493)	(45)	(126,379)	(121)
5900	Gross loss from operations		133,247	55	(21,864)	(21)
5950	Gross loss from operations, net		133,247	55	(21,864)	(21)
	Operating expenses	6(19)6(20)				
6100	Selling expenses		(39)	-	(41)	-
6200	General and administrative expenses		(44,940)	(19)	(41,238)	(39)
6000	Total operating expenses		(44,979)	(19)	(41,279)	(39)
6900	Operating loss		88,268	36	(63,143)	(60)
	Non-operating income and expenses					
7100	interest income	6(15)	815	-	1,469	2
7010	Other income	6(16)	3,250	2	2,259	2
7020	Other gains and losses	6(17)	(108,800)	(44)	(87,821)	(84)
7050	Finance costs	6(18)	(1,369)	-	(2,036)	(2)
7000	Total non-operating income and expenses		(108,810)	(44)	(88,311)	(84)
7900	Loss before income tax		(20,532)	(8)	(150,964)	(144)
7950	Income tax expense	6(21)	-	-	-	-
8000	Loss from continuing operations		(20,532)	(8)	(150,964)	(144)
8200	Loss for the period		(\$ 20,532)	(8)	(\$ 150,964)	(144)
	Other comprehensive gains and losses					
8500	Total comprehensive loss		(\$ 20,532)	(8)	(\$ 150,964)	(144)
	Profit attributable to:					
8610	Owners of the parent		(\$ 20,532)	(8)	(\$ 150,964)	(144)
	Comprehensive income attributable to:					

The accompanying notes are an integral part of these financial statements.

DANEN TECHNOLOGY CORPORATION
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31

(Expressed in thousands of New Taiwan dollars, except loss per share amounts)

8710	Owners of the paren		(\$	20,532) (	8) (\$	150,964) (	144)
9750	Basic loss per share	6(22)	(\$	0.18) (\$	1.33)		
9850	Diluted loss per share	6(22)	(\$	0.18) (\$	1.33)		

The accompanying notes are an integral part of these financial statements.

DANEN TECHNOLOGY CORPORATION AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

<u>Notes</u>	<u>Common stock</u>	<u>Accumulated deficit</u>	<u>Total equity</u>
<u>Year ended December 31, 2020</u>			
Balance at January 1, 2020	\$ 1,135,136	(\$ 198,689)	\$ 936,447
Loss for the year	-	(150,964)	(150,964)
Net income or loss for current period	-	(150,964)	(150,964)
Balance at December 31, 2020	<u>\$ 1,135,136</u>	<u>(\$ 349,653)</u>	<u>\$ 785,483</u>
<u>Year ended December 31, 2021</u>			
Balance at January 1, 2021	\$ 1,135,136	(\$ 349,653)	\$ 785,483
Loss for the year	-	(20,532)	(20,532)
Net income or loss for current period	-	(20,532)	(20,532)
Balance at December 31, 2021	<u>\$ 1,135,136</u>	<u>(\$ 370,185)</u>	<u>\$ 764,951</u>

The accompanying notes are an integral part of these financial statements.

DANEN TECHNOLOGY CORPORATION AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax for the year		(\$ 20,532)	(\$ 150,964)
Adjustments to reconcile loss before tax to net cash provided by operating activities			
Income and expenses			
Depreciation expense	6(19)	33,781	22,678
Amortization expense	6(19)	191	254
Net gain of financial assets and liabilities at fair value through profit or loss	6(2)	81,468	(2,387)
Interest expense	6(18)	1,369	2,036
Interest income	6(15)	(815)	(1,469)
Gain on disposal of property, plant and equipment	6(17)	15	(102)
Disposal or impairment loss on non-current assets to be sold	6(17)	28,708	90,261
Lease modification benefit (accounted for other income)	6(16)	(1,507)	-
Provision for reversal of liabilities for purchase contract losses	6(11)	(181,049)	(18,953)
Changes in operating assets and liabilities:			
Net change in assets related to operating activities			
Other receivables		25	(35)
Prepayments		5,294	9,386
Other current assets-other		(3)	4
Other non-current assets		(446)	(38)
Net change in liabilities related to operating activities			
Other payables		19,844	(72)
Other current liabilities- other		(10,283)	10,117
Cash outflow from operations		(43,490)	(39,284)
Cash received as interest		834	1,583
Interest paid		(865)	(1,423)
Income tax paid (returned)		95	(107)
Net cash outflow from operating activities		(43,876)	(39,231)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Financial assets at amortized cost - current		-	(29,801)
Disposal of financial assets at amortised cost - current		50,000	126,474
Disposal of immovable property, plant and equipment		71	102
Disposal of non-current assets for sale		519,846	-
Increase in refundable deposits	6(9)	(594)	-
Net cash inflow from investing activities		569,323	96,775
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Lease principal repayment		(16,735)	(21,940)
Net cash outflow from financing activities		(16,735)	(21,940)
Increase in cash and cash equivalents		508,712	35,604
Cash and cash equivalents at beginning of year		52,266	16,662
Cash and cash equivalents at end of year		<u>\$ 560,978</u>	<u>\$ 52,266</u>

The accompanying notes are an integral part of these financial statements.

DANEN TECHNOLOGY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Danen Technology Corporation (the “Company”) started preparing for establishment from October 1, 2007 and was approved to establish on November 9, 2007. The Company is primarily engaged in manufacturing and processing of solar-energy related products. Starting from July 20, 2010, the Company’s stocks are officially listed on the Taiwan Stock Exchange.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These financial statements were authorized for issuance by the Board of Directors on March 1, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

The following table sets out the amendment and revision guidelines and explanations for the 2022 new issuance of the appliance on International Financial Reporting Standards approved by the Financial Management Committee:

<u>New Release / Amendment / Revision Criteria and Explanations</u>	<u>The effective date of announcement from the International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from a yin g IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’ (Note) Earlier application from January 1, 2021 is allowed by the FSC.	April 1, 2021 (Note)
The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.	

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New Release / Amendment / Revision Criteria and Explanations</u>	<u>The effective date of announcement from the International Accounting</u>
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Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Release / Amendment / Revision Criteria and Explanations</u>	<u>The effective date of announcement from the International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial

Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except “Financial assets measured at fair value through profit or loss” are measured by fair value, the financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment which the Company operates (the “functional currency”). The financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial Assets at Fair Value through Profit or Loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

The company holds time deposits that do not qualify as cash equivalents. Due to the short holding period, the impact of discounting is not significant and is measured by the investment amount.

