

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

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021**

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~11
(4) Summary of significant accounting policies	11~32
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	33
(6) Explanation of significant accounts	34~72
(7) Related-party transactions	72~75
(8) Pledged assets	75
(9) Significant contingent liabilities and unrecognized commitments	76~77
(10) Losses due to major disasters	77
(11) Subsequent Events	77
(12) Others	77
(13) Other disclosures	
(a) Information on significant transactions	77~78, 81~86
(b) Information on investees	78, 87~89
(c) Information on investment in mainland China	78, 90
(d) Major shareholders	78
(14) Segment information	79~80

Representation Letter

The entities that are required to be included in the combined financial statements of United Renewable Energy Co., Ltd. as of and for the year ended December 31, 2022 under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, United Renewable Energy Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: United Renewable Energy Co., Ltd.

Chairman: CHUM SAM HONG

Date: March 13, 2023



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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of United Renewable Energy Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2022 and 2021, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

Please refer to note 4 (r) “Revenue recognition” for accounting policy and note 6 (aa) “Revenue from contracts with customers” of the consolidated financial statements for further information.

Description of key audit matter:

The Group's revenues are derived from the sales of solar modules, power plant and cells. Revenue recognition is also dependent on whether the specified sales terms in each individual contract are met. In consideration of the high volume of sales transactions generated from world-wide operations, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

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

2. Assessment of impairment of non-financial assets

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

Description of key audit matter:

The Group belongs to a high capital expenditure industry, and its production capacity is essential for the industry development. However, in an environment where market demands and technology change rapidly, existing equipment may not be economically effective in the future due to product or technology upgrades. Therefore, the assessment of long-term non-financial asset impairment is important. The process of asset impairment assessment relies on the subjective judgment of the management. It is an accounting estimate with a high degree of uncertainty. Therefore, the assessment of impairment of non-financial assets is one of the key areas our audit focused on.

How the matter was addressed in our audit:

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

Other Matter

United Renewable Energy Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yung-Hua Huang and Pao-Lian Chou.

KPMG

Taipei, Taiwan (Republic of China)
March 13, 2023

Notes to Readers

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

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

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

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 4,755,068	14	5,254,173	17	2100	Short-term borrowings (note 6(n))	\$ 1,895,215	6	50,389	-
1110	Financial assets at fair value through profit or loss - current (note 6(b))	-	-	74,255	-	2110	Short-term bills payable (note 6(o))	99,931	-	221,253	1
1120	Financial assets at fair value through other comprehensive income - current (note 6(c))	152,171	-	111,712	-	2120	Financial liabilities at fair value through profit or loss - current (note 6(b))	4,504	-	1,924	-
1140	Contract assets - current (notes 6(aa) and 7)	339,307	1	215,187	1	2130	Contract liabilities - current (notes 6(aa) and 7)	381,104	1	506,666	2
1170	Notes and accounts receivable, net (note 6(e))	2,416,503	7	1,871,520	6	2170	Notes and accounts payable	1,194,056	4	1,355,764	4
1180	Accounts receivable from related parties (notes 6(e) and 7)	126,959	-	225,389	1	2260	Liabilities related to non-current assets held for sale (note 6(g))	-	-	1,607,188	5
1200	Other receivables	139,892	-	141,706	-	2280	Lease liability - current (note 6(s))	95,525	-	59,058	-
1210	Other receivables from related parties (note 7)	311,000	1	407,956	1	2320	Current portion of long-term borrowings and preference share liabilities (notes 6(p) and (r))	2,846,541	8	2,446,656	8
130X	Inventories (note 6(f))	4,377,410	13	2,653,595	9	2399	Other current liabilities (notes 6(t) and 7)	1,829,246	5	1,727,778	6
1410	Prepayments (note 9)	1,662,780	5	1,149,948	4		Total current liabilities	<u>8,346,122</u>	<u>24</u>	<u>7,976,676</u>	<u>26</u>
1460	Non-current assets held for sale (notes 6(g) and 8)	530,209	2	2,145,372	7		Non-Current liabilities:				
1476	Other financial assets (note 8)	629,432	2	924,036	3	2500	Financial liabilities at fair value through profit or loss - non-current (notes 6(b) and (p))	21,775	-	49,896	-
1479	Other current assets	424,192	1	211,531	1	2530	Bonds payable (note 6(q))	2,969,315	9	2,952,450	10
	Total current assets	<u>15,864,923</u>	<u>46</u>	<u>15,386,380</u>	<u>50</u>	2540	Long-term borrowings (note 6(p))	3,993,300	12	3,525,712	11
	Non-current assets:					2580	Lease liability - non-current (note 6(s))	1,376,919	4	560,061	2
1510	Financial assets at fair value through profit or loss - non-current (notes 6(b), (q) and (r))	71,287	-	97,096	-	2635	Preference share liabilities - non-current (note 6(r))	-	-	4,377	-
1517	Financial assets at fair value through other comprehensive income - non-current (notes 6(c), 7 and 8)	520,559	2	333,791	1	2670	Other non-current liabilities (notes 6(t) and (w))	426,101	1	313,704	1
1535	Financial assets at amortized cost - non-current (note 6(d))	-	-	-	-		Total non-current liabilities	<u>8,787,410</u>	<u>26</u>	<u>7,406,200</u>	<u>24</u>
1550	Investments accounted for using the equity method (note 6(h))	235,382	1	211,473	1		Total liabilities	<u>17,133,532</u>	<u>50</u>	<u>15,382,876</u>	<u>50</u>
1600	Property, plant and equipment (notes 6(j), 7 and 8)	10,188,315	30	8,213,695	26		Equity attributable to owners of parent (notes 6(x) and (y))				
1755	Right-of-use assets (note 6(k))	1,344,837	4	431,008	2	3110	Ordinary shares	16,277,905	48	16,278,140	52
1760	Investment property, net (notes 6(l) and 8)	2,722,066	8	2,844,125	9	3200	Capital surplus	187,699	-	999,749	3
1780	Intangible assets (note 6(m))	3,250	-	4,803	-	3350	Accumulated profit or loss	354,726	1	(1,461,427)	(5)
1840	Deferred tax assets (note 6(w))	626,257	2	629,448	2	3400	Other equity	(345,028)	(1)	(667,163)	(2)
1915	Prepayments - non-current (note 9)	2,051,077	6	1,934,036	6	3500	Treasury shares	(18,699)	-	(18,699)	-
1920	Refundable deposits (note 8)	156,092	-	654,938	2		Total equity attributable to owners of parent	<u>16,456,603</u>	<u>48</u>	<u>15,130,600</u>	<u>48</u>
1942	Other receivables from related parties - non-current (note 7)	23,605	-	21,255	-	36XX	Non-controlling interests	639,816	2	701,780	2
1990	Other non-current assets (note 8)	422,301	1	453,208	1		Total equity	<u>17,096,419</u>	<u>50</u>	<u>15,832,380</u>	<u>50</u>
	Total non-current assets	<u>18,365,028</u>	<u>54</u>	<u>15,828,876</u>	<u>50</u>		Total liabilities and equity	<u>\$ 34,229,951</u>	<u>100</u>	<u>31,215,256</u>	<u>100</u>
	Total assets	<u>\$ 34,229,951</u>	<u>100</u>	<u>31,215,256</u>	<u>100</u>						

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Net operating revenues (notes 6(aa) and 7)	\$ 18,808,051	100	14,302,408	100
5110	Operating costs (notes 6(f), (s), (v), 7 and 12)	<u>16,665,854</u>	<u>89</u>	<u>13,573,589</u>	<u>95</u>
5900	Gross gain from operations	<u>2,142,197</u>	<u>11</u>	<u>728,819</u>	<u>5</u>
Operating expenses (notes 6(e), (s), (v) and 12):					
6100	Selling expenses	526,995	3	465,493	3
6200	General and administrative expenses	706,092	4	836,757	6
6300	Research and development expenses	70,392	-	101,435	1
6450	Impairment losses on trade receivable	<u>99,547</u>	<u>-</u>	<u>43,283</u>	<u>-</u>
	Total operating expense	<u>1,403,026</u>	<u>7</u>	<u>1,446,968</u>	<u>10</u>
6500	Other income and expenses	<u>-</u>	<u>-</u>	<u>(102,597)</u>	<u>(1)</u>
	Income (loss) from operations	<u>739,171</u>	<u>4</u>	<u>(820,746)</u>	<u>(6)</u>
Non-operating income and expenses:					
7010	Other income (notes 6(ac) and 7)	344,934	2	288,158	2
7020	Other gains and losses (notes 6(g), (i), (j) and (ac))	121,864	1	(407,284)	(3)
7050	Finance costs (notes 6(q) and (s))	(276,964)	(2)	(390,719)	(2)
7060	Share of gain (loss) of associates and joint ventures accounted for using equity method (note 6(h))	6,655	-	(15,628)	-
7100	Interest income	<u>10,783</u>	<u>-</u>	<u>5,434</u>	<u>-</u>
		<u>207,272</u>	<u>1</u>	<u>(520,039)</u>	<u>(3)</u>
	Income (loss) before income tax	946,443	5	(1,340,785)	(9)
7950	Less: income tax expense (note 6(w))	<u>7,696</u>	<u>-</u>	<u>802</u>	<u>-</u>
8200	Net income (loss)	<u>938,747</u>	<u>5</u>	<u>(1,341,587)</u>	<u>(9)</u>
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(6,652)	-	61,118	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign statements	<u>399,477</u>	<u>2</u>	<u>(116,017)</u>	<u>-</u>
8300	Total other comprehensive income (loss)	<u>392,825</u>	<u>2</u>	<u>(54,899)</u>	<u>-</u>
	Total comprehensive income (loss)	<u>\$ 1,331,572</u>	<u>7</u>	<u>(1,396,486)</u>	<u>(9)</u>
Net income (loss) attributable to:					
	Shareholders of the parent	\$ 993,643	5	(1,288,203)	(9)
	Non-controlling interests	<u>(54,896)</u>	<u>-</u>	<u>(53,384)</u>	<u>-</u>
		<u>\$ 938,747</u>	<u>5</u>	<u>(1,341,587)</u>	<u>(9)</u>
Total comprehensive income (loss) attributable to:					
	Shareholders of the parent	\$ 1,314,911	7	(1,332,771)	(9)
	Non-controlling interests	<u>16,661</u>	<u>-</u>	<u>(63,715)</u>	<u>-</u>
		<u>\$ 1,331,572</u>	<u>7</u>	<u>(1,396,486)</u>	<u>(9)</u>
Earnings (loss) per share					
9750	Basic earnings (loss) per share (NT dollars) (note 6(z))	<u>\$ 0.61</u>		<u>(0.84)</u>	
9850	Diluted earnings per share (NT dollars) (note 6(z))	<u>\$ 0.57</u>			