(8) Accounts receivable

- C. Accounts receivable refers to the unconditional collection of the right to receive the amount of the consideration due to the transfer of goods or services in accordance with the contract.
- D. Short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

The financial assets measured by the amortized cost at each balance sheet date, after considering all reasonable and provable information (including forward-looking), For the credit risk that has not increased significantly since the original recognition, the allowance loss is measured by the 12-month expected credit loss amount. For those who increase the credit risk after the initial recognition, the allowance loss is measured by the expected amount of credit loss during the period of existence. For accounts receivable or contract assets that do not contain significant financial components, the allowance for loss is measured by the amount of expected credit losses over the life of the period.

(10) De-recognition of Financial asset

Financial assets are derecognised when the rights to receive cash flows from the assets expire

(11) Investments accounted for using equity method

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss in a subsidiary equals or exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.
- D. As long as the change in shareholding in the subsidiaries does not lead to loss of control (transactions with non-controlling interest), it is to be treated as equity, which are transactions between the owners. The difference between non-controlling equity adjustment amount and the fair value of payment and receipt is to be recognized as equity.
- E. When the Company loses control over a subsidiary, the remaining investment in the former subsidiary is re-measured at fair value. It is recognized as the fair value of the originally recognized financial asset or the cost of the originally recognized investment in related enterprises or joint ventures, and the difference between the fair value and the carrying amount is recognized as the current profit and loss. For all amounts previously recognized in other comprehensive profit and loss related to the subsidiary, the accounting treatment is the same as the basis for the direct disposal of the relevant assets or liabilities by the Company. That is, if a gain or loss previously recognized as other comprehensive profit or loss will be reclassified to profit or loss when the related assets or liabilities are disposed of, the gain or loss is reclassified from equity to profit or loss when control over the subsidiary is lost.

- F. According to Regulations Governing the Preparation of Financial Statements by Securities Issuers, “Profit for the year” and “Total other comprehensive income for the year” reported in the parent company only statement of comprehensive income, shall equal to “Profit for the year” and “Total other comprehensive income” attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in the parent company only financial statements shall equal to equity attributable to owners of parent reported in the consolidated financial statements.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Non-current assets for sale

When the carrying amount of a non-current asset is mainly recovered through a sale transaction rather than continued use, and the sale is highly probable, it is classified as an asset for sale and is measured at the lower of its book value and fair value less costs to sell.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	11 ~ 36 years
Machinery and equipment	4 ~ 11 years
Office equipment	4 ~ 6 years
Transportation equipment	4 ~ 6 years
Leased assets	7 years
Other assets	6 ~ 8 years

(15) Leasing arrangements (lessee)- right-of-use assets/lease liabilities

- E. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- F. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments less any lease incentives that may be collected.
The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is re-measured and the amount of re-measurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- G. The right-of-use asset is recognised at the lease inception date at cost, which is the original measure of the lease liability.
The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is re-measured, the amount of re-measurement is recognized as an adjustment to the right-of-use asset.
- H. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and re-measure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not

been recognised.

(17) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Accounts and notes payable

A. Means the debt incurred as a result of the purchase of the original materials, goods or services and the notes payable due to business and non-business

B. Short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Provisions(Decommissioning liabilities and onerous contract)

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

The Company's pension policy is a defined contribution plan which the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. If there is a difference between Actual distribution amount and estimated amount, the company will handle it according to Change in accounting estimate.

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or

items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. The un-appropriated retained earnings is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carry forward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(22) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

A. Sales of goods

The company manufactures and sells solar wafer related products. Revenue from sales is recognized when the control of the product is transferred to the buyer, that is, when the product is delivered to the buyer. The buyer has discretion to the price of the product sold, and the company has no unfulfilled obligations that may affect the buyer's recognition of the revenue when accepting the product. The risk of obsolescence and loss has been transferred to the buyer, and accepting products based on sales contracts. Or when there is objective evidence that all acceptance criteria have been met, the goods are delivered.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Company's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

The period of the lease

When determining the lease term of the leased asset, the Company takes into account all relevant facts and circumstances that would give rise to an economic incentive to exercise (or not exercise) the option, including the expected changes in all facts and circumstances from the lease commencement date to the date on which the option is exercised. Key factors to be considered include the contractual terms and conditions for the period covered by the option, significant leasehold improvements made during the contract period and the importance of the underlying asset to the lessee's operations. The lease term is reassessed when major events or circumstances within the control of the Company occur.

(2) Critical accounting estimates and assumptions

Impairment assessment of non-current assets held for sale

The Company assesses impairment based on its subjective judgement and determines the recoverable amount of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any change of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31 , 2021</u>	<u>December 31 , 2020</u>
Cash on hand	\$ 50	\$ 50
Demand deposits	55,410	16,898
Repurchase bond	<u>-</u>	<u>25,632</u>
	<u>\$ 551,460</u>	<u>\$ 42,580</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Non-current financial assets at fair value through profit or loss

	<u>December 31 , 2021</u>	<u>December 31 , 2020</u>
Non-current items :		
Fair value through other comprehensive income financial assets	<u>\$ 155,000</u>	<u>\$ 155,000</u>
Unlisted, not on the counter, non-stock stock	<u>(89,280)</u>	<u>(7,812)</u>
Adjustments for change in value	<u>\$ 65,720</u>	<u>\$ 147,188</u>

A. The details of financial assets at fair value through profit or loss are as follows:

	<u>2021</u>	<u>2020</u>
Fair value through other comprehensive income financial assets		
Equity Instruments	<u>(\$ 81,468)</u>	<u>\$ 2,387</u>

B. The Company has not provided financial assets measured at fair value through profit or loss as a pledge.

(3) Financial assets measured at amortised cost

	<u>December 31 , 2021</u>	<u>December 31 , 2020</u>
Current items :		
fixed deposit	\$ <u>96,000</u>	\$ <u>146,000</u>
Non-current items :		
fixed deposit	\$ <u>11,021</u>	\$ <u>11,021</u>

- A. The breakdown of financial assets measured at amortised cost recognised in profit or loss is as follows:

	<u>2021</u>	<u>2020</u>
interest income	\$ <u>693</u>	\$ <u>1,413</u>

- B. Without taking into account the collateral or other credit enhancements held, the exposure amount that best represents the maximum credit risk of financial assets held by the Group at amortized cost as at 31 December 2021 and 2020 is NT \$107,021 and NT \$157,021 respectively.
- C. Please refer to Note 8 for details of the financial assets measured by the amortized cost provided by the Company as pledge guarantees.
- D. Please refer to Note 12(2) for information on the credit risk of financial assets measured by amortized cost.

(4) Inventories

	<u>December 31 , 2021</u>	<u>December 31 , 2020</u>
Raw materials	\$ -	\$ -
Supplies	-	-
Semi-finished goods	-	-
Finished goods	-	-
	<u>\$ -</u>	<u>\$ -</u>

For the years ended 2021 and 2020, details of related profit or loss recognised for inventories that are included in operating costs are as follows:

	<u>Years end December 31,</u>	
	<u>2021</u>	<u>2020</u>
Cost of goods sold	\$ 294,429	\$ 147,165
Loss reversal of purchase contract	(181,049)	(18,953)
Gain on reversal of decline in market value	(2,887)	(1,833)
	<u>\$ 110,493</u>	<u>\$ 126,379</u>

Note: The gain on reversal of decline in market value was caused by the disposal of inventory previously written down.

(5) Investments accounted for under equity method

	<u>2021</u>		<u>2020</u>
January 1	\$ 9,510	\$	-
Increase in investments using the equity method	-		10,000
Share of investment profit and loss using the equity method	<u>21</u>	(\$	<u>490</u>)
<u>December 31</u>	<u>\$ 9,531</u>	<u>\$</u>	<u>9,510</u>

	<u>2021</u>		<u>2020</u>
Subsidiary :			
Ming Yu Energy Co., Ltd.	<u>\$ 9,531</u>	<u>\$</u>	<u>9,510</u>

For information on the Company's subsidiaries, please refer to Note IV (3) to the Company's 2021 Consolidated Financial Statements.

(6) Non-current assets to be sold

- A. On March 13, 2019, the board of directors of the company decided to suspend the uneconomical wafer fab and dispose of related plants and plant equipment. Later, on October 8, 2021, the interim board of directors approved the disposal of the plant and ancillary equipment to HIGH TECH BATTERY Co., Ltd., a non-related party, at a price of \$519,846, and it is planned to use the disposition of the plant to enrich the long-term transformation funds. On December 30, 2021, the company has fully received the sale price and completed the registration of the transfer of ownership of the building. At the same time, the book balance of non-current assets to be sold of \$518,339 and the book balance of decommissioning liabilities related to the plant are \$7,421.

In 2021 and 2020, the Company recognized the above-mentioned disposal and impairment losses of non-current assets for sale as (\$28,708) and (\$90,261) respectively.

- B. The previous 2020 profit and loss of the closed unit is re-expressed to the profit and loss of the continuing business unit as follows:

<u>2020</u>			
<u>Original financial statement</u>		<u>Restatement financial</u>	
Discontinued operations		Continuing operations	
Costs and Fees	(\$ 17,989)	Operating cost	(\$ 17,989)
Impairment loss	(90,261)	Other gains and losses	(90,261)
Pre-tax losses of discontinued operations	(108,250)	Pre-tax losses of continuing operations	(108,250)
Income tax	<u>-</u>	Income tax	<u>-</u>
After-tax loss of discontinued operations	<u>(\$ 108,250)</u>	After-tax loss of continuing operations	<u>(\$ 108,250)</u>

(7) Property, plant and equipment

	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
At January 1,2021					
Cost	\$ 3,119	\$ 170,465	\$ 8,323	\$ 1,351	\$ 183,258
Accumulated depreciation and impairment	(792)	(170,410)	(8,161)	(1,351)	(180,714)
	\$ 2,327	\$ 55	\$ 162	\$ -	\$ 2,544
<u>2021</u>					
Opening net book amount as at January 1	\$ 2,327	\$ 55	\$ 162	\$ -	\$ 2,544
Non-current assets for sale Reclassification	(2,327)	-	-	-	(2,327)
Disposal	-	(5)	(80)	-	(85)
Depreciation charge	-	(50)	(82)	-	(132)
Closing net book amount as at December 31	\$ -	\$ -	\$ -	\$ -	\$ -
At December 31,2021					
Cost	\$ -	\$ -	\$ 1,242	\$ 44	\$ 1,286
Accumulated depreciation and impairment	-	-	(1,242)	(44)	(1,286)
	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>Buildings</u>	<u>Machinery Equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
At January 1,2020					
Cost	\$ 3119	\$ 171,391	\$ 9,916	\$ 2,796	\$ 187,222
Accumulated depreciation and impairment	(700)	(171,297)	(9,672)	(2,796)	(184,465)
	\$ 2,419	\$ 94	\$ 244	\$ -	\$ 2,757
<u>2020</u>					
Opening net book amount as at January 1	\$ 2,419	\$ 94	\$ 244	\$ -	\$ 2,757
Depreciation charge	(92)	(39)	(82)	-	(213)
Closing net book amount as at December 31	\$ 2,327	\$ 55	\$ 162	\$ -	\$ 2,544
At December 31,20120					
Cost	\$ 3,119	\$ 170,465	\$ 8,323	\$ 1,351	\$ 183,258
Accumulated depreciation and impairment	(792)	(170,410)	(8,161)	(1,351)	(180,714)
	\$ 2,327	\$ 55	\$ 162	\$ -	\$ 2,544

(8) Leasing transactions – lessee

- A. The subject assets leased by the Company are land and offices. The land lease contract is from 2008 to December 2021, and the office lease contract is from 2022 to 2024. Each lease contract is negotiated individually and contains various terms and conditions, and no other restrictions are imposed except that the leased assets shall not be used as loan guarantees.
- B. As stated in Note 6(6), when the Company completes the transfer registration of the ownership of the building on December 30, 2021, it will also transfer the rights and obligations related to the lease contract and terminate the land lease contract.
- C. The information on the book value of the right-of-use asset and the recognized depreciation expense is as follows:

	<u>December 31 , 2021</u>	<u>December 31 , 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ -	\$ 90,290

Buildings	6,558	-
	<u>\$ 6,558</u>	<u>\$ 90,290</u>
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	<u>\$ 16,849</u>	<u>\$ 22,465</u>

D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>2021</u>	<u>2020</u>
Items affecting profit or loss		
Interest expense on lease liabilities	\$ 865	\$ 1,423
Gain of Lease Modification	1,507	-

E. The Company's total lease cash outflows in 2021 and 2020 are \$17,600 and \$23,363, respectively.

(9) Other non-current assets

	<u>December 31 , 2021</u>	<u>December 31 , 2020</u>
Refundable deposits(note)	\$ 60,069	\$ 59,474
Others	<u>1,410</u>	<u>77</u>
	<u>\$ 60,400</u>	<u>\$ 59,551</u>

Note: On July 17, 2019, the company has withdrawn the security deposit of \$58,464 to release the real estate seizure. Please refer to Note IX (1) for relevant information.