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	Share capital		Accumulated profit or loss	Attributable to owners of parent			Treasury shares	Total equity attributable to owners of parent	Non-controlling interest	Total equity
	Ordinary shares	Capital surplus		Exchange differences on translation of foreign financial statements	Unrealized gains (loss) on financial assets at fair value through other comprehensive income	Unearned employees benefits				
Balance at January 1, 2021	\$ 26,650,863	7,877	(11,581,063)	(669,674)	(124,956)	(7,416)	(18,699)	14,256,932	767,182	15,024,114
Net loss for the year ended December 31, 2021	-	-	(1,288,203)	-	-	-	-	(1,288,203)	(53,384)	(1,341,587)
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(105,686)	61,118	-	-	(44,568)	(10,331)	(54,899)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	(1,288,203)	(105,686)	61,118	-	-	(1,332,771)	(63,715)	(1,396,486)
Offset of deficit against capital surplus	-	(9,887)	9,887	-	-	-	-	-	-	-
Issue of shares	1,200,000	792,000	-	-	-	-	-	1,992,000	-	1,992,000
Capital reduction to offset accumulated deficits	(11,571,175)	-	11,571,175	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(12)	-	-	-	-	-	(12)	12	-
Non-controlling interests	-	-	-	-	-	-	-	-	(2,048)	(2,048)
Compensation cost and cancellation of restricted shares for employees	(1,548)	282	-	-	-	6,549	-	5,283	-	5,283
Disposal of investment in equity instruments designated at fair value through other comprehensive income	-	-	(172,902)	-	172,902	-	-	-	-	-
Difference between the price that has not been increased in proportion to shareholding and net value	-	3,291	(321)	-	-	-	-	2,970	349	3,319
Issuance of convertible bonds	-	177,366	-	-	-	-	-	177,366	-	177,366
Compensation cost of issuing shares	-	28,832	-	-	-	-	-	28,832	-	28,832
Balance at December 31, 2021	<u>16,278,140</u>	<u>999,749</u>	<u>(1,461,427)</u>	<u>(775,360)</u>	<u>109,064</u>	<u>(867)</u>	<u>(18,699)</u>	<u>15,130,600</u>	<u>701,780</u>	<u>15,832,380</u>
Net Income for the year ended December 31, 2022	-	-	993,643	-	-	-	-	993,643	(54,896)	938,747
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	327,920	(6,652)	-	-	321,268	71,557	392,825
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	993,643	327,920	(6,652)	-	-	1,314,911	16,661	1,331,572
Changes in equity of associates and joint ventures accounted for using the equity method	-	10,482	-	-	-	-	-	10,482	-	10,482
Offset of deficit against capital surplus	-	(822,510)	822,510	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	(78,667)	(78,667)
Difference between the price that has not been increased in proportion to shareholding and net value	-	(42)	-	-	-	-	-	(42)	42	-
Compensation cost and cancellation of restricted shares for employees	(235)	20	-	-	-	867	-	652	-	652
Balance at December 31, 2022	<u>\$ 16,277,905</u>	<u>187,699</u>	<u>354,726</u>	<u>(447,440)</u>	<u>102,412</u>	<u>-</u>	<u>(18,699)</u>	<u>16,456,603</u>	<u>639,816</u>	<u>17,096,419</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	2022	2021
Cash flows from operating activities:		
Profit (loss) before income tax	\$ 946,443	(1,340,785)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,220,246	1,197,448
Amortization expense	2,273	4,808
Expected credit loss	99,547	72,459
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	1,318	(35,473)
Finance cost	212,083	315,215
Interest income	(10,783)	(5,434)
Dividends income	(19,220)	(14,178)
Compensation cost of restricted shares for employees	652	34,115
Share of (profit) loss of associates and joint ventures accounted for using the equity method	(6,655)	15,628
(Gain) loss on disposal of property, plant and equipment and power facilities business held for sale	(33,529)	108,823
Loss on disposal of investments	648	88,312
Impairment loss on property, plant and equipment	226,793	102,597
Impairment loss on financial assets	-	163,650
Reversal of provisions	(64,637)	(130,985)
Others	(195,963)	(168,656)
Total adjustments to reconcile profit (loss)	<u>1,432,773</u>	<u>1,748,329</u>
Changes in operating assets and liabilities:		
Contract assets - current	(126,032)	(40,146)
Notes and accounts receivable	(549,445)	85,133
Accounts receivable from related parties	17,328	(16,446)
Other receivables	35,083	80,996
Other receivables from related parties	(241)	33,159
Inventory	(1,954,723)	739,094
Prepayments (including non-current)	(499,024)	(443,098)
Other current assets	(97,533)	31,516
Contract liabilities - current	(125,562)	157,755
Notes and accounts payable (including related parties)	(133,106)	31,894
Provisions	28,724	31,907
Other current liabilities	62,482	245,627
Total changes in operating assets and liabilities	<u>(3,342,049)</u>	<u>937,391</u>
Cash flows (used in) generated from operations	(962,833)	1,344,935
Income taxes received (paid)	2,373	(9,268)
Net cash flows (used in) generated from operating activities	<u>(960,460)</u>	<u>1,335,667</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(213,770)	(27,098)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	6,614
Acquisition of investments accounted for using the equity method	(4,000)	(60,000)
Proceeds from disposal of associates	2,469	341,827
Proceeds from disposal of subsidiaries	386,976	549,456
Acquisition of property, plant and equipment	(2,718,952)	(681,490)
Proceeds from disposal of property, plant and equipment and power facilities business held for sale	33,921	3,213
Decrease in refundable deposits	498,838	66,342
Acquisition of intangible assets	(720)	(3,889)
Decrease (increase) in other financial assets	329,446	(223,967)
(Increase) decrease in other non-current assets	(137,050)	38,994
Interest received	12,520	7,432
Dividends received	20,821	14,924
Net cash flows (used in) generated from investing activities	<u>(1,789,501)</u>	<u>32,358</u>
Cash flows from financing activities:		
Increase (decrease) in short-term loans	1,847,295	(2,247,103)
(Decrease) increase in short-term bills payable	(121,300)	46,400
Proceeds from issuing bonds	-	3,120,780
Proceeds from long-term borrowings	1,394,529	4,961,736
Repayments of long-term borrowings	(684,304)	(8,412,911)
Repayments of preference share liabilities	(17,799)	(16,903)
Payment of lease liabilities	(62,455)	(56,629)
Proceeds from issuance of ordinary shares	-	1,992,000
Interest paid	(209,975)	(339,293)
Others	14,030	1,581
Net cash flows generated from (used in) financing activities	<u>2,160,021</u>	<u>(950,342)</u>
Effect of exchange rate changes	<u>90,835</u>	<u>(115,717)</u>
Net (decrease) increase in cash and cash equivalents	<u>(499,105)</u>	<u>301,966</u>
Cash and cash equivalents at beginning of period	<u>5,254,173</u>	<u>4,954,658</u>
Cash and cash equivalents at end of period	<u>\$ 4,755,068</u>	<u>\$ 5,256,624</u>
The components of cash and cash equivalents		
Cash and equivalents listed on consolidated balance sheets	\$ 4,755,068	5,254,173
Cash and equivalents related to non-current assets held for sale	-	2,451
Cash and equivalents at end of period	<u>\$ 4,755,068</u>	<u>\$ 5,256,624</u>

See accompanying notes to consolidated financial statements.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

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

(1) Company history

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

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

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

The consolidated financial statements were approved and released by the Group’s Board of Directors on March 13, 2023.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

(Continued)

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

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

(ii) Functional and presentation currency

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

(Continued)

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

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

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

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

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

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

(Continued)

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

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

Investor	Investee	Principal activity	% of Ownership		Note	
			December 31, 2022	December 31, 2021		
The Company	DelSolar Holding Singapore Pte. Ltd. (“DelSolar Singapore”)	Investment company	100.00 %	100.00 %		
	DelSolar Holding (“Cayman”) Ltd. (“DelSolar Cayman”)	Investment company	100.00 %	100.00 %		
	NSP Systems (“BVI”) Ltd. (“NSP BVI”)	Investment company	100.00 %	100.00 %		
	NSP UK Holding Limited (“NSP UK”)	Investment company	100.00 %	100.00 %		
	Best Power Service Corp. (“BPS”)	Solar related business	- %	60.00 %	2	
	NSP System Development Corp. (“NSP System”)	Solar related business	100.00 %	100.00 %		
	GES Energy Middle East FZE (“GES ME”)	Solar related business	100.00 %	100.00 %		
	Utech solar corporation (“Utech”)	Electronic component manufacturing	99.99 %	99.94 %	3	
	Ultimate Energy Solution Limited (“UES”)	Investment company	100.00 %	100.00 %		
	Solartech Materials Corporation (“SMC”)	Solar related business	100.00 %	100.00 %		
	Apex solar Corporation (“Apex”)	Solar related business	- %	- %	4	
	Zhongyang Corporation (“Zhongyang”)	Solar related business	100.00 %	100.00 %		
	United Renewable Energy Engineering Co., Ltd. (“UREE”)	Solar related business	- %	100.00 %	2	
	Yong Liang Ltd. (“Yong Liang”)	Solar related business	25.70 %	36.14 %	3	
	Yong Zhou Ltd. (“Yong Zhou”)	Solar related business	100.00 %	100.00 %		
	General Energy Solutions UK Limited (“GES UK”)	Investment company	100.00 %	100.00 %		
	ELECTRONIC J.R.C. S.R.L (“JRC”)	Solar related business	- %	59.69 %	2	
	Dashiangying Energy Power Ltd. Co. (“Dashiangying”)	Solar related business	- %	100.00 %	5	
	Shinkai Energy Power Ltd. Co. (“Shinkai”)	Solar related business	- %	100.00 %	5	
	Shanshang Energy Power Ltd. Co. (“Shanshang”)	Solar related business	100.00 %	100.00 %		
	Jiangung Energy Power Ltd. Co. (“Jiangung”)	Solar related business	- %	- %	5	
	United Intelligence Co., Ltd. (“United Intelligence”)	Electronic component	100.00 %	100.00 %		
	Yanshan Energy Power Ltd. Co. (“Yanshan”)	Solar related business	- %	100.00 %	5	
	GES UK	General Energy Solutions USA, Inc. (“GES USA”)	Investment company	100.00 %	100.00 %	
		GES JAPAN CORPORATION (“GES JAPAN”)	Investment company	- %	100.00 %	5
		NCH Solar 1 Limited (“NCH Solar 1”)	Solar related business	- %	- %	4
		GES Solar 2 Limited (“GES Solar 2”)	Solar related business	- %	- %	4
GES Solar 3 Limited (“GES Solar 3”)		Solar related business	- %	- %	4	
General Energy Solutions CANADA Inc. (“GES CANADA”)		Investment company	100.00 %	100.00 %		
NSP Germany		Solar related business	90.00 %	90.00 %		

(Continued)

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

Investor	Investee	Principal activity	% of Ownership		Note	
			December 31, 2022	December 31, 2021		
GES USA	MEGATWO, LLC (“MEGATWO”)	Solar related business	100.00 %	100.00 %		
	GES MEGAFIVE, LLC (“MEGAFIVE”)	Solar related business	100.00 %	100.00 %		
	GES MEGASIX, LLC (“MEGASIX”)	Solar related business	100.00 %	100.00 %		
	GES MEGAEIGHT, LLC (“MEGAEIGHT”)	Solar related business	100.00 %	100.00 %		
	GES MEGATWELVE, LLC (“MEGATWELVE”)	Solar related business	100.00 %	100.00 %		
	GES MEGATHIRTEEN, LLC (“MEGATHIRTEEN”)	Solar related business	100.00 %	100.00 %		
	GES MEGASIXTEEN, LLC (“MEGASIXTEEN”)	Solar related business	100.00 %	100.00 %		
	GES MEGANINETEEN, LLC (“MEGANINETEEN”)	Solar related business	100.00 %	100.00 %		
	GES MEGATWENTY, LLC (“MEGATWENTY”)	Solar related business	100.00 %	100.00 %		
	GES ASSET TWO, LLC (“ASSET TWO”)	Solar related business	- %	- %		
	GES ASSET THREE LLC (“ASSET THREE”)	Solar related business	100.00 %	100.00 %		
	SH4 SOLAR LLC (“SH4”)	Solar related business	100.00 %	100.00 %		
	Cedar Falls Solar Farm, LLC (“CEDAR FALLS”)	Solar related business	- %	- %	4	
	Schenectady Solar, LLC (“Schenectady”)	Solar related business	- %	- %		
	Village of Coxsackie Municipal Solar Project One, LLC (“VOC”)	Solar related business	- %	- %	4	
	SEG MI 57 LLC (“SEG”)	Solar related business	100.00 %	100.00 %		
	Kinect Solar Fund 1, LLC (“KINECT”)	Solar related business	100.00 %	100.00 %		
	RER CT 57, LLC (“RER CT 57”)	Solar related business	- %	- %	4	
	TEV II, LLC (“TEV II”)	Solar related business	100.00 %	100.00 %		
	Heywood Solar PGS, LLC (“HEYWOOD”)	Solar related business	55.00 %	55.00 %		
	MP Solar, LLC (“MP Solar”)	Solar related business	- %	- %	4	
	Ventura Solar LLC (“Ventura”)	Solar related business	- %	- %	4	
	ILLINI POWER LLC	Solar related business	- %	- %	4	
	PS CS, LLC (“PS CS”)	Solar related business	- %	- %	4	
	NSP NEVADA	Heywood Solar PGS, LLC (“HEYWOOD”)	Solar related business	45.00 %	45.00 %	
		MP Solar, LLC (“MP Solar”)	Solar related business	- %	- %	4
Ventura Solar, LLC (“Ventura”)		Solar related business	- %	- %	4	
Livermore Community Solar Farm, LLC (“Livermore”)		Solar related business	- %	100.00 %	5	
Industrial Park Drive Solar, LLC (“Industrial Park”)		Solar related business	100.00 %	100.00 %		
Hillsboro Town Solar, LLC (“Hillsboro”)		Solar related business	100.00 %	100.00 %		
GES CANADA	ELECTRONIC J.R.C., S.R.L (“JRC”)	Solar related business	- %	40.31 %	2	
MEGATWO	Munisol S.A.P.I. de C.V. (“Munisol”)	Solar related business	100.00 %	100.00 %		
ASSET THREE	GES Asset Three Shima’s, LLC (“SHIMA’S”)	Solar related business	100.00 %	100.00 %		
	GES Asset Three Waimea, LLC (“WAIMEA”)	Solar related business	100.00 %	100.00 %		
	GES Asset Three Honokawai, LLC (“HONOKAWAI”)	Solar related business	100.00 %	100.00 %		
	GES Asset Three Eleele, LLC (“ELEELE”)	Solar related business	100.00 %	100.00 %		
	GES Asset Three Hanalei, LLC (“HANALEI”)	Solar related business	100.00 %	100.00 %		
	GES Asset Three Kapaa, LLC (“KAPAA”)	Solar related business	100.00 %	100.00 %		
	GES Asset Three Koloa, LLC (“KOLOA”)	Solar related business	100.00 %	100.00 %		

(Continued)

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

Investor	Investee	Principal activity	% of Ownership		Note
			December 31, 2022	December 31, 2021	
MEGASIXTEEN	GES AC SOLAR 2017, LLC (“GESAC”)	Solar related business	67.59 %	67.59 %	
GES AC	Anderson North Solar Project LLC (“ANDERSON N.”)	Solar related business	100.00 %	100.00 %	
	Anderson South Solar Project LLC (“ANDERSON S.”)	Solar related business	100.00 %	100.00 %	
	Flora Solar Project LLC (“Flora”)	Solar related business	100.00 %	100.00 %	
	Greenfield Solar Project LLC (“Greenfield”)	Solar related business	100.00 %	100.00 %	
	Spiceland Solar Project LLC (“Spiceland”)	Solar related business	100.00 %	100.00 %	
TEV II	TEV Solar Alpha18 LLC (“TEV Solar”)	Solar related business	100.00 %	100.00 %	
TEV Solar	AC GES Solar 2018 LLC (“AC GESSolar”)	Solar related business	66.19 %	66.19 %	
AC GES Solar	Richmond 2 Solar Park, LLC (“Richmond”)	Solar related business	100.00 %	100.00 %	
	Rensselaer 2 Solar Park, LLC (“Rensselaer”)	Solar related business	100.00 %	100.00 %	
	Advance Solar Park, LLC (“Advance”)	Solar related business	100.00 %	100.00 %	
DelSolar Cayman	DelSolar (“HK”) Ltd. (“DelSolar HK”)	Investment company	100.00 %	100.00 %	
	DelSolar US Holdings (“Delaware”) Corporation (“DelSolar US”)	Investment company	100.00 %	100.00 %	
	NSP SYSTEM NEVADA HOLDING CORP (“NSP NEVADA”)	Solar related business	100.00 %	100.00 %	
NSP BVI	URE NSP Corporation (“URE NSP”)	Solar related business	100.00 %	100.00 %	
	NSP HK Holding Ltd. (“NSP HK”)	Solar related business	100.00 %	100.00 %	
	NSP UK	NSP Indygen UK Ltd. (“NSP Indygen”)	Solar related business	100.00 %	100.00 %
NSP System	Hsin Jin Optoelectronics (“Hsin Jin Optoelectronics”)	Solar related business	80.00 %	80.00 %	
	Hsin Jin Solar Energy Co., Ltd. (“Hsin Jin Solar Energy”)	Solar related business	60.00 %	60.00 %	
	Si Two Corp. (“Si Two”)	Solar related business	100.00 %	100.00 %	
	Tienyang Green Power Ltd. Co. (“Tienyang”)	Solar related business	- %	- %	4
	Deyang Green Power Ltd. Co. (“Deyang”)	Solar related business	- %	- %	4
	Shanyang Green Power Ltd. Co. (“Shanyang”)	Solar related business	- %	- %	4
	Jeyang Green Power Ltd. Co. (“Jeyang”)	Solar related business	- %	- %	4
	Lianzhang Energy Power Ltd. Co. (“Lianzhang”)	Solar related business	100.00 %	100.00 %	
	Lianxi Energy Power Ltd. Co. (“Lianxi”)	Solar related business	100.00 %	100.00 %	
	Liancheng Energy Power Ltd. Co. (“Liancheng”)	Solar related business	- %	100.00 %	5
Feng Yang Energy Power Ltd. Co. (“Feng Yang”)	Solar related business	- %	- %	4	
UREE	United Agriculture Ecology Ltd. Co. (“UAE”)	Solar and agriculture-related business	- %	100.00 %	2
Utech	Jiangung Energy Power Ltd. Co. (“Jiangung”)	Solar related business	100.00 %	100.00 %	3
Jiangung	Yong Liang Ltd. (“Yong Liang”)	Solar related business	74.30 %	63.86 %	3
DelSolar HK	DelSolar (Wu Jiang) Ltd. (“DelSolar Wu Jiang”)	Solar related business	100.00 %	100.00 %	
DelSolar US	DelSolar Development (Delaware) LLC (“DelSolar Development”)	Solar related business	- %	100.00 %	5
	Clean Focus Renewables Inc. (“CFR”)	Solar related business	100.00 %	100.00 %	6
	USD1 Owner LLC (“USD1”)	Solar related business	100.00 %	100.00 %	
	Beryl Construction LLC (“Beryl”)	Solar related business	100.00 %	100.00 %	
DelSolar Development	DSS-USF PHX LLC	Solar related business	- %	100.00 %	5
	DSS-RAL LLC	Solar related business	- %	100.00 %	5
UES	Renewable Energy Solution Limited (“RES”)	Investment company	100.00 %	100.00 %	
RES	Gintech (“Thailand”) Limited (“Gintech (“Thailand”)”)	Solar related business	100.00 %	100.00 %	

(Continued)

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

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

Note 2: The Group disposed of all the equity shares in 2022.

Note 3: The Group had reorganized organizations in 2021.

Note 4: The Group disposed of all the equity shares in 2021.

Note 5: The Group had liquidated and dissolved in 2022.

Note 6: The Group had been liquidating and dissolving in 2022.

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

(d) Foreign currencies

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

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

(Continued)

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(Continued)

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

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

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

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(Continued)

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

5) Derecognition of financial assets

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

(Continued)

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

4) Preference shares

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

5) Compound financial instruments

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

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

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

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

6) Financial liabilities

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

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

(Continued)

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

7) Derecognition of financial liabilities

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

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

(iii) Derivative financial instruments and hedge accounting

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

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

(h) Inventories

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

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

(i) Non-current assets held for sale (or disposal groups)

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

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

(Continued)

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

(j) Investment in associates

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

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

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

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

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

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

(Continued)

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

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

(k) Joint Arrangements

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

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

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

(l) Investment property

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

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

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

(Continued)

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

(m) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

- 1) Buildings: 15~21 years
- 2) Machinery and equipment: 4~11 years
- 3) Other equipment: 3~31 years

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

(iv) Reclassification to investment property

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

(n) Leases

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

(Continued)

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

(i) As a lessee

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

(ii) As a lessor

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

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

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

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

(o) Intangible assets

(i) Recognition and measurement

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

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

(Continued)

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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

(p) Impairment of non-financial assets

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

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

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

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

(Continued)

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

(q) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Warranties

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

(ii) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(iii) Site restoration

The Group makes provision for its site restoration due to the recovery cost of its power station modules estimated in accordance with Regulations Governing the Installation of Renewable Energy Power Generation Equipment by Bureau of Energy, Ministry of Economic Affairs, wherein the amount is calculated based on the scale of the power station, and the provision is recognized based on the present value of the expected costs for the site restoration.

(r) Revenue recognition

(i) Revenue from contracts with customers

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

1) Sale of goods

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

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

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

(Continued)

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

2) Construction contracts

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

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

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

3) Power electric revenue

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

4) Service revenue

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

5) Financing components

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

(s) Employee benefits

(i) Defined contribution plans

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

(Continued)

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

(ii) Short-term employee benefits

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

(t) Share-based payment

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

(u) Income taxes

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

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

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

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

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(Continued)

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

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

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

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

(v) Earnings per share

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

(w) Operating segments

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

(x) Changes in accounting policies

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

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Later</u>
(Decrease) increase in depreciation expense	\$ <u>(13,451)</u>	<u>(13,451)</u>	<u>(13,451)</u>	<u>(13,451)</u>	<u>54,924</u>

(Continued)

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

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

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

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

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

Judgment of whether the Group has substantive control over its investees

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

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

(a) Impairment of non-financial assets

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

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

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

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

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

(Continued)

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand, checking accounts and demand deposits	\$ 4,746,367	5,241,731
Time deposits	<u>8,701</u>	<u>12,442</u>
Cash and cash equivalents listed in the consolidated cash flow statements	<u><u>\$ 4,755,068</u></u>	<u><u>5,254,173</u></u>

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss:		
Derivatives not used for hedging		
Foreign exchange swap contracts	\$ -	4,443
Forward exchange contracts	-	2,941
Long call options	70,387	157,067
Embedded derivative-redemption	<u>900</u>	<u>6,900</u>
Total	<u><u>\$ 71,287</u></u>	<u><u>171,351</u></u>

Current	\$ -	74,255
Non-current	<u>71,287</u>	<u>97,096</u>
Total	<u><u>\$ 71,287</u></u>	<u><u>171,351</u></u>

Financial liabilities designated at fair value through profit or loss:

Derivatives not used for hedging		
Foreign exchange swap contracts	4,504	-
Short call options	<u>21,775</u>	<u>51,820</u>
Total	<u><u>\$ 26,279</u></u>	<u><u>51,820</u></u>

Current	\$ 4,504	1,924
Non-current	<u>21,775</u>	<u>49,896</u>
Total	<u><u>\$ 26,279</u></u>	<u><u>51,820</u></u>

(Continued)

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

- (i) The short call options mentioned above including (1) derived from the loan contract signed with Indiana Municipal Power Agency (IMPA), and IMPA has the right to buy back all of the subsidiary shares which were designated on the specific date. Refer to note 6(p) for more details; (2) Other investor has the right to buy back preference shares of UREE in the specific period.
- (ii) The long call options listed above were derived from the issuance of preference shares by the Group, making an agreement with the preference shareholders that the Group has the right to buy back all shares on the specific date. Refer to note 6(r) for more details.
- (iii) The fair value of the derivatives mentioned above is estimated using the Black-Scholes options evaluation model, and the relevant parameters were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Expired shorting call options-MEGASIXTEEN		
Estimated strike price		USD13,347 thousand dollars
Expected volatility		22.0%
Duration		1 year
Discount rate		6.7473%
Shorting call options-TEV II		
Estimated strike price	USD13,822 thousand dollars	USD13,822 thousand dollars
Expected volatility	23.78%	30%
Duration	2 years	3 years
Discount rate	11.6533%	6.7473%
Expired longing call options-MEGASIXTEEN		
Estimated strike price		USD656 thousand dollars
Expected volatility		22.0%
Duration		1 year
Discount rate		6.7473%
Longing call options-TEV II		
Estimated strike price	USD704 thousand dollars	USD704 thousand dollars
Expected volatility	23.88%	32%
Duration	1.5 years	2.5 years
Discount rate	11.6533%	6.7473%

(Continued)

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

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

<u>December 31, 2022</u>	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (in Thousands)</u>
Foreign exchange swap contracts	USD/NTD	January 6, 2023~January 18, 2023	USD40,000/ NTD1,223,862
Foreign exchange swap contracts	USD/CNY	February 15, 2023	USD218/ CNY1,513
<u>December 31, 2021</u>			
Foreign exchange swap contracts	NTD/USD	January 10, 2021~ March 8, 2022	NTD1,083,250/ USD39,000
Selling Forward exchange contracts	EUR/USD	January 10, 2022	EUR2,000/ USD2,377

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

	For the years ended December 31,	
	<u>2022</u>	<u>2021</u>
Revaluation of derivatives listed in profit and loss	<u>\$ (115,032)</u>	<u>41,416</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Equity instrument measured at fair value through other comprehensive income:		
Domestic investments		
Listed ordinary shares	\$ 333,541	389,616
Unlisted ordinary shares	331,001	47,699
Overseas investments - unlisted ordinary shares	<u>8,188</u>	<u>8,188</u>
Total	<u>\$ 672,730</u>	<u>445,503</u>

- (i) The Group's equity instruments are not held for trading, therefore has been designated at fair value through other comprehensive income.
- (ii) To strengthen the strategic layout, the Group increase investment EVERGREEN AVIATION TECHNOLOGIES CORPORATION ("EGAT") ordinary shares \$94,500 thousand in first quarter of 2022.

(Continued)

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

- (iii) Due to the requirement of the business development, the Group increase investment UREE preference shares \$119,270 thousand in third quarter of 2022.
 - (iv) Please refer to note 13(a) for details on the above mentioned equity instruments and fair value, among which the shares of ThinTech Materials Technology Co., Ltd. (“TTMC”) were privately placed and its ordinary shares are subject to transfer restrictions in accordance with Article 43-8 of the Securities and Exchange Act.
 - (v) During 2022 and 2021, the dividends of \$19,220 thousand and \$14,178 thousand, related to equity investments at fair value through other comprehensive income, respectively, were recognized.
 - (vi) Due to the changes in strategic layout, the Group has sold its shares held in Apex and realized a loss of \$172,902 thousand, which was reclassified from other equity to retained earnings during the six months ended June 30, 2021. The Group did not dispose any equity instruments in 2022. During the period, the accumulated gains and losses were not transferred into equity.
 - (vii) For credit risk and market risk, please refer to note 6(ad).
 - (viii) Please refer to Note 8 for details of the above-mentioned financial assets had been pledged as collateral.
- (d) Financial assets at amortized cost

	December 31, 2022	December 31, 2021
Convertible preference shares - Phanes Holding Inc.	\$ -	-

- (i) The Group assessed its expected cash flows until maturity, which covers the entirety of interests and principle, and therefore, measured at amortized costs.
- (ii) Phanes Holding Inc. a project developer, is an overseas unlisted company. In order to build a long-term cooperative strategic relationship with Phanes Holding Inc. the Group subscribed to the entire five-year callable preference shares (C-Shares III) for 24,000 shares, at par value, amounting to USD5,000 thousand. According to the future recoverability which based on the preference shares cash flow assessment, the Group recognized impairment loss on financial assets during the fourth quarter of 2021.
- (iii) The above preference shares carried no voting rights and no dividend rights. Instead they carried preferential rights on dividends specified at 7% of the par value. The preference shares can be redeemed prior to, or later than, the maturity date under the agreement between the Group and Phanes Holding Inc. As of December 31, 2021, the interest receivables, classified as other receivables from related parties, amounted to \$29,176 thousand. The Group recognized the interest receivable mentioned above as expected credit losses in the fourth quarter of 2021, classified as other gains and losses.
- (iv) Financial assets at amortized cost had not been pledged as collateral.

(Continued)

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

(e) Notes and accounts receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes and accounts receivable	\$ 2,635,821	2,075,173
Accounts receivable from related parties	126,959	225,413
Less: Loss Allowance	<u>(219,318)</u>	<u>(203,677)</u>
	<u>\$ 2,543,462</u>	<u>2,096,909</u>

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

	<u>December 31, 2022</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 2,219,996	0%~0.06%	1,018
1 to 30 days past due	167,387	0%~0.21%	302
31 to 60 days past due	34,716	0%~0.47%	120
61 to 90 days past due	49,293	0%~1.07%	245
91 to 120 days past due	2,703	0%~2.19%	59
151 to 180 days past due	14,708	0%~41.67%	-
More than 181 days past due	<u>273,977</u>	0%~100%	<u>217,574</u>
Total	<u>\$ 2,762,780</u>		<u>219,318</u>
	<u>December 31, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 1,845,274	0%~0.18%	2,022
1 to 30 days past due	189,663	0%~0.98%	516
31 to 60 days past due	5,619	0%~2.43%	131
More than 181 days past due	<u>260,030</u>	0%~100%	<u>201,008</u>
Total	<u>\$ 2,300,586</u>		<u>203,677</u>

(Continued)

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

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

	For the years ended December 31,	
	2022	2021
Balance at January 1	\$ 203,677	575,989
Impairment loss recognized	99,547	43,283
Amounts written off	(83,960)	(414,541)
Foreign exchange gains (loss)	54	(1,054)
Balance at December 31	<u>\$ 219,318</u>	<u>203,677</u>

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

- (f) Inventories

	December 31,	December 31,
	2022	2021
Finished goods and products	\$ 2,074,319	447,809
Construction in progress	1,336,701	1,169,849
Raw materials	864,010	884,942
Work in progress	102,380	150,995
	<u>\$ 4,377,410</u>	<u>2,653,595</u>

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

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

	For the years ended	
	December 31,	
	2022	2021
Cost of goods sold	\$ 16,432,511	13,641,406
Unallocated production overheads	265,323	225,647
Write-down and retirement of inventories (Reversal of write-downs)	40,833	(170,555)
Others	(72,813)	(122,909)
Total	<u>\$ 16,665,854</u>	<u>13,573,589</u>

- (iii) As of December 31, 2022 and 2021, the inventories of the Group had not been pledged as collateral.