(10) Other payables

	<u>December 31 , 2021</u>	<u>December 31 , 2021</u>
Accrued expenses		
Wages and salaries payable	\$ 1,133	\$ 1,361
Bonus payable	2,042	2,520
Business tax payable	19,371	-
others	<u>3,239</u>	<u>1,889</u>
	<u>\$ 25,785</u>	<u>\$ 5,770</u>

(11) Pensions

The Company have established a defined contribution pension plan (the “New Plan”) under the Labour Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. The Company contributes monthly an amount of at least 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2021 and 2020 were \$565 and \$649 respectively.

(12) Provisions

	Decommissioning liabilities	Loss of purchase contract	Total
At January 1, 2021	\$ 6,918	\$ 185,047	\$ 191,9657
Liability provision for reversal in the current period	(7,422)	(34,619)	(42,041)
Liability provision reversed due to termination of purchase contract	-	(146,428)	(146,428)
Unwinding of discount	<u>504</u>	<u>=</u>	<u>504</u>
At December 31, 2021	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>

	Decommissioning liabilities	Loss of purchase contract	Total
At January 1, 2020	\$ 6,304	\$ 204,000	\$ 210,304
Liability provision for reversal in the current period	-	(18,953)	(18,953)
Unwinding of discount	<u>614</u>	<u>=</u>	<u>614</u>
At December 31, 2020	<u>\$ 6,918</u>	<u>\$ 185,047</u>	<u>\$ 191,965</u>

Analysis of total provisions:

	<u>December 31,2021</u>	<u>December 31,2020</u>
Current	<u>\$ 4,000</u>	<u>\$ 69,859</u>
Non-current	<u>\$ -</u>	<u>\$ 122,106</u>

c. Decommissioning liabilities

According to the policy published, applicable agreement or the law/regulation requirement, the Company bears dismantling, removing the asset and restoring the site obligations for the Guanyin plant in the future. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site.

d. Loss of purchase contract

The obligation to fulfil the raw material supply contract exceeds the expected economic benefit; the company recognizes the liability provision for the loss of the purchase contract. On December 21, 2021, the company passed the resolution of the board of directors to terminate the long-term

silicon material supply contract. Please refer to Note 9 (2) for the description of commitments.

(13) Share capital

As of December 31, 2018, the Company's authorized capital was \$3,500,000, consisting of 350,000 thousand shares of ordinary stock, and the paid-in capital was \$1,135,136 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. On June 27, 2019, the company passed a resolution to reduce capital to make up for the loss of 236,113,000 shares, with a face value of 10 NTD per share, the total capital reduction was \$2,361,132, and the capital reduction ratio was 67.5329%. In addition, August 13, 2019 was set as the base date for capital reduction, and the relevant change registration was completed on October 18, 2019 with the approval of the Ministry of Economic Affairs Jing Shushang Zi No. 10801119050.

(14) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of all taxes and dues.
- (b) Offset against prior years' operating losses, if any.
- (c) Set aside 10% of the remainder as legal reserve until the accumulated amount of the legal reserve reaches the total authorized capital of the Company.
- (d) Set aside or reverse special reserve in accordance with related laws or the Competent Authority.
- (e) The appropriation of the current year's distributable earnings less the abovementioned items of (a) to (d), plus prior year's accumulated un-appropriated earnings, shall be proposed by the Board of Directors and then approved by the shareholders.

The Company operates in a volatile business environment and is in the rapid growth stage, so it sets its dividend policy based on an optimal financial plan to chase for an on-going development. The Company considers the future capital expenditure budget and capital needs, as well as necessity of earnings to fulfil capital needs, the Company determines the amount of earnings retained or distributed and the amount of dividends or bonus distributed to shareholders in the form of cash. Earnings can be distributed as cash dividends or stock dividends. However, earnings shall be preferably distributed using cash dividends and may also be distributed using stock dividends. The ratio for stock dividends shall not exceed 50% of the total amount of dividends distributed.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

(15) Operating revenue

	<u>2021</u>	<u>2020</u>
Revenue from Contracts with Customers	\$ <u>243,740</u>	\$ <u>104,515</u>

Segmentation of revenue from contracts with customers

The company's revenue is derived from the provision of goods that are transferred at a certain point in time. The revenue can be broken down into the following major product lines and geographic regions:

	<u>2021</u>	<u>2020</u>
	<u>Sales revenue</u>	<u>Sales revenue</u>
Taiwan	\$ 12,613	\$ 28,240
Asia(excluding Taiwan)	<u>60,498</u>	<u>17,735</u>
America	<u>170,629</u>	<u>58,540</u>
Revenue from Contracts with external	\$ <u>243,740</u>	\$ <u>104,515</u>

(16) Interest income

	<u>2021</u>	<u>2020</u>
Bank deposit interest	\$ 8	\$ 8
Interest income from financial assets measured at amortised cost	693	1,413
Other	83	48
	\$ <u>784</u>	\$ <u>1,469</u>

(17) Other income

	<u>2021</u>	<u>2020</u>
Rental income	\$ 1,033	\$ 1,120
Gain of Lease Modification	1,507	\$ -
Other income-other	<u>710</u>	<u>1,139</u>
	\$ <u>3,250</u>	\$ <u>2,259</u>

(18) Other gains and losses

	<u>2021</u>	<u>2020</u>
Gain on disposal of property, plant and equipment	(\$ 15)	\$ 102
Currency exchange gains or losses	(1,305)	(1,731)
Financial assets (losses) benefit at fair value through profit or loss	(81,468)	2,387

Disposal and impairment loss of non-current assets to be sold	(28,708)	(90,261)
Other gains and losses	-	(10)
	<u>(\$ 111,496)</u>	<u>(\$ 89,513)</u>