(Continued)

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

(g) Non-current assets held for sale

During 2022 and 2021, the Group decided to sell some machines, domestic and foreign subsidiaries and has begun to deal with the selling matters, the equipment and assets and liabilities of the subsidiaries were presented as a disposal group held for sale, as the following.

	December 31, 2022	December 31, 2021
Bank deposit	\$ -	2,451
Inventories	-	635,456
Accounts receivable	-	49,090
Property, plant and equipment	530,209	1,109,793
Intangible assets	-	63,548
Restricted assets - non-current	-	259,369
Other assets	-	25,665
Assets held for sale	\$ 530,209	2,145,372
Bank borrowings	\$ -	925,810
Other payables	-	34,576
Other liabilities	-	33,611
Lease liability - non-current	-	613,191
Liabilities held for sale	\$ -	1,607,188

The impairment loss of \$192,847 thousand and \$15,791 thousand resulting from measuring at the lower of other carrying amount and fair value less costs to sell in 2022 and 2021, respectively.

(h) Investments accounted for using the equity method

	December 31, 2022	December 31, 2021
Associates	\$ 231,686	208,145
Joint ventures	3,696	3,328
	\$ 235,382	211,473

- (i) Please refer to note 13(b) for list of investments, percentage of ownership and main activities.
- (ii) The Group is not a controlling shareholder to the associates and it also cannot obtain more than half of the voting rights at board of directors and a shareholders' meeting. Therefore, it is determined that the Group has significant influence on its associates.

(Continued)

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

(iii) Associates

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

	December 31, 2022	December 31, 2021
Carrying amount of individually insignificant associates' equity	\$ 231,686	208,145
	For the years ended December 31,	
	2022	2021
Attributable to the Group		
Net income (loss)	\$ 6,655	(15,628)
Other comprehensive income (loss)	9,621	(9,630)
Comprehensive income (loss)	\$ 16,276	(25,258)

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

	December 31, 2022	December 31, 2021
The carrying amount of investments in the individually insignificant joint ventures	\$ 3,696	3,328

The group has no significant influence on DS Energy Technology Co., Ltd. in the third quarter of 2022, hence it was reclassified to financial assets at fair value through other comprehensive income. Please refer to note 6(c) for details.

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

(i) Loss of control over a subsidiary

During years ended December 31, 2022 and 2021, the Group sold all of its shares in subsidiaries and loss control of them, with the considerations of \$427,897 thousand and \$653,202 thousand, respectively, the disposal loss was \$648 thousand and \$88,662 thousand (including the effect of exchange rate changes of \$82,215 thousand), which was included in other gains and losses.

(Continued)

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

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

	For the years ended December 31,	
	2022	2021
Bank deposit	\$ 11,268	-
Receivables	55,398	-
Construction contracts receivable	1,912	-
Other current assets	97,787	114,660
Financial assets at fair value through other comprehensive income - non current	-	27,098
Property, plant and equipment	1,179,531	647,997
Other assets	162,525	80,538
Long-term liabilities	(993,900)	(158,221)
Current liabilities	(84,422)	(423,715)
Non current liabilities	(249)	-
Carrying amount of subsidiary's net assets	\$ 429,850	288,357

(j) Property, plant and equipment

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

	Land	Buildings	Machinery and equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost:						
Balance on January 1, 2022	\$ 759,135	4,479,064	18,659,052	5,249,960	285,492	29,432,703
Additions	-	-	98,726	244,088	2,948,410	3,291,224
Disposals	-	-	(3,240,428)	(248,091)	-	(3,488,519)
Reclassification	-	-	28,190	2,112,590	(1,911,918)	228,862
Transferred from investment property	-	45	-	-	-	45
Reclassify to assets held for sale	-	-	(921,424)	(1,019,631)	-	(1,941,055)
Effect of changes in foreign exchange rates	5,145	25,664	36,998	327,789	276	395,872
Balance on December 31, 2022	\$ 764,280	4,504,773	14,661,114	6,666,705	1,322,260	27,919,132

(Continued)

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Equipment to be inspected and construction in progress</u>	<u>Total</u>
Balance on January 1, 2021	\$ 787,322	4,513,175	19,168,372	7,519,158	222,641	32,210,668
Additions	-	-	-	20,791	741,353	762,144
Disposals	-	(979)	(828,273)	(57,441)	-	(886,693)
Transfer in (out)	-	-	-	(916,976)	-	(916,976)
Reclassification	-	12,930	368,296	365,548	(500,163)	246,611
Reclassify to investment property	-	-	-	(262,257)	-	(262,257)
Reclassify to lease property	-	-	(2,826)	-	-	(2,826)
Reclassify to assets held for sale	(18,666)	-	-	(1,344,660)	(174,174)	(1,537,500)
Effect of changes in foreign exchange rates	(9,521)	(46,062)	(46,517)	(74,203)	(4,165)	(180,468)
Balance on December 31, 2021	<u>\$ 759,135</u>	<u>4,479,064</u>	<u>18,659,052</u>	<u>5,249,960</u>	<u>285,492</u>	<u>29,432,703</u>
Accumulated depreciation						
Balance on January 1, 2022	\$ -	1,851,219	17,196,768	2,171,021	-	21,219,008
Depreciation	-	209,182	578,870	251,716	-	1,039,768
Impairment loss	-	38	101,283	125,472	-	226,793
Disposals	-	-	(3,237,318)	(248,091)	-	(3,485,409)
Transferred from investment property	-	28	-	-	-	28
Reclassify to assets held for sale	-	-	(912,514)	(498,332)	-	(1,410,846)
Effect of changes in foreign exchange rates	-	6,065	15,477	119,933	-	141,475
Balance on December 31, 2022	<u>\$ -</u>	<u>2,066,532</u>	<u>13,742,566</u>	<u>1,921,719</u>	<u>-</u>	<u>17,730,817</u>
Balance on January 1, 2021	\$ -	1,651,948	17,364,601	2,598,464	144,666	21,759,679
Depreciation	-	207,653	568,995	245,187	-	1,021,835
Impairment loss	-	-	-	102,597	-	102,597
Disposals	-	(979)	(721,422)	(52,256)	-	(774,657)
Transfer in (out)	-	-	-	(268,979)	-	(268,979)
Reclassification	-	-	(1,101)	(2,283)	(803)	(4,187)
Transfer to investment property	-	-	-	(143,805)	-	(143,805)
Reclassify to lease property	-	-	(2,826)	-	-	(2,826)
Reclassify to assets held for sale	-	-	-	(286,446)	(141,261)	(427,707)
Effect of changes in foreign exchange rates	-	(7,403)	(11,479)	(21,458)	(2,602)	(42,942)
Balance on December 31, 2021	<u>\$ -</u>	<u>1,851,219</u>	<u>17,196,768</u>	<u>2,171,021</u>	<u>-</u>	<u>21,219,008</u>
Carrying amounts:						
Balance on December 31, 2022	<u>\$ 764,280</u>	<u>2,438,241</u>	<u>918,548</u>	<u>4,744,986</u>	<u>1,322,260</u>	<u>10,188,315</u>
Balance on January 1, 2021	<u>\$ 787,322</u>	<u>2,861,227</u>	<u>1,803,771</u>	<u>4,920,694</u>	<u>77,975</u>	<u>10,450,989</u>
Balance on December 31, 2021	<u>\$ 759,135</u>	<u>2,627,845</u>	<u>1,462,284</u>	<u>3,078,939</u>	<u>285,492</u>	<u>8,213,695</u>

(Continued)

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

(i) Impairment loss

The management implemented the regular impairment evaluating evaluation and testing on 2022 and 2021 December, considering the specific non-financial asset's business purpose, usage status, and usage methods, the assets are classified according to the cash-generating unit, and the expected recoverable amount is estimated based on the individual cash-generating unit.

The Group expects to recover the value of assets through selling the assets, which estimated on selling price minus the disposal cost, as the best estimate of the recoverable amount, and the rest assets are determined on the value in use. The value in use is calculated based on the pre-tax cash flow forecast of the financial budget, which approved by the management of each cash-generating unit. The pre-tax discount rate of estimated value in 2022 and 2021 were 10.13%~11.6533% and 6.7473%~7.92%, respectively. It is an after-tax ratio measured based on the interest rate of a Ten-year government bonds in the same currency as the cash flow, and the risk premium is adjusted to reflect the increased risk of general investment in equity and the specific systemic risk of cash-generating units.

According to the future annual financial forecasts of each cash-generating unit, the Group estimated the carrying amount of the property, plant and equipment to be higher than its recoverable amount, resulting in the recognition of impairment losses amounting to \$33,946 thousand and \$86,806 thousand, respectively.

(ii) Collateral

The aforementioned property, plant and equipment had been pledged as collateral. Please refer to note 8.

(iii) Reclassify to assets held for sale, please refer to note 6(g).

(iv) During 2022, capitalized borrowing costs were \$32,347 thousand relating to the acquisition of constructing factory, with capitalization rates of 1.9439%~3.03%. There were no such situation during 2021.

(k) Right-of-use assets

The Group leases many assets including land and buildings, vehicles, machinery and IT equipment. Information about leases for which the Group is a lessee was presented below:

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2022	\$ 469,151	46,711	3,930	28,197	547,989
Additions	6,096	952,796	-	10,539	969,431
Deductions	(474)	(10,043)	(1,654)	(4,525)	(16,696)
Reclassification	-	18,306	-	(18,306)	-
Effect of movement in exchange rates	-	997	-	-	997
Balance at December 31, 2022	<u>\$ 474,773</u>	<u>1,008,767</u>	<u>2,276</u>	<u>15,905</u>	<u>1,501,721</u>

(Continued)

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

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Balance at January 1, 2021	\$ 600,700	45,050	587	26,834	673,171
Additions	-	31,836	2,276	3,068	37,180
Deductions	(281)	(29,922)	-	(638)	(30,841)
Reclassification	(131,268)	-	1,067	(1,067)	(131,268)
Effect of movement in exchange rates	-	(253)	-	-	(253)
Balance at December 31, 2021	<u>\$ 469,151</u>	<u>46,711</u>	<u>3,930</u>	<u>28,197</u>	<u>547,989</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2022	\$ 83,163	23,060	1,235	9,523	116,981
Additions	28,194	21,609	488	4,844	55,135
Deductions	(474)	(9,813)	(964)	(4,473)	(15,724)
Reclassification	-	3,740	-	(3,740)	-
Effect of movements in exchange rates	-	492	-	-	492
Balance at December 31, 2022	<u>\$ 110,883</u>	<u>39,088</u>	<u>759</u>	<u>6,154</u>	<u>156,884</u>
Balance at January 1, 2021	\$ 77,460	21,163	522	5,529	104,674
Additions	27,794	17,498	369	4,976	50,637
Deductions	(213)	(15,479)	-	(638)	(16,330)
Reclassification	(21,878)	-	344	(344)	(21,878)
Effect of movements in exchange rates	-	(122)	-	-	(122)
Balance at December 31, 2021	<u>\$ 83,163</u>	<u>23,060</u>	<u>1,235</u>	<u>9,523</u>	<u>116,981</u>
Carrying amount:					
Balance at December 31, 2022	<u>\$ 363,890</u>	<u>969,679</u>	<u>1,517</u>	<u>9,751</u>	<u>1,344,837</u>
Balance at January 1, 2021	<u>\$ 523,240</u>	<u>23,887</u>	<u>65</u>	<u>21,305</u>	<u>568,497</u>
Balance at December 31, 2021	<u>\$ 385,988</u>	<u>23,651</u>	<u>2,695</u>	<u>18,674</u>	<u>431,008</u>

(1) Investment property

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

(Continued)

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

The details of investment property are as follows:

	Properties		Right-of-use asset	Total
	Land	Buildings	Land	
Cost or deemed cost:				
Balance at January 1, 2022	\$ 747,300	2,772,576	206,561	3,726,437
Additions	-	-	3,301	3,301
Transfer to property, plant and equipment	-	(45)	-	(45)
Balance at December 31, 2022	<u>\$ 747,300</u>	<u>2,772,531</u>	<u>209,862</u>	<u>3,729,693</u>
Balance at January 1, 2021	\$ 747,300	2,510,319	75,293	3,332,912
Reclassification from property, plant and equipment	-	262,257	-	262,257
Reclassify from right-of-use assets	-	-	131,268	131,268
Balance at December 31, 2021	<u>\$ 747,300</u>	<u>2,772,576</u>	<u>206,561</u>	<u>3,726,437</u>
Accumulated depreciation and impairment loss:				
Balance at January 1, 2022	\$ -	842,881	39,431	882,312
Depreciation for the year	-	109,895	15,448	125,343
Transfer to property, plant and equipment	-	(28)	-	(28)
Balance at December 31, 2022	<u>\$ -</u>	<u>952,748</u>	<u>54,879</u>	<u>1,007,627</u>
Balance at January 1, 2021	\$ -	586,275	5,378	591,653
Depreciation for the year	-	112,801	12,175	124,976
Reclassification from property, plant and equipment	-	143,805	-	143,805
Reclassify from right-of-use assets	-	-	21,878	21,878
Balance at December 31, 2021	<u>\$ -</u>	<u>842,881</u>	<u>39,431</u>	<u>882,312</u>
Carrying amount:				
Balance at December 31, 2022	<u>\$ 747,300</u>	<u>1,819,783</u>	<u>154,983</u>	<u>2,722,066</u>
Balance at January 1, 2021	<u>\$ 747,300</u>	<u>1,924,044</u>	<u>69,915</u>	<u>2,741,259</u>
Balance at December 31, 2021	<u>\$ 747,300</u>	<u>1,929,695</u>	<u>167,130</u>	<u>2,844,125</u>
Fair value:				
Balance at December 31, 2022			<u>\$ 3,292,118</u>	
Balance at December 31, 2021			<u>\$ 3,338,765</u>	

(Continued)

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

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

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

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

(m) Intangible assets

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

	<u>Contract with Consultants</u>	<u>Contract with Customers</u>	<u>Other</u>	<u>Total</u>
Cost:				
Balance at January 1, 2022	\$ -	-	23,611	23,611
Additions	-	-	720	720
Deductions	-	-	(14,662)	(14,662)
Balance at December 31, 2022	<u>\$ -</u>	<u>-</u>	<u>9,669</u>	<u>9,669</u>
Balance at December 31, 2021	\$ 144,605	73,396	74,575	292,576
Additions	-	-	3,889	3,889
Reclassify to assets held for sale	-	(69,325)	-	(69,325)
Deductions	(144,605)	-	(55,981)	(200,586)
Effect of movement in exchange rates	-	(4,071)	1,128	(2,943)
Balance at December 31, 2021	<u>\$ -</u>	<u>-</u>	<u>23,611</u>	<u>23,611</u>
Accumulated amortization and impairment losses:				
Balance at January 1, 2022	\$ -	-	18,808	18,808
Amortization for the year	-	-	2,273	2,273
Deductions	-	-	(14,662)	(14,662)
Balance at December 31, 2022	<u>\$ -</u>	<u>-</u>	<u>6,419</u>	<u>6,419</u>
Balance at January 1, 2021	\$ 144,605	8,420	69,234	222,259
Deductions	(144,605)	-	(55,981)	(200,586)
Reclassify to assets held for sale	-	(5,777)	-	(5,777)
Amortization for the year	-	450	4,358	4,808
Effect of movement in exchange rates	-	(3,093)	1,197	(1,896)
Balance at December 31, 2021	<u>\$ -</u>	<u>-</u>	<u>18,808</u>	<u>18,808</u>
Carrying value:				
Balance at December 31, 2022	<u>\$ -</u>	<u>-</u>	<u>3,250</u>	<u>3,250</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>-</u>	<u>4,803</u>	<u>4,803</u>

(Continued)

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

- (ii) Contract with consultants are the long-term maintenance and management of power plants.
- (iii) Contracts with customers are long term electricity sales contracts signed with different local power companies, wherein they are expected to generate revenue from electricity sales in the next 20 years.
- (iv) The intangible assets of the Group had not been pledged as collateral as of December 31, 2022 and 2021.

(n) Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank loans	\$ <u>1,895,215</u>	<u>50,389</u>
Range of interest rates	<u>2.101%~5.85%</u>	<u>1.85%</u>

(o) Short-term bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial paper payable	\$ 100,000	221,300
Less: discounts on commercial paper payable	(69)	(47)
	<u>\$ 99,931</u>	<u>221,253</u>

(p) Long-term liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured bank loans</u>		
Bank Loan - Syndicated loans	\$ 4,441,503	4,877,046
Bank Loan - Power Plant Project Loans	375,270	355,889
Bank Loan - Medium and Long-Term Loans	1,000,000	-
Other financing loan	696,853	607,415
<u>Unsecured bank loans</u>		
Bank Loan - Medium and Long-Term Loans	<u>319,229</u>	<u>119,895</u>
	6,832,855	5,960,245
Less: Current portion	<u>(2,839,555)</u>	<u>(2,434,533)</u>
Total	<u>\$ 3,993,300</u>	<u>3,525,712</u>
Range of interest rates	<u>2.045%~4.75%</u>	<u>1.91%~4.75%</u>

(Continued)

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

- 1) The long-term loan contracts listed above will expire in November 2043.
- 2) Compliance with loan contracts
 - a) The Group entered into a syndicated loan contract with FMO Bank and DEG Bank. According to the terms and conditions on the contract, it requires the borrower, JRC, to maintain certain financial ratios based on their annual and semiannual consolidated financial reports, wherein the balance of the special reserve account should not be below USD\$3,000 thousand. The Group intend to sell the subsidiaries and reclassify the related borrowings to liabilities held for sale, please refer to note 6(g). The subsidiary was sold in the second quarter of 2022.
 - b) The Group entered into a middle-to-long-term guaranteed loan from CATHAY BANK. According to the terms and conditions of the contract, it requires that the borrower, GES USA, to maintain certain financial ratios during the credit period. The loan had already been repaid in February 2022.
 - c) The Group entered into a long-term loan agreement with Bank SinoPac. According to the terms and conditions on the contract, it requires the borrower, Yong Liang, to maintain certain financial ratios during the credit period. The financial ratios as of 31 December 2022 are in compliance with the above requirements.
 - d) The Group entered into middle-to-long-term guaranteed loan with CATHAY BANK. According to the terms and conditions on the contract, it requires the borrower, MEGATWELVE, MEGATHIRTEEN and ASSETTHREE to maintain certain financial ratios based on its annual financial reports during the credit period. The ratios did not meet the above requirements on December 31, 2021, the Group has increased the compensation fund in accordance to the terms, and no breach of contract was committed. The loan had already been repaid in February 2022.
 - e) The Group entered into \$10.13 billion and \$0.5 billion syndicated loans with First Bank. According to the terms and conditions on the contract, it requires the Group to maintain certain financial ratios based on its annual and semiannual consolidated financial reports during the credit period. The ratios did not meet the above requirements on June 30, 2021 and the Group had paid compensation fees to all joint credit banks each month.. The loan had already been repaid in the third quarter of 2021.
 - f) The Group entered into \$6 billion syndicated loans with First Bank. According to the terms and conditions on the contract, it requires the Group to maintain certain financial ratios based on its annual and semiannual consolidated financial reports during the credit period. As of December 31, 2021, although the Interest Protection Multiples (IPM) did not meet the above requirements, no breach of contract was committed. Instead, the Group have to the pay compensation fees to all joint credit banks each month until the next utilization date or the base date of interest rate adjusted to improve the financial ratio. In addition, the financial ratios as of 31 December 2022 are in compliance with the requirement.

(Continued)

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

g) The Group entered into a \$4.5 billion syndicated loan with First Bank. According to the terms and conditions on the contract, it requires Utech's to maintain certain financial ratios based on its annual financial reports during the credit period. The abovementioned syndicated loans and other loans which were lent by other banks had expired on September 30, 2022. The Group completed the negotiation to extend the maturity date to September 30, 2023, and the financial ratios before the maturity date need not be reviewed. As of December 31, 2022, the balance of bank loan was \$2,286,789 thousand.

3) Other loan agreements

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

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

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

(q) Bonds payable

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

	December 31, 2022	December 31, 2021
Issuance amount	\$ 3,000,000	3,000,000
Unamortized discount	(30,685)	(47,550)
Ending balance of bonds payable	<u>\$ 2,969,315</u>	<u>2,952,450</u>
Embedded derivative component — redemption rights (recorded as financial assets at fair value through profit or loss - non-current)	<u>\$ 900</u>	<u>6,900</u>
Equity component — conversion right (recorded as capital surplus)	<u>\$ 177,366</u>	<u>177,366</u>

(Continued)

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

	For the years ended December 31,	
	2022	2021
Embedded derivative component – revaluation (loss) profit on redemption rights (recorded as other gains and losses)	\$ (6,000)	909
Interest expense	\$ 16,865	3,045

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

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

(r) Preference share liabilities

	December 31, 2022	December 31, 2021
Class A preference shares	\$ 6,986	16,500
Less: Current portion	(6,986)	(12,123)
Total	\$ -	4,377

(Continued)

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

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

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

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

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

(s) Lease liabilities

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current	<u>\$ 95,525</u>	<u>59,058</u>
Non-current	<u>\$ 1,376,919</u>	<u>560,061</u>

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

(Continued)

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2022	2021
Interest on lease liabilities	\$ <u>17,169</u>	<u>17,267</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>43,478</u>	<u>13,904</u>
Expenses relating to short-term leases	\$ <u>14,216</u>	<u>26,939</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>366</u>	<u>1,980</u>

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

	2022	2021
Total cash outflow for leases	\$ <u>137,684</u>	<u>116,719</u>

(t) Provisions

	Warranties	Onerous contract	Site restoration	Total
Balance at January 1, 2022	\$ 92,972	64,746	8,075	165,793
Provisions made during the year	28,724	-	108,337	137,061
Provisions transferred out during the year	(140)	(109)	-	(249)
Provisions reversed during the year	-	(64,637)	-	(64,637)
Balance at December 31, 2022	\$ <u>121,556</u>	<u>-</u>	<u>116,412</u>	<u>237,968</u>
Balance at January 1, 2021	\$ 88,955	175,916	-	264,871
Provisions made during the year	23,801	140	8,075	32,016
Provisions used during the year	(109)	-	-	(109)
Provisions reversed during the year	(19,675)	(111,310)	-	(130,985)
Balance at December 31, 2021	\$ <u>92,972</u>	<u>64,746</u>	<u>8,075</u>	<u>165,793</u>

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

(Continued)

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

(iii) The provision made by the Group for its site restoration cost is recognized under the provision for the module recovery expense in accordance with Regulations Governing the Installation of Renewable Energy Power Generation Equipment and the expected costs for the site restoration.

(u) Operating lease

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

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

	December 31, 2022	December 31, 2021
Less than one year	\$ 321,562	320,569
One to five years	283,097	566,643
More than five years	<u>109,150</u>	<u>180,730</u>
Total undiscounted lease payments	<u>\$ 713,809</u>	<u>1,067,942</u>

Rental income generated from investment properties in 2022 and 2021 (relating expenses are already deducted), please refer to note 6(ac).

(v) Employee benefits

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

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$54,382 thousand and \$54,068 thousand for the years ended December 31, 2022 and 2021, respectively.

(w) Income Taxes

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

	For the years ended December 31,	
	2022	2021
Current tax expense	\$ 6,616	8,151
Deferred tax expense	<u>1,080</u>	<u>(7,349)</u>
Income tax expense	<u>\$ 7,696</u>	<u>802</u>

(Continued)

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

- (ii) For the years ended December 31, 2022 and 2021, there was no income tax recognized in other comprehensive income.
- (iii) Reconciliation of income tax and profit (loss) before tax for 2022 and 2021 was as follows:

	For the years ended	
	December 31,	
	2022	2021
Profit (loss) excluding income tax	<u>\$ 946,443</u>	<u>(1,340,785)</u>
Income tax using the Company's domestic tax rate	\$ 189,289	(405,176)
Effect of tax rates in foreign jurisdiction	7,781	16,454
Tax effect of permanent differences	(55,689)	(16,757)
Change in unrecognized temporary differences	(178,336)	378,082
Others	<u>44,651</u>	<u>28,199</u>
Total	<u>\$ 7,696</u>	<u>802</u>

- (iv) Deferred tax assets and liabilities
- 1) Unrecognized deferred tax assets and liabilities

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

	December 31,	December 31,
	2022	2021
Unrecognized deferred tax assets		
Tax losses	\$ 3,504,763	3,852,813
Tax effect of deductible Temporary Differences	<u>1,830,543</u>	<u>2,321,642</u>
Total	<u>\$ 5,335,306</u>	<u>6,174,455</u>

The Group has not recognized any deferred tax liabilities in December 31, 2022 and 2021.

(Continued)

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

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

	Loss carryforwards and other
Deferred tax asset	
Balance on January 1, 2022	\$ 629,448
Foreign currency translation differences for foreign operations	699
Recognized in profit or loss	(3,890)
Balance on December 31, 2022	\$ 626,257
Balance on January 1, 2021	\$ 639,924
Others(note)	(15,187)
Foreign currency translation differences for foreign operations	(97)
Recognized in profit or loss	4,808
Balance on December 31, 2021	\$ 629,448

	Unrealized gains on financial instruments at fair value through profit or loss	Gain on increase in subsidiaries at a percentage different from its existing ownership percentage	Other	Total
Deferred tax liabilities				
Balance on January 1, 2022	\$ 36,488	7,301	-	43,789
Recognized in profit or loss	(2,810)	-	-	(2,810)
Balance on December 31, 2022	\$ 33,678	7,301	-	40,979
Balance on January 1, 2021	\$ 34,285	10,276	1,769	46,330
Recognized in profit or loss	2,203	(2,975)	(1,769)	(2,541)
Balance on December 31, 2021	\$ 36,488	7,301	-	43,789

(Note) The Group sold the shares of domestic subsidiary in 2021 and its deferred taxable assets are deducted by \$10,408 thousand on the date of disposal, please refer to note6(i). Besides, the Group decided to sell domestic subsidiary in 2021, its deferred taxable assets is presented in held for sale assets for \$4,779 thousand, please refer to note6(g).

(v) The Group's tax returns for the years through 2020 were assessed by the National Tax Bureau.

(x) Capital and other equity

(i) Ordinary shares

	December 31, 2022	December 31, 2021
Authorized share capital	\$ 36,000,000	36,000,000
Issued share capital	\$ 16,277,905	16,278,140
Total shares issued	\$ 1,627,791	1,627,814

(Continued)

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

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

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

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

(ii) Capital surplus

The Company's capital surplus includes share premium, conversion right of convertible bonds, change in equity of subsidiaries, associates and joint venture under equity method, and restricted shares for employees, etc.

Both resolutions were approved during the general meetings of the shareholders held on June 24, 2022, and May 7, 2021 to offset the deficit against the capital surplus of \$822,510 thousand and \$9,887 thousand, respectively.