(19) Finance costs

	<u>2021</u>	<u>2020</u>
Interest expense		
Provision: unwinding of discount	504	614
Lease Liabilities: Discounted Amortization	865	1,422
	<u>\$ 1,369</u>	<u>\$ 2,036</u>

(20) Expenses by nature

	<u>2021</u>	<u>2020</u>
Employee benefit expense	\$ 19,005	\$ 21,585
Depreciation charges	33,781	22,678
Amortization charges	191	254
	<u>\$ 52,977</u>	<u>\$ 44,517</u>

(21) Employee benefit expense

	<u>2021</u>	<u>2020</u>
Wages and salaries	\$ 16,909	\$ 19,355
Labour and health insurance fees	1,181	1,254
Pension costs	565	649
Other personnel expenses	350	327
	<u>\$ 19,005</u>	<u>\$ 21,585</u>

- A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees and pay remuneration to the directors and supervisors that account for no less than 5% and 3%, respectively, of the total distributed amount. If a company has accumulated deficit, earnings should be channelled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.
- B. For the years ended December 31, 2021 and 2020, employees' compensation and directors' and

supervisors' remuneration were both accrued at \$0.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

A. The company's income tax expenses for 2021 and 2020 are both \$0.

B. Reconciliation between income tax expense and accounting loss:

	<u>2021</u>	<u>2020</u>
Tax calculated based on loss		
before tax and statutory tax rate (\$	4,106)	(\$ 30,192)
Temporary differences and current tax losses are not recognized as deferred tax assets	4,106	30,192
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

C. Expiration dates of unused taxable loss and amounts of unrecognised deferred tax assets are as follows:

	<u>December 31, 2021</u>			
<u>Year incurred</u>	<u>Amount field/</u> <u>assessed</u>	<u>Unused amount</u>	<u>Unrecognized</u> <u>Deferred tax assets</u>	<u>Usable until</u>
2011	\$ 300,197	\$ 300,197	\$ 300,197	2021
2012	917,673	917,673	917,673	2022
2013	746,449	746,449	746,449	2023
2014	575,492	575,492	575,492	2024
2015	527,720	527,720	527,720	2025
2016	521,686	521,686	521,686	2026
2017	696,793	696,793	696,793	2027
2018	646,299	646,299	646,299	2028
2019	171,436	171,436	171,436	2029
2020	82,036	82,036	82,036	2030
2021	<u>259,376</u>	<u>259,376</u>	<u>259,376</u>	2031
	<u>\$ 5,144,960</u>	<u>\$ 5,144,960</u>	<u>\$ 5,144,960</u>	

	<u>December 31, 2020</u>			
<u>Year incurred</u>	<u>Amount field/</u> <u>assessed</u>	<u>Unused amount</u>	<u>Unrecognized</u> <u>Deferred tax assets</u>	<u>Usable until</u>
2011	\$ 300,197	\$ 300,197	\$ 300,197	2021
2012	917,673	917,673	917,673	2022
2013	746,449	746,449	746,449	2023
2014	575,492	575,492	575,492	2024
2015	527,720	527,720	527,720	2025

2016	521,686	521,686	521,686	2026
2017	696,793	696,793	696,793	2027
2018	646,299	646,299	646,299	2028
2019	171,436	171,436	171,436	2029
2020	82,036	82,036	82,036	2030
	<u>\$ 4,885,584</u>	<u>\$ 4,885,584</u>	<u>\$ 4,885,584</u>	

(23) Loss per share

<u>Year ended December 31, 2021</u>			
	Weighted average		
	Number of ordinary		
	Shares outstanding	Losses per share	
<u>Amount after tax</u>	<u>(share in thousands)</u>	<u>(in dollars)</u>	
<u>Basic loss per share</u>			
Loss of continuing operations for the year	(\$ 20,532)	113,514	(\$ 0.18)
<u>Diluted loss per share</u>			
Loss of continuing operations for the year	(\$ 20,532)	113,514	(\$ 0.18)

<u>Year ended December 31, 2020</u>			
	Weighted average		
	Number of ordinary		
	Shares outstanding	Losses per share	
<u>Amount after tax</u>	<u>(share in thousands)</u>	<u>(in dollars)</u>	
<u>Basic loss per share</u>			
Loss of continuing operations for the year	(\$ 150,964)	113,514	(\$ 1.33)
<u>Diluted loss per share</u>			
Loss of continuing operations for the year	(\$ 150,964)	113,514	(\$ 1.33)

(24) Changes in liabilities from financing activities

Investing activities with partial cash payments :

	2021	
	<u>lease liability</u>	<u>Total liabilities from financing activities</u>
At January 1, 2021	\$ 91,684	\$ 91,684
Changes in cash flow from financing activities	(16,735)	(16,735)
Excluded lease liabilities	(74,949)	(74,949)
New lease liability		
At December 31, 2021	<u>6,558</u>	<u>6,558</u>
	<u>\$ 6,558</u>	<u>\$ 6,558</u>

		2020	
		<u>lease liability</u>	<u>Total liabilities from financing activities</u>
At January 1, 2021	\$	113,624	6,558
Changes in cash flow from financing activities	(	21,940)	(21,940)
At December 31, 2021	\$	<u>91,684</u>	<u>91,684</u>

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

None.

(2) Key management compensation

		<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$	7,685	\$ 9,474
Post-employment benefits		53	108
Total	\$	<u>7,738</u>	<u>\$ 9,582</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

		<u>Book value</u>		
<u>Pledged asset</u>		<u>December 31,2021</u>	<u>December 31,2020</u>	<u>Purpose</u>
Time deposits				
(shown as other financial Assets-non-current)	\$	11,021	\$ 11,021	Land tenancy
Refundable deposits				
(shown as Other non-current assets-other)		58,464	58,464	Litigation bond (Note)
	\$	<u>6,9485</u>	<u>\$ 69,485</u>	

Note: On July 17, 2019, the company has raised the security deposit to release the real estate seizure. Please refer to Note IX (1) for relevant information.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

(1) Contingencies

The company was involved in the case of violation of the waste disposal law in June, 2018. (Taiwan Taichung District Court Year 2018 v. No. 2412 case), The Seventh Corps of the Security Police of the Ministry of the Interior of the Ministry of the Interior applied for the Taichung District Court to detain the three real estates located in the 27-1, 27-2 and 27-3 construction of the Guantang section of Guanyin District (all belong to the first factory), The prosecutor sued the company for a fine of

the violation of Section 46 of the Waste Clean-up Act and pursued unlawful gains. The company has paid a cash deposit of NT\$58,464,000 to the Taichung District Court on July 17, 2019. The case was acquitted by the first instance of the Taichung District Court in Taiwan on August 19, 2020. The prosecutor of the Taichung District Prosecutor's Office in Taiwan refused to accept it and filed an appeal against the aforementioned verdict on September 11, 2020. The case is still pending the trial of the High Court of Second Instance, and there is no relevant verdict.