(iii) Retained Earnings

According to the Articles of Incorporation, after-tax earnings are initially used to offset cumulative losses, and 10% of the remainder is set aside as a legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Aside from the aforesaid, the Company may, under its Articles of Incorporation or as required by the government, appropriate or reverse for special reserve. The remaining balance of the earnings, if any, may be appropriated according to the Board of Directors. Besides, if the distribution plan is issuing new shares, it should be appropriated according to a resolution of a shareholder's meeting.

In accordance with the Company Law, two thirds of directors must be present in the board meeting, and more than half of the directors present agree, then the Board of Directors is authorized to distribute dividends, bonuses or all or a portion of the legal reserve and capital surplus as stipulated in Item 1 of Article 241 of the Company Law in the form of cash, which is reported to the shareholders' meeting.

In principle, the Group distributes dividends via both shares and cash as their dividend policy, and cash dividends should not be less than 10% of total dividends distributed.

The offset of accumulated deficits for 2021 and 2020 had been resolved, respectively, during the shareholder's meeting held on June 24, 2022 and May 7, 2021. Related information would be available at the Market Observation Post System website.

(Continued)

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

(iv) Treasury shares

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

	Number of shares held (in thousands of shares)	Carrying Amount	Market Price
Balance at December 31, 2022	\$ <u>1,066</u>	<u>18,699</u>	<u>22,006</u>
Balance at December 31, 2021	\$ <u>1,066</u>	<u>18,699</u>	<u>23,285</u>

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

(y) Share-based payment

As of December 31, 2022 and 2021, the Group's restricted share plan for employees are as follows:

(i) Restricted employee shares

	Restricted share plan for employees	
	Issued in 2020	Issued in 2019
Grant date	August 11, 2020	November 11, 2019
Number of shares granted (in thousand shares)	795	2,205
Contract term	2 years	2 years
Recipients	Employees of the Company	Employees of the Company
Vested conditions	Still in service two years after the grant date	Still in service two years after the grant date
Other conditions	The Group will reduce capital and adjust the number of forfeited shares	The Group will reduce capital and adjust the number of forfeited shares

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

	Expressed in Thousands of shares	
	For the years ended December 31,	
	2022	2021
Outstanding at 1 January (number)	148	1,486
Vested during the year (number)	(124)	(568)
Reducted during the year (number)	-	(615)
Forfeited during the year (number)	(24)	(155)
Outstanding at 31 December (number)	<u>-</u>	<u>148</u>

(Continued)

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

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

	For the years ended December 31,	
	2022	2021
Wages expense	\$ 652	5,283

- (iii) Cash capital increase to retain employee stock options

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

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

- (z) Earnings (loss) per share

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

	For the years ended December 31,	
	2022	2021
Basic earnings (loss) per share:		
Profit (loss) attributable to ordinary shareholders of the Company	\$ 993,643	(1,288,203)
Weighted average number of ordinary shares outstanding (in thousands of shares)	1,626,649	1,526,215
Earnings (loss) per share	\$ 0.61	(0.84)
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ 993,643	
Bonds discount and amortized issuance costs	13,492	
Total amount	1,007,135	
Weighted average number of ordinary shares outstanding (in thousands of shares)	1,626,649	
Effect of convertible bonds (in thousands of shares)	143,541	
Effect of employee bonuses (in thousands of shares)	1,930	
Weighted average number of ordinary shares (diluted) (in thousands of shares)	1,772,120	
Diluted earnings per share	\$ 0.57	

(Continued)

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

(aa) Revenue from contracts with customers

(i) Disaggregation of revenue:

	For the years ended December 31,	
	2022	2021
Major products		
Solar products	\$ 17,243,918	12,484,602
System	1,078,665	1,254,765
Other	485,468	563,041
	\$ 18,808,051	14,302,408

(ii) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable	\$ 2,543,462	2,096,909	2,285,747
Contract assets			
OEM contract	\$ 43,518	105,607	-
Construction contract	295,789	109,580	175,041
Less: allowance for impairment	-	-	-
Contract assets - current	\$ 339,307	215,187	175,041
Contract liabilities			
Sales of products	\$ 360,283	477,713	313,883
Construction contract	20,821	28,953	35,028
Contract liabilities - current	\$ 381,104	506,666	348,911

- 1) The details on accounts receivable and allowance for impairment, please refer to note 6(e).
- 2) The beginning balance of contract liabilities recognized as revenue from January 1 to December 31, 2022 and 2021 were \$473,847 thousand and \$247,714 thousand, respectively.
- 3) Contract asset is providing OEM contracts for customers that exchange equivalent consideration rights and recognized construction income which has not yet been requested until the reporting date.

(Continued)

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

(ab) Employee compensation and directors' remuneration

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

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

The remunerations to employees and directors amounted to \$39,857 thousand and \$3,986 thousand, respectively, for the year ended December 31, 2022. The estimated amounts mentioned above are calculated based on the net profit before tax excluding the remunerations to employees and directors of each period, multiplied by the percentage of remunerations to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employee' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors. Due to net loss for the year ended December 31, 2021, the Group did not estimate its employees', directors' and supervisors' remuneration. Related information would be available at the Market Observation Post System website.

(ac) Non-operating Income and Expenses

(i) Other income

	<u>2022</u>	<u>2021</u>
Lease income	\$ 198,850	202,905
Dividend income	19,220	14,178
Other income	<u>126,864</u>	<u>71,075</u>
	<u>\$ 344,934</u>	<u>288,158</u>

(ii) Other gains and losses

	<u>2022</u>	<u>2021</u>
Gain on foreign currency exchange	\$ 224,574	14,429
Gain (loss) on disposal of property, plant and equipment and power facilities business	33,529	(108,823)
Loss on disposal of investments	(648)	(88,312)
Impairment loss on financial assets	-	(163,650)
Expected credit losses	-	(29,176)
Other	<u>(135,591)</u>	<u>(31,752)</u>
	<u>\$ 121,864</u>	<u>(407,284)</u>

(Continued)

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

The Group didn't fulfill the procurement agreement with the supplier K, who won the lawsuit in the high court on January 27, 2021. Therefore, the Group recognized compensation losses on December 31, 2020. The Group has reached a settlement with the supplier K on August 19, 2022, and has reversed compensation losses \$526,152 thousand.

Besides, the clients FD and FE companies claimed damages from the Group according to the procurement agreement, and the Group has reached a settlement with FD and FE companies on October 26, 2022. The Group has recognized \$156,800 thousand as compensation losses.

(ad) Financial Instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

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

3) Credit risk of receivables and debt securities

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

(ii) Liquidity risk

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

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Over 3 years</u>
December 31, 2022					
Non-derivative financial liabilities					
Bank borrowings	\$ 9,381,426	4,923,997	2,632,825	422,340	1,402,264
Short-term bills payable	100,000	100,000	-	-	-
Non-interest bearing liabilities	2,836,909	2,836,909	-	-	-
Lease liabilities	1,803,759	117,791	114,490	112,453	1,459,025
Derivative financial liabilities (Note)					
Inflow	(1,230,535)	(1,230,535)	-	-	-
Outflow	1,235,039	1,235,039	-	-	-
	<u>\$ 14,126,598</u>	<u>7,983,201</u>	<u>2,747,315</u>	<u>534,793</u>	<u>2,861,289</u>

(Continued)

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

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Over 3 years</u>
December 31, 2021					
Non-derivative financial liabilities					
Bank borrowing	\$ 6,619,127	2,625,798	776,875	2,193,578	1,022,876
Short-term bills payable	221,300	221,300	-	-	-
Lease liabilities	798,978	74,879	55,952	53,537	614,610
Non-interest bearing liabilities	2,968,962	2,968,962	-	-	-
Derivative financial liabilities (Note)					
Inflow	(1,149,027)	(1,149,027)	-	-	-
Outflow	<u>1,141,643</u>	<u>1,141,643</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,600,983</u>	<u>5,883,555</u>	<u>832,827</u>	<u>2,247,115</u>	<u>1,637,486</u>

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

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

(iii) Market risk

1) Currency risk

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

	<u>December 31, 2022</u>			<u>December 31, 2021</u>		
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD</u>
Financial assets						
Monetary items						
USD	\$ 123,424	30.7300	3,792,820	107,578	27.6700	2,976,683
EUR	5,878	32.7500	192,505	4,753	31.3700	149,102
GBP	952	37.0400	35,262	325	37.3300	12,132
Non-Monetary items						
MYR	12,098	6.6920	80,960	10,580	6.3630	67,322
Financial liabilities						
Monetary items						
USD	72,816	30.7300	2,237,636	76,170	27.6700	2,107,624
EUR	5,662	32.7500	185,431	953	31.3700	29,896

The Group's exposure to currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, and accounts and other payables that are denominated in foreign currency. The weakening or strengthening of 1% on the above-mentioned foreign currency against the New Taiwanese Dollars would have decreased or increased and increased or decreased the net profit (loss) before tax for the years ended December 31, 2022 and 2021 by \$15,975 thousand and \$10,061 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the two periods.

(Continued)

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

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions), please refer to note 6 (ac).

2) Interest rate risk

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

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

If the interest rate had increased / decreased by 0.25%, the Group's net income (loss) would have decreased / increased by \$4,446 thousand and increased / decreased by \$1,060 thousand for the years ended December 31, 2022 and 2021 with all other variable factors remaining constant. This is mainly due to the exposure of the fair value interest rate risk of the Group's variable interest rate deposit and loans.

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

3) Other market price risk

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

<u>Prices of securities at the reporting date</u>	<u>2022</u>	<u>2021</u>
Increasing 5%	\$ <u>16,677</u>	<u>19,481</u>
Decreasing 5%	\$ <u>(16,677)</u>	<u>(19,481)</u>

(Continued)

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

4) Fair value of financial instruments

a) Fair value hierarchy

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

	December 31, 2022				Total
	Book value	Fair Value			
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit and loss					
Derivative financial assets	\$ 71,287	-	-	71,287	71,287
Financial assets at fair value through other comprehensive income					
Listed domestic stocks	\$ 333,541	152,171	181,370	-	333,541
Non-quoted equity instruments measured at fair value	339,189	-	-	339,189	339,189
Subtotal	\$ 672,730	152,171	181,370	339,189	672,730
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 4,755,068				
Accounts receivable (including related parties)	2,543,462				
Other receivables (including related parties)	474,497				
Other financial assets	629,432				
Refundable deposits	156,092				
Other non-current assets	422,301				
	\$ 8,980,852				
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	\$ 26,279	-	4,504	21,775	26,279
Financial liabilities measured at amortized cost					
Bonds payable	\$ 2,969,315				
Long-term and short-term borrowings	8,728,070				
Short-term bills payable	99,931				
Accounts payable (including related parties)	1,194,056				
Lease liabilities	1,472,444				
Preference share liabilities	6,986				
Other financial liabilities	1,642,853				
	\$ 16,113,655				

(Continued)

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

	December 31, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss					
Derivative financial assets	\$ <u>171,351</u>	<u>-</u>	<u>7,384</u>	<u>163,967</u>	<u>171,351</u>
Financial assets at fair value through other comprehensive income					
Listed domestic stocks	\$ 389,616	167,366	222,250	-	389,616
Non-quoted equity instruments measured at fair value	<u>55,887</u>	<u>-</u>	<u>-</u>	<u>55,887</u>	<u>55,887</u>
Subtotal	<u>\$ 445,503</u>	<u>167,366</u>	<u>222,250</u>	<u>55,887</u>	<u>445,503</u>
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 5,254,173				
Accounts receivable (including related parties)	2,096,909				
Other receivables (including related parties)	570,917				
Other financial assets	924,036				
Refundable deposits	654,938				
Other non-current assets	<u>453,208</u>				
	<u>\$ 9,954,181</u>				
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	\$ <u>51,821</u>	<u>-</u>	<u>-</u>	<u>51,821</u>	<u>51,821</u>
Financial liabilities measured at amortized cost					
Bonds payable	\$ 2,952,450				
Long-term and short-term borrowings	6,010,634				
Short-term bills payable	221,253				
Accounts payable (including related parties)	1,355,764				
Lease liabilities	619,119				
Preference share liabilities	16,500				
Other financial liabilities	<u>1,613,198</u>				
	<u>\$ 12,788,918</u>				

(Continued)

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

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

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

i) Financial assets measured at amortized cost

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

ii) Financial liabilities measured at amortized cost

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

c) Valuation techniques for financial instruments measured at fair value

i) Non-derivative financial instruments

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

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

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

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

(Continued)

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

ii) Derivative financial instruments

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

d) Reconciliation of Level 3 fair values

The changes in Level 3 fair values for the years ended December 31, 2022 and 2021 are as follows:

	Derivative instrument - Net of fair value measured through profit and loss		Non quoted equity instrument - fair value through other comprehensive income	
	2022	2021	2022	2021
Opening balance	\$ 112,146	82,317	55,887	62,991
Additions / Disposals	(85,325)	5,991	228,262	-
Total gains and losses recognized in profit and loss	10,570	25,367	-	-
Total gains and losses recognized in other comprehensive income	-	-	49,424	-
Reclassification	-	-	5,616	-
Capital reduction and return of subscription	-	-	-	(7,104)
Effect of exchange rate changes	12,121	(1,529)	-	-
Ending balance	<u>\$ 49,512</u>	<u>112,146</u>	<u>339,189</u>	<u>55,887</u>

As of December 31, 2022 and 2021, the total gains and losses were included in “other gains and losses” and “unrealized gains and losses of financial assets at fair value through other comprehensive income”. The relevant assets were as follows:

	<u>2022</u>	<u>2021</u>
Total gains and losses recognized:		
In gains and losses, and presented in “other gains and losses”	<u>\$ 10,570</u>	<u>25,367</u>
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	<u>\$ 49,424</u>	<u>-</u>

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

Quantified information of significant unobservable inputs was as follow:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Financial assets measured at fair value through profit and loss - derivatives instruments (long call options and short call options)	Option pricing model	·Stock price volatility (23.78%~27.82% for December 31, 2022 and 22%~32% for December 31, 2021, respectively)	·The higher the volatility of the stock price, the higher the fair value of longing the call option and lower the fair value of shorting the call option
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	Market Approach	·Discount for Lack of Marketability (10% for December 31, 2022) ·Price-Book Ratio (1.8 for December 31, 2022)	·The higher the Discount for Lack of Marketability, the lower the fair value ·The higher the ratio, the higher the fair value
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	Income Approach	·Discount rate (15.7236% for December 31, 2022)	·The higher the ratio, the lower the fair value

(Continued)

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

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

	<u>Input value</u>	<u>Increase(+) or decrease(-)</u>	<u>The effect of fair value fluctuations in profit and loss</u>		<u>The effect of fair value fluctuations in other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>
Financial assets measured at fair value through profit and loss - derivatives instruments (long call options)	23.88%	+0.5%	-	-	-	-
Financial assets measured at fair value through profit and loss - derivatives instruments (short call options)	23.78%~27.82%	+0.5%	-	(5,839)	-	-
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	10%	+5%	-	-	-	(3,784)
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	10%	-5%	-	-	3,784	-
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	1.8	+5%	-	-	3,405	-
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	1.8	-5%	-	-	-	(3,405)
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	15.7236%	+3%	-	-	-	(34,037)
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	15.7236%	-3%	-	-	64,095	-

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

(ae) Financial risk management

(i) Overview

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

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

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

(Continued)

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

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

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

- (af) Capital management

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

The main management of the Group regularly reviews the Group's capital structure, including the cost of various capital and related risks. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities. There were no such significant changes in the debt ratio at December 31, 2022 and 2021.

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

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021, were as follows:

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

	January 1, 2022	Cash flows	Foreign exchange movements and others	December 31, 2022
Long-term borrowings	\$ 5,960,245	710,225	162,385	6,832,855
Short-term borrowings	50,389	1,847,295	(2,469)	1,895,215
Shor-term bills payable	221,253	(121,300)	(22)	99,931
Lease liabilities	619,119	(62,455)	915,780	1,472,444
Preference share liabilities	16,500	(17,799)	8,285	6,986
Bonds payable	<u>2,952,450</u>	<u>-</u>	<u>16,865</u>	<u>2,969,315</u>
Total liabilities from financing activities	<u>\$ 9,819,956</u>	<u>2,355,966</u>	<u>1,100,824</u>	<u>13,276,746</u>

(Continued)

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

	January 1, 2021	Cash flows	Foreign exchange movements and others	December 31, 2021
Long-term borrowings	\$ 10,482,412	(3,451,175)	(1,070,992)	5,960,245
Short-term borrowings	2,320,002	(2,247,103)	(22,510)	50,389
Shor-term bills payable	174,810	46,400	43	221,253
Lease liabilities	655,934	(56,629)	19,814	619,119
Preference share liabilities	28,282	(16,903)	5,121	16,500
Bonds payable	-	3,120,780	(168,330)	2,952,450
Total liabilities from financing activities	<u>\$ 13,661,440</u>	<u>(2,604,630)</u>	<u>(1,236,854)</u>	<u>9,819,956</u>

(7) Related-party transactions:

- (a) Name and relationship with related parties

Name of related party	Relationship with the Group
Phanes Holding Inc.	Other related party
Oryx Solar System Solutions LLC	Other related party
DS Energy Technology Co., Ltd. (“DS Energy”)	Associate (Note 2)
ThinTech Materials Technology Co., Ltd.	Other related party (Note 2)
Solarbright energy Co., Ltd. (“Solarbright”)	Associate
Apex Solar Corporation (“Apex”)	Associate (Note 1)
Clean Focus Yield Limited (“CFY”)	Other related party
Clean Focus Corporation (“CFC”)	Other related party
Verde Solar Inc.	Other related party
V5 Technologies Co., Ltd.	Associate
Gintung energy Corporation	Associate
CF MN DevCo One LLC	Joint venture
CF MN DevCo Two LLC	Joint venture
NSP ET CAP MN HOLDINGS LLC	Joint venture

Note 1: A former subsidiary of the Group, wherein the Company disposed all of Apex’s shares to Solarbright during the second quarter of 2021, hence Apex was listed as an associate.

Note 2: The Group has no significant influence on the company in the third quarter of 2022.

(Continued)

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

(b) Significant transactions with related parties

(i) Sales, accounts receivable and contract assets

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

	For the years ended December 31,	
	2022	2021
	\$ 211,618	383,409
Associates	\$ 211,618	383,409

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

	December 31, 2022		December 31, 2021	
	Accounts Receivable	Contract Assets	Accounts Receivable	Contract Assets
Associates				
Apex	\$ -	66,653	8,431	31,821
Others	-	-	13,665	-
Other related parties				
CFC	126,959	-	126,769	-
Verde Solar Inc.	-	-	76,549	-
Less: Impairment allowance	-	-	(25)	-
	\$ 126,959	66,653	225,389	31,821

(ii) Purchases, accounts payable and contract liabilities

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

	For the years ended December 31,	
	2022	2021
	\$ 3,996	13,613
Associates	\$ 3,996	13,613

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

	December 31, 2022	December 31, 2021
	Associates	\$ 20,608

(Continued)

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

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

	Other receivables	
	December 31, 2022	December 31, 2021
Associates	\$ 381	381
Joint ventures	51,419	46,078
Other related parties		
CFC	183,073	292,952
Less: Impairment allowance	(11,677)	(10,515)
	\$ 223,196	328,896
	Other current liabilities	
	December 31, 2022	December 31, 2021
Associates	\$ 6,595	165
Joint ventures	24,206	21,795
	\$ 30,801	21,960

- (iv) Purchase of property, plant and equipment

	Payables on equipment (classified as other current liabilities)	
	December 31, 2022	December 31, 2021
Other related parties	\$ 2,166	1,951

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

The Group invested in 28.67% of CFY's shares, with the right of redemption. Both parties agreed the Group require CFY to redeem all of its shares with certain conditions. The right has been executed by the Group in 2020, with the execution price of \$1,649,963 thousand. In addition, as of December 31, 2022 and 2021, the remaining balance on the above disposal amounting to \$111,409 thousand and \$100,315 thousand, respectively, which has not yet be collected, accounted for as other receivables from related parties.

(Continued)

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

(vi) Disposal of subsidiaries

The Company disposed all of Apex's shares to Solarbright during the second quarter of 2021, with the consideration of \$198,282 thousand and the profit of \$83 thousand.

(vii) Acquisitions of financial assets

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

(c) Key management personnel compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	\$ 62,681	62,170
Post-employment benefits	1,235	1,361
Share-based payments	151	3,776
Total	<u>\$ 64,067</u>	<u>67,307</u>

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

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	December 31, 2022	December 31, 2021
Property, plant and equipment	\$ 3,637,226	3,908,489
Investment property	2,468,628	2,569,975
Non-current assets held for sale	-	1,253,441
Financial assets at fair value through other comprehensive income	504,755	-
Restricted bank deposit (accounted for as other financial assets and other non-current assets)	1,017,682	1,345,902
Refundable deposit	156,092	654,938
Lease receivables (accounted for as other financial assets and other non-current assets)	-	31,342
	<u>\$ 7,784,383</u>	<u>9,764,087</u>

(Continued)

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

(9) Significant contingent liabilities and unrecognized commitments:

(a) Unrecognized contract commitments

(i) Unrecognized contract commitments

	December 31, 2022	December 31, 2021
Unused letter of credit (in USD thousand)	\$ <u>-</u>	<u>6</u>
Unused letter of credit (in EUR thousand)	\$ <u>7,961</u>	<u>553</u>
Bank guarantee (Note 13(a))	\$ <u>2,499,312</u>	<u>3,239,679</u>

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

	December 31, 2022	December 31, 2021
Unpaid amount	\$ <u>3,182,335</u>	<u>2,718,470</u>

- (iii) The Group agreed to have an obligation to sell the shares of the investees in the specific period, please refer to note 6(b).
- (iv) The Group signed an electricity purchase contract with several companies. According to the contract, the Group can sell its own power plant to these companies, who are not allowed to resell electricity without authorization from the Group. The contracts are irrevocable, with contract periods ranging from 20-31 years.
- (v) Due to power plant installations, the Group signed non-fixed lease payment agreements with others, please refer to note 6(s).
- (vi) The Group entered into separate long-term purchase agreements with several different silicon wafer suppliers. The Group has to make advance payments as guarantee and the suppliers shall meet the supply of materials in accordance with the contract terms. The advance payment may not be used for any other purposes than to deduct the payables arising from the purchase which is decided by both parties according to market price. In addition, the Group will recognize the impairments on the prepaid amounts according to the suppliers' operations as follows:

	December 31, 2022	December 31, 2021
Advance payment	\$ <u>2,091,757</u>	<u>2,100,857</u>
Accumulated impairment loss	\$ <u>164,853</u>	<u>164,853</u>

- (vii) As of December 31, 2022 and 2021, the Group issued guarantee for Directorate General of Customs and sales Project, amounting to \$804,976 thousand and \$862,670 thousand, respectively.

(Continued)

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

(b) Contingencies

The Group leased its plants to DU then a fire broke out in October 2017, and DU was affected and requested damages from the Group. The two parties reached a settlement in May 2019 that offset the money DU owed to the Group. However, EZ Bank, the mortgagee of DU's equipment, had objections to the settlement, and requested the Group to pay damages to DU, claim that the creditor's rights and debts could not be offset by the Group. The Group assessed that it was against DU that the creditor's rights of DU and DU's right to claim damages against the Group are legally offset, so EZ Bank's request has no basis. In this case, on July 1, 2021, the court judged that the Group should pay EZ Bank \$159,335 thousand. The Group has appointed a lawyer to file an appeal on the grounds that the judgment was unreasonably flawed.

(10) Losses due to major disasters: None

(11) Subsequent Events: None

(12) Others:

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

Functions Nature	2022			2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expense						
Salaries	1,088,571	424,677	1,513,248	933,654	452,086	1,385,740
Labor and health insurance	96,533	32,072	128,605	85,328	34,502	119,830
Pension	40,076	14,306	54,382	33,242	20,826	54,068
Others	129,751	18,104	147,855	114,167	21,653	135,820
Depreciation expense (Note)	1,031,717	63,186	1,094,903	953,788	118,684	1,072,472
Amortization expense	-	2,273	2,273	461	4,347	4,808

Note: Exclude the depreciation expense of investment property \$125,343 thousand and \$124,976 thousand during 2022 and 2021, respectively.

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the years ended December 31, 2022:

- (i) Lending to other parties: None.
- (ii) Guarantee and Endorsement for other parties: Please see Table 1 attached.
- (iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included): Please see Table 2 attached.

(Continued)

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

- (iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Group's paid-in capital: : Please see Table 3 attached.
 - (v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Group's paid-in capital: None.
 - (vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Group's paid-in capital: : None.
 - (vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Group's paid-in capital: Please see Table 4 attached.
 - (viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital: Please see Table 5 attached.
 - (ix) Information regarding trading in derivative financial instruments: Please refer to note 6(b) for related information.
 - (x) Significant transactions and business relationship between the parent company and its subsidiaries: Please see Table 6 attached.
- (b) Information on investees:

The followings are the information on investees for the years ended December 31, 2022: Please see Table 7 attached.

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

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

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

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

(Continued)

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

(14) Segment information:

(a) General information

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

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

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

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

The operating segment accounting policies are similar to those described in note 4 “Summary of significant accounting policies” except for the recognition and measurement of pension cost, which is paid on a cash basis.

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

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

<u>For the years ended December 31, 2022</u>	<u>Solar energy</u>	<u>System</u>	<u>Others</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue					
Revenue from external customers	\$ 17,286,754	1,078,665	442,632	-	18,808,051
Intersegment revenues	<u>342,585</u>	<u>-</u>	<u>-</u>	<u>(342,585)</u>	<u>-</u>
Total revenue	<u>\$ 17,629,339</u>	<u>1,078,665</u>	<u>442,632</u>	<u>(342,585)</u>	<u>18,808,051</u>
Reportable segment profit or loss	<u>\$ 757,884</u>	<u>33,647</u>	<u>(52,360)</u>	<u>-</u>	<u>739,171</u>

(Continued)

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

<u>For the years ended December 31, 2021</u>	<u>Solar energy</u>	<u>System</u>	<u>Others</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue					
Revenue from external customers	\$ 12,771,253	1,274,150	257,005	-	14,302,408
Intersegment revenues	<u>258,032</u>	<u>-</u>	<u>-</u>	<u>(258,032)</u>	<u>-</u>
Total revenue	<u>\$ 13,029,285</u>	<u>1,274,150</u>	<u>257,005</u>	<u>(258,032)</u>	<u>14,302,408</u>
Reportable segment profit or loss	<u>\$ (325,139)</u>	<u>(454,178)</u>	<u>(41,429)</u>	<u>-</u>	<u>(820,746)</u>

(c) Product and service information

The Group's product revenues from external customers were as follows:

<u>Product and services</u>	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Solar energy	\$ 17,243,918	12,484,602
System	1,078,665	1,254,765
Others	<u>485,468</u>	<u>563,041</u>
	<u>\$ 18,808,051</u>	<u>14,302,408</u>

(d) Geographic information

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

<u>Geographical information</u>	<u>Revenue from external customers</u>		<u>Non-current asset</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue from external customers:				
Taiwan	\$ 9,335,582	6,698,270	11,523,585	9,004,603
United States	4,605,072	1,127,736	1,386,795	1,274,112
Europe	1,879,709	1,339,479	-	-
Other countries	<u>2,987,688</u>	<u>5,136,923</u>	<u>-</u>	<u>797,982</u>
Total	<u>\$ 18,808,051</u>	<u>14,302,408</u>	<u>12,910,380</u>	<u>11,076,697</u>

Non-current assets exclude investments accounted for using the equity method, financial instruments, deferred tax assets, intangible assets and other assets.