(2) Commitments

A. In order to ensure that the sources of silicon raw materials are sufficient, the Company has entered into a supply contract with a world-renowned supplier in March 2011. The contract period is from January 1, 2012 to December 31, 2018. The supplier has committed to provide a certain quantity of silicon raw material to the Company during the contract period. The total contract price is USD 161 million. As the price of the silicon raw material has fluctuated dramatically, the delivered price and quantity for each purchase were then determined based on mutual agreements for the years ended December 31, 2015 and 2014.

Amendments were made for poly-silicon contract with material supplier at March 2016, the contract period was extended to December 31, 2023, the total amount of contract value was revised to \$ 128.8 million, the company agreed to purchase a fixed amount of silicon raw material according to the revised contract during 2016-2018, and the purchasing price and quantity will be negotiated and agreed by the two parties from 2019 and afterwards.

The OCI COMPANY LTD. submitted a request to the company for unconditional termination of the contract in December 2021. The company passed the resolution of the board of directors on December 21, 2021 to terminate the long-term silicon material supply contract, and signed the termination contract on the same day.

In addition to the agreement to be executed in January 2022 with the purchase amount of USD 579,600, the remaining unexecuted contract amount has no performance obligation due to the termination of the contract. At the time of termination of the contract, the Company reversed the estimated liability provision for purchase contract losses of NT\$ 146,428 thousands

As of December 31, 2021, the company has estimated that the contract amount of USD 579,600 that still needs to be executed is \$4,000 for the loss of purchase contracts, and it is accounted for as a liability reserve account, please refer to Note VI (12) for details..

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. As of December 31, 2021 and 2020, the Company's gearing ratio was as follows:

	<u>December 31,2021</u>	<u>December 31,2020</u>
Total borrowings	\$ -	\$ -
Less: Cash and cash equivalents	<u>551,460</u>	<u>42,580</u>
Net liabilities	(551,460)	(42,580)
Total equity	764,951	785,483
Total capital	213,491	742,903
Liabilities Capital ratio	(258.31%)	(5.73%)

(2) Financial instruments

A. Types of financial instruments

	<u>December 31,2021</u>	<u>December 31,2020</u>
<u>Financial asset</u>		
Financial asset at fair value through profit or loss		
Fair value through other comprehensive income financial assets	\$ <u>65,720</u>	\$ <u>147,188</u>
Cash and cash equivalents of financial assets measured at amortized cost	\$ 551,460	\$ 42,580
Financial assets measured at amortized cost-current	\$ 96,000	\$ 146,000
Other payables	342	386
Financial assets measured at amortized cost-non-current	11,021	11,021
Refundable deposits	<u>60,069</u>	<u>59,474</u>
	<u>\$ 718,892</u>	<u>\$ 259,461</u>
<u>Financial liabilities</u>		

Financial assets measured at
amortized cost

Other payables	\$	25,785	\$	5,770
Lease liability	\$	6,558	\$	91,684

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company's certain transactions were denominated in foreign currencies and the Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.
- ii. Management has set up a policy to require the Company to manage the foreign exchange risk against the functional currency.
- iii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	<u>December 31,2021</u>		
	Foreign currency Amount (In thousands)	<u>Exchange rate</u>	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary assets</u>			
JPY : NTD	\$ 2	0.2405	\$

USD : NTD	386	27.6800	10,684
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	<u>December 31,2020</u>		
	Foreign currency Amount <u>(In thousands)</u>	<u>Exchange rate</u>	Book value <u>(NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary assets</u>			
JPY : NTD	\$ 2	0.2763	\$ 1
USD : NTD	475	28.4800	13,540

- iv. Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020, amounted to (\$1,305) and (\$1,731), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

<u>Year ended December 31,2021</u>				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other Comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary assets</u>				
USD : NTD	1%	\$ 107	\$	-

<u>Year ended December 31,2020</u>				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other Comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary assets</u>				
USD : NTD	1%	\$ 135	\$	-

Price risk

- i. The equity instruments exposed to the price risk of the Company are held at the financial assets measured at fair value through profit or loss.
- ii. The Company invests primarily in equity instruments issued by domestic companies, and the price of such equity instruments is affected by the uncertainty of the future value of the investment target. If the price of the equity instruments increases or decreases by 10%, and all other factors remain unchanged. Net loss after tax for 2021 and 2020 will increase or decrease by \$6,572 and \$14,719 respectively due to gains or losses from equity instruments at fair value through profit or loss.

Cash flow and fair value interest rate risk

The Company's interest rate risk mainly comes from short-term and long-term borrowings, which exposes the Company to cash flow interest rate risk.

(b)Credit risk

- v. The Company's credit risk is the risk of financial loss due to client or the inability of the financial instrument counterparty to perform its contractual obligations, mainly from the fact that the counterparty is unable to pay off the accounts receivable on the terms of the payment, and is classified as contractual cash flows measured by amortized cost and measured by fair value through profit or loss.
- vi. The company establishes the management of credit risk from the perspective of the company. In accordance with the internal credit policy, the Company must manage and credit risk analysis before setting terms and conditions for payment and delivery with each new customer. The internal risk control system assesses the credit quality of customers by considering their financial status, past experience and other factors. The individual risk limits are determined by the board of directors based on internal or external evaluations. The company regularly monitors the use of credit lines.
- vii. The Company adopts IFRS 9 to provide the following presumptions as a basis for judging whether there is a significant increase in the credit risk of financial instruments since initial recognition :

When the contract payment is overdue for more than 30 days according to the agreed payment terms, the credit risk of financial assets will be deemed to have increased significantly since the initial recognition.

- viii. The Company adopts IFRS 9 to provide the premise that when the contract payment is overdue for more than 366 days according to the agreed payment terms, it is deemed that a default has occurred.

(c) Liquidity risk

- i. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times. So that the

company does not violate the relevant borrowing limits or terms. Such forecasting takes into consideration of the Company's debt financing plans, covenant compliance, compliance with targeted internal balance sheet ratios.

ii. The Company's undrawn loan limit is \$0 on both 2021 and December 31, 2020.

iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

None-derivative financial liabilities :

December 31,2021	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Other payables	\$ 25,785	\$ -	\$ -	\$ -
Lease liability	2,320	2,288	2,255	-
None-derivative financial liabilities :				
December 31,2020	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Other payables	\$ 5,770	\$ -	\$ -	\$ -
Lease liability	24,477	2,4163	46,008	2,598

v. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows :

Level one : Quotations from the same assets or liabilities that the company can obtain in the active market (Unadjusted).An active market is a market in which assets or liabilities with sufficient frequency and volume are traded to provide pricing information on an on-going basis.

Level two : An observable input value of an asset or liability, directly or indirectly, excluding the Level-one bidder.

Level three : Unobservable input value of an asset or liability. The equity investment of the company's investment in the inactive market is at this level.

B. Financial and non-financial instruments measured at fair value. The Company is classified on the basis of the nature, characteristics and risks of the assets and liabilities and the fair value hierarchy. The relevant information is as follows :

December 31, 2021	<u>Level one</u>	<u>Level two</u>	<u>Level three</u>	<u>Total</u>
Assets				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 65,720	\$ 65,720
December 31, 2020	<u>Level one</u>	<u>Level two</u>	<u>Level three</u>	<u>Total</u>
Assets				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 147,188	\$ 147,188

C. No transfer from or to the third level in 2020 and 2021.

D. The company's evaluation process for fair value classified as the third level is evaluated by an external appraiser.

E. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	December 31, 2021 <u>Fair Value</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:				
Unlisted shares	\$ 65,720	Free Cash Flow Method and Option Evaluation Model	Weighted average cost	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of market liquidity	Lack of market liquidity The higher the discount, the lower the fair value
			Discount for minority stake	The higher the discount of the

minority stake, the lower the fair value

	December 31, 2020			
	<u>Fair Value</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:				
Unlisted shares	\$ 147,188	Free Cash Flow Method and Option Evaluation Model	Weighted average cost Discount for lack of market liquidity Discount for minority stake	The higher the weighted average cost of capital, the lower the fair value Lack of market liquidity The higher the discount, the lower the fair value The higher the discount of the minority stake, the lower the fair value

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): please refer to attached Table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: please refer to attached Table 2.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Invested company name, location and other related information: Please refer to attached Table 3.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

There are no shareholders who hold 5% of the company's equity.

14. SEGMENT INFORMATION

Not applicable.

DANEN TECHNOLOGY CORPORATION
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Description	Amount
Petty cash and cash on hand		\$ 50
Cash in banks		
Demand deposits		540,726
Foreign currency demand deposits	JPY 2, exchange rate 0.2405	
	USD 386, exchange rate 27.68	10,684
		<u>\$ 434,121</u>

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DANEN TECHNOLOGY CORPORATION
CHANGES IN INVESTMENTS USING THE EQUITY METHOD
DECEMBER 31, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Title</u>	<u>Opening Balance</u>		<u>Increase in current period(note)</u>		<u>Decrease in current period</u>		<u>Ending balance</u>			<u>Equity net worth</u>	<u>Provide security or name pledge</u>	<u>Remark</u>
	<u>shares</u>	<u>amount</u>	<u>shares</u>	<u>Amount</u>	<u>shares</u>	<u>amount</u>	<u>shares</u>	<u>Ratio%</u>	<u>amount</u>	<u>Total amount</u>		
Ming Yu Energy Co., Ltd.	100,000	<u>\$ 9,510</u>	-	<u>\$ 21</u>	-	<u>\$ -</u>	100,000	100.00%	<u>\$ 9,531</u>	<u>\$ 9,531</u>	None	

Note : recognition of investment interests.

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DANEN TECHNOLOGY CORPORATION
DETAILS OF OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Quantity	Amount	Note
Revenue from sales of silicon raw materials		\$ 243,740	

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DANEN TECHNOLOGY CORPORATION
DETAILS OF OPERATING COSTS
YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Selling cost of sold inventory		\$ 294,429	
Reversal of incoming contract losses		(181,049)	
The gain of a rebound in inventory market prices		(2,887)	
Operating costs		<u>\$ 110,493</u>	

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DANEN TECHNOLOGY CORPORATION
DETAILS OF GENERAL AND ADMINISTRATIVE EXPENSES
YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

tem	Description	Amount	Note
Wages and salaries		\$ 17,474	
Rent expense		\$ 5,922	
Depreciation		5,879	
Tax		6,213	
Service fees		2,097	
Others expenses		<u>7,344</u>	None of the balances of each remaining accounts is greater than 5% of this account balance.
		<u>\$ 44,929</u>	

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DANEN TECHNOLOGY CORPORATION
NAMES, LOCATIONS AND OTHER INFORMATION OF INVESTEE COMPANIES
(EXCLUDING INVESTEEs IN MAINLAND CHINA)
YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Function	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Properties						
Employee benefit expense (Note)						
Wages and salaries	-	14,449	14,449	-	16,545	16,545
Labour and health insurance fees	-	1,181	1,181	-	1,254	1,254
Pension costs	-	565	565	-	649	649
Director's remuneration	-	2,460	2,460	-	2,810	2,810
Other personnel expenses	-	350	350	-	327	327
Total	-	19,005	19,005	-	21,585	21,585
Depreciation	27,902	5,879	33,781	14,908	7,770	22,678
Amortisation	-	191	191	95	159	254

Note:

- A. The number of employees in the current year and the previous year was 17 and 19 respectively, of which the number of directors who were not concurrently employees was 5 and 5 respectively.
- B. Companies whose stocks have been listed on the stock exchange or traded on the OTC stock exchange shall disclose the following additional information:
- The average employee benefit expense for the current year was \$1,379 and the average employee benefit expense for the previous year was \$1,341.
 - The average employee salary cost for the current year is \$1,204, and the average employee salary cost for the previous year is \$1,182.
 - The average employee salary cost adjustment change is 1.86% .
 - The supervisor's salary for the current year and the previous year is \$0.
 - The company has established regulations such as "performance appraisal management method" and "salary payment method" as the basis for compliance with reasonable salary and remuneration policies. The rules can clearly and effectively implement rewards and punishments, and the remuneration committee composed of independent directors will review major remuneration decisions. Employee performance is combined with the corporate social responsibility policy through the performance evaluation work involving the participation of all colleagues in the company and the employee performance appraisal and evaluation implemented on a semi-annual basis. The company also stipulates in the "Articles of Association" that no less than 5% of the profit for the year will be distributed as dividends for employees.

DANEN TECHNOLOGY CORPORATION
HOLDING OF MARKERABLE SECURITIES AT THE END OF THE PERIOD
(EXCLUFING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 1

<u>Holder</u>	<u>Type and name of securities</u> <u>(Note 1)</u>	<u>Relationship with</u> <u>issuer of securities</u> <u>(Note 2)</u>	<u>Ledger account</u>	<u>Shares</u>	<u>End of period</u>			<u>Fair value</u>	<u>Remark</u> <u>(Note 4)</u>
					<u>Carrying amount</u>		<u>%</u>		
					<u>(Note 3)</u>				
Danen Technology Co., Ltd.	Centrillion Technologies Taiwan Co., Ltd.		Financial assets at fair value through profit or loss - non-current	3,100	\$ 65,720	9.52%	\$	65,720	

Note 1 : The term "marketable securities" in this table refers to stocks, bonds, beneficiary certificates and the marketable securities derived from the above items that fall within the scope of IFRS No. 9 "Financial Instruments".

Note 2 : If the issuer of securities is not a related person, this column is omitted.

Note 3 : If measured by fair value, please fill in the book balance after adjustment by fair value evaluation and after deducting accumulated impairment in column B of book amount ; If it is not measured by fair value, please fill in the book balance of the original acquisition cost or amortized cost less accumulated impairment in column B of the carrying amount.

Note 4 : The listed securities have restricted users due to the provision of guarantees, pledged loans or other agreements, and the number of guarantees or pledged shares, the amount of guarantees or pledges and the restricted use conditions shall be indicated in the remarks column.

DANEN TECHNOLOGY CORPORATION
DISPOSE OF REAL ESTATE REACHING \$300 MILLION OR 20% OF THE COMPANY'S PAID-IN CAPITAL OR MORE
YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 2

<u>Corporation of</u> <u>Disposition</u>	<u>Name of</u> <u>Property</u>	<u>Date of</u> <u>Disposition</u>	<u>Original date</u> <u>of acquisition</u>	<u>Carrying amount</u>	<u>Trade amount</u>	<u>Status</u> <u>of</u> <u>payment</u> <u>of</u>	<u>Disposal profit and loss</u> <u>(Note 5)</u>	<u>Name of</u> <u>counterparty</u>	<u>Relationship</u>	<u>Purpose of</u> <u>disposition</u>	<u>Basis for price</u> <u>determination</u> <u>(Note 4)</u>	<u>Other</u> <u>terms</u>
Danen Technology Co., Ltd.	Plant and equipment	October 8, 2021	Various construction completion dates from 2008 to 2018	\$ 518,339	\$ 519,846	Full payment (\$ received)	28,708)	HIGH TECH BATTERY Co., Ltd.	Non-relationship	Sell the idle wafer plant and ancillary equipment that are not in line with economic benefits, and plan the disposal funds to enrich the use of long-term transformation funds.	Real estate appraisal report of DTRE Appraiser Associates	none

Note 1 : If the assets to be disposed of should be appraised according to regulations, the appraisal result should be indicated in the column "Reference Basis for Price Determination".

Note 2 : Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated on the basis of 10% of the equity attributable to the owner of the parent company on the balance sheet.

Note 3 : The date of occurrence of the fact refers to the date of signing the transaction, the date of payment, the date of entrusted transaction, the date of transfer of account, the date of resolution of the board of directors, or any other date that is sufficient to determine the transaction object and transaction amount.

Note 4 : On October 8, 2021, Danen Technology Co., Ltd. passed the resolution of the interim board of directors to dispose of the uneconomical wafer idle plant and ancillary equipment to HIGH TECH BATTERY Co., Ltd., a non-related party, and signed a real estate sales contract on the same day. The sale price totaled NT \$519,846 (tax excluded), and was commissioned by DTRE Appraisers and Associates to conduct the appraisal, and the estimated amount was NT\$537,089.

Note 5 : Disposal gains and losses include impairments and disposal losses provided for in 2021, with a total loss of NT\$28,708.

DANEN TECHNOLOGY CORPORATION
NAMES, LOCATIONS AND OTHER INFORMATION OF INVESTEE COMPANIES
(EXCLUDING INVESTEEs IN MAINLAND CHINA)
YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 3

Investor	Investee (NOTE 1.2)	Location	Main Businesses	<u>Original investment amount</u>		<u>Holding status as of December 31, 2021</u>			Net income (loss) of the investee (Note 2(2))	Investment Income (loss) recognized by the Company (Note 2(3))	Note
				Balance as at December 31, 2021	Balance as at December 31, 2020	Shares	Percentage of ownership	Book value			
Danen Technology Co., Ltd.	Ming Yu Energy Co., Ltd.	Taiwan	1. Renewable energy equipment power generation business 2. Energy Technology Services	\$ 10,000	\$ 10,000	1,000	100.00%	\$ 9,531	\$ 21	\$ 21	Subsidiary

Note 1 : If a public offering company has a foreign holding company and the consolidated financial report is the main financial report in accordance with local laws and regulations, the disclosure of information about the foreign invested company may only disclose relevant information to the holding company.

Note 2 : For cases other than those mentioned in Note 1, fill in according to the following provisions:

- (1) Columns such as "Investee ", "Location", "Main Business ", "Original Investment Amount" and " Holding status ", The above fields should be filled in in order according to the reinvestment situation of the company and the reinvestment situation of each directly or indirectly controlled investee company, and the relationship between each investee company and the company should be indicated in the remarks column.
- (2) In the column of " Net income (loss) of the investee " should fill in the current profit and loss amount of each investee company .
- (3) In the column of " Investment Income (loss) recognized by the Company ", only the profit and loss amount of each subsidiary recognized by this (public offering) company for direct reinvestment and each investee company evaluated by the equity method must be filled in, and the rest can be omitted. When filling in the "Recognition of Profits and Losses of Each Subsidiary for the Period of Direct Reinvestment", it should be confirmed that the amount of profit and loss of each subsidiary for the current period has included the investment profit and loss of its reinvestment that should be recognized in accordance with regulations.