(e) Major customers

The details of the Group's customers whose individual sales revenue accounted for more than 10% of the net operating revenue on the consolidated statements of income for the years ended December 31, 2022 and 2021 are as follow:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
FG Company	<u>\$ 3,895,970</u>	Note

Note : The amount of income failed to reach 10% of the consolidated income.

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
 ENDORSEMENTS/GUARANTEES PROVIDED
 FOR THE YEAR ENDED December 31, 2022

TABLE 1 (In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Counter-party of guarantee and endorsement		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum amount for guarantees and endorsements	Endorsement / Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement / Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship with the Company										
0	The Company	NSP System	(2)	3,291,321	500,000	-	-	-	-	8,228,302	Y	N	N
0	The Company	Yong Liang	(2)	3,291,321	1,810,000	1,810,000	701,046	-	11.00	8,228,302	Y	N	N
0	The Company	GES USA	(2)	3,291,321	482,850	-	-	-	-	8,228,302	Y	N	N
0	The Company	UREE	(6)	3,291,321	119,270	119,270	-	-	0.72	8,228,302	N	N	N
1	GES USA	GES Megasixteen	(2)	912,909	273,615	261,205	261,205	-	28.61	1,825,819	Y	N	N
1	GES USA	TEV SOLAR ALPHA18 LLC	(2)	912,909	323,510	308,837	308,837	-	33.83	1,825,819	Y	N	N

Note 1: The relation between guarantor and guarantee :

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

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

Note 3: Based on the "Rules of Guarantees by GES USA," the ceiling for the total guaranteed amount was 200% of GES USA's net asset value, and the limit of the guaranteed amount for a single party was 100% of GES USA's net asset value. But for business purposes, the limit on the guaranteed amount was the total of the purchases from or sales to GES USA within the most recent year.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED December 31, 2022

TABLE 2

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	2022.12.31				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Shares</u>							
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income- current	3,003	125,675	0.38%	125,675	
	GIGA SOLAR MATERIALS CORPORATION	-	Financial assets at fair value through other comprehensive income- current	266	26,496	0.29%	26,496	
	ThinTech Materials Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income- non-current	7,000	181,370	9.52%	181,370	1
	Taiwan Speciality Chemicals Corporation	-	Financial assets at fair value through other comprehensive income- non-current	2,226	121,848	1.61%	121,848	
	NTNU Innovation Investment Holding Company	-	Financial assets at fair value through other comprehensive income- non-current	200	2,000	2.00%	2,000	
	ASIA GLOBAL VENTURE CAPITAL II CO., LTD	-	Financial assets at fair value through other comprehensive income- non-current	531	8,188	10.00%	8,188	
	SUN APPENNINO CORPORATION	-	Financial assets at fair value through other comprehensive income- non-current	-	-	26.09%	-	
	FICUS CAPITAL CORPORATION	-	Financial assets at fair value through other comprehensive income- non-current	-	-	28.07%	-	
	EVERGREEN AVIATION TECHNOLOGIES CORPORATION	-	Financial assets at fair value through other comprehensive income- non-current	1,500	68,108	0.43%	68,108	
	DS Energy Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income- non-current	1,450	5,616	12.14%	5,616	
United Renewable Energy Engineering Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income- non-current	57,300	133,429	60.00%	133,429	2	
Convertible preference shares-Phanes Holding Inc.	Other related party	Financial assets at amortized cost- non-current	24	-	100.00%	-	3	

Note 1: It is a private stock which subject to transfer restrictions in accordance with Article 43-8 of the Securities and Exchange Act.

Note 2: It is preference share. The shareholding ratio listed here is calculated based on the number of shares.

Note 3: Please refer to Note6(d) for details.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED December 31, 2022

TABLE 3

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares (thousands)	Amount
The Company	<u>Shares</u> Shares-Utech	Investment accounted for using the equity method	(Note1)	Subsidiary	28,491	(988,430)	37,999	379,985	(25,394)	-	-	(92,593)	41,096	(701,038)
												(Note2)		

Note 1 : Due to issue of shares and capital reduction to cover losses.

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

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

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED December 31, 2022

TABLE 4

(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Utech	Subsidiary	Purchase	335,237	2%	OA 14 days after receipt	-	-	(97,764)	(8.56%)	1
The Company	Gintech(Tailand)	Grandson company	Purchase	277,651	2%	60 days from the invoice date	-	-	(135,460)	(11.86%)	1
NSP System	Yong Liang	Associate	Contracted project	398,525	57%	14 days from the invoice date	-	-	-	-%	1, 2
NSP System	Apex	Associate	Sales and contracted project	166,180	24%	14~15 days from the invoice date	-	-	-	-%	2

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

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

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED December 31, 2022

TABLE 5 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (Note1)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	DelSolar US	Subsidiary	739,870	-	739,870	Receivable according to the financial situation	-	-
The Company	GES ME	Subsidiary	635,404	-	635,404	Receivable according to the financial situation	-	-
The Company	NSP NEVADA	Subsidiary	416,071	-	416,071	Receivable according to the financial situation	-	-
The Company	NSP System	Subsidiary	144,361	-	-	Receivable according to the financial situation	-	-
GES USA	Munisol	Grandson company	907,366	-	-	Receivable according to the financial situation	-	-
DelSolar US	Beryl	Subsidiary	774,042	-	-	Receivable according to the financial situation	-	-
TEV II	TEV Solar	Subsidiary	604,617	-	-	Receivable according to the financial situation	-	-
Beryl	CFC	Associate	290,211	-	-	Receivable according to the financial situation	-	-
NSP NEVADA	GES USA	Subsidiary	293,383	-	-	Receivable according to the financial situation	-	-
GES UK	GES USA	Subsidiary	178,432	-	178,432	Receivable according to the financial situation	-	-
Gintech (Thailand)	The Company	Parent company	135,460	2.51	135,460	Receivable according to the financial situation	-	-
USD1	Beryl	Associate	117,355	-	-	Receivable according to the financial situation	-	-
NSP BVI	CFY	Other related party	111,409	-	111,409	Receivable according to the schedule of signing contracts	-	-

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

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

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
 BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE YEAR ENDED December 31, 2022

TABLE 6

(In Thousands of New Taiwan Dollars)

No (Note 1)	Company Name	Related Party	Relationship(Note 2)	Intercompany transactions			
				Financial Statement Account	Amount	Trading Terms	Percentage of the consolidated net revenue or total assets
0	The Company	DelSolar US	1	Other receivable	739,870	Note 3	2%
0	The Company	NSP NEVADA	1	Other receivable	416,071	Note 3	1%
0	The Company	GES ME	1	Other receivable	635,404	Note 3	2%
0	The Company	Gintech(Thailand)	1	Purchase	277,651	Note 3	2%
0	The Company	Utech	1	Purchase	335,237	Note 3	2%
1	DeSolar US	Beryl	3	Other receivable	774,042	Note 3	2%
2	NSP System	Yong Liang	3	Sales revenue	398,525	Note 3	2%
3	GES USA	Munisol	3	Other receivable	907,366	Note 3	3%
4	TEV II	TEV Solar	3	Other receivable	604,617	Note 3	2%

Note 1: fill in of numbers:

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

Note 2: Relationship with counterparty are represented below:

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

Note 3: Based on general trading conditions and prices.

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

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

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
 INVESTEEES(EXCLUDING INFORMATION ON INVESTEEES IN MAINLAND CHINA)
 FOR THE YEAR ENDED December 31, 2022

TABLE 7

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

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Highest % of Ownership during 2022	Investee recognized		Note
				December 31, 2022	December 31, 2021	Shares (Thousands)	% of Ownership	Carrying Value		Net Income (Loss) of the Investee	Investment Gain (Loss)	
The Company	UES	Independent State of Samoa	Investment company	NTD 1,918,131	NTD 1,918,131	62,188	100%	892,543	100%	89,078	89,078	
	DelSolar Cayman	Cayman Islands	Investment company	NTD 4,906,789	NTD 4,906,789	155,126	100%	323,972	100%	(273,494)	(273,494)	
	NSP BVI	British Virgin Islands	Investment company	NTD 164,294	NTD 470,424	2,301	100%	117,761	100%	(328)	(328)	Note 10
	GES ME	The United Arab Emirates	Solar related business	NTD 418,805	NTD 418,805	4	100%	(68,773)	100%	(129,963)	(129,963)	
	NSP UK	UK	Investment company	NTD 28,165	NTD 71,881	580	100%	54,840	100%	4,960	4,960	Note 10
	NSP System	Taiwan	Solar related business	NTD 144,200	NTD 144,200	14,420	100%	29,374	100%	4,192	(21,328)	
	Zhongyang	Taiwan	Solar related business	NTD 24,121	NTD 24,121	3,500	100%	34,792	100%	(524)	(524)	
	UREE	Taiwan	Solar related business	NTD -	NTD 25,300	-	-	-	100%	-	-	Note 7
	DelSolar Singapore	Singapore	Investment company	NTD 29,743	NTD 29,743	1,250	100%	17,308	100%	(521)	(521)	
	BPS	Taiwan	Solar related business	NTD -	NTD 6,000	-	-	-	60%	-	(321)	Note 7
	SMC	Taiwan	Solar related business	NTD 9,720	NTD 9,720	1,000	100%	9,947	100%	62	62	
	Utech	Taiwan	Electronic component manufacturing	NTD 1,477,049	NTD 1,097,064	41,096	99.99%	(701,038)	99.99%	(94,919)	(94,854)	
	Yong Liang	Taiwan	Solar related business	NTD 249,000	NTD 249,000	24,900	25.70%	206,417	36%	20,249	6,068	
	Yong Zhou	Taiwan	Solar related business	NTD 59,000	NTD 46,500	-	100%	1,095	100%	(4,781)	(4,781)	
	JRC	Dominican	Solar related business	NTD -	NTD 431,397	-	-	-	59.69%	-	-	Note 7
	GES UK	UK	Investment company	NTD 2,747,371	NTD 2,644,899	89,133	100%	1,201,833	100%	103,950	103,950	
	TSST	Malaysia	Solar related business	NTD 417,692	NTD 417,692	97,701	42.12%	80,960	42.12%	9,538	4,018	Note 1
	V5 Technology	Taiwan	Electronic component manufacturing and selling	NTD 114,084	NTD 114,084	7,789	26.23%	59,142	32.73%	21,063	2,165	Note 1
	Gintung	Taiwan	Electronic component manufacturing	NTD 34,341	NTD 34,341	13,460	36.38%	-	36.38%	157,032	-	Note 1
	DS Energy Technology Co., Ltd.	Taiwan	Solar related business	NTD 14,500	NTD 10,500	1,450	12.14%	-	29.17%	(6,654)	(934)	Note 11
Dashiangying	Taiwan	Agriculture related business	NTD -	NTD 100	-	-	-	100%	-	-	Note 6	
Shinkai	Taiwan	Agriculture related business	NTD -	NTD 100	-	-	-	100%	-	-	Note 6	
Shanshang	Taiwan	Solar related business	NTD 20,100	NTD 20,100	2,010	100%	17,024	100%	(3,025)	(3,025)		
United Intelligence	Taiwan	Electronic component	NTD 2,100	NTD 2,100	210	100%	580	100%	(6)	(6)		
Yanshan	Taiwan	Agriculture related business	NTD -	NTD 100	-	-	-	100%	-	-	Note 6	
Solarbright	Taiwan	Solar related business	NTD 30,000	NTD 30,000	9,000	30%	91,584	30%	7,878	1,406	Note 1	
UES	RES	Independent State of Samoa	Investment company	USD 64,406	USD 64,406	62,188	100%	892,543	100%	89,078	-	Note 5
RES	Gintech Thailand	Thailand	Solar related business	USD 64,155	USD 64,155	20,920	100%	885,010	100%	89,213	-	Note 5
GES UK	GES USA	US	Investment company	USD 61,530	USD 52,180	62,766	100%	912,909	100%	(19,608)	-	Note 5
	NSP Germany	Germany	Solar related business	EUR 23	EUR 23	23	90%	723	90%	(374)	-	Note 5
	GES CANADA	Canada	Investment company	USD 7,025	USD 12,025	5,540	100%	30,633	100%	139,036	-	Note 5
	GES JAPAN	Japan	Investment company	JPY -	JPY 273,507	-	-	-	100%	(138)	-	Note 5, 6

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Highest % of Ownership during 2022	Investee recognized		Note
				December 31, 2022	December 31, 2021	Shares (Thousands)	% of Ownership	Carrying Value		Net Income (Loss) of the Investee	Investment Gain (Loss)	
GES USA	MEGATWO	US	Solar related business	USD 19,594	USD 19,594	19,594	100%	102,198	100%	(6,471)	-	Note 5
	MEGAFIVE	US	Solar related business	USD 635	USD 635	635	100%	19,687	100%	4,281	-	Note 5
	MEGASIX	US	Solar related business	USD 2,627	USD 2,627	2,627	100%	39,047	100%	28,155	-	Note 5
	MEGAEIGHT	US	Solar related business	USD 748	USD 748	748	100%	5,088	100%	429	-	Note 5
	MEGATWELVE	US	Solar related business	USD 168	USD 168	168	100%	515	100%	179	-	Note 5
	MEGATHIRTEEN	US	Solar related business	USD 2,000	USD 2,000	2,000	100%	61,159	100%	1,634	-	Note 5
	MEGASIXTEEN	US	Solar related business	USD 11,981	USD 11,981	11,981	100%	286,096	100%	(14,639)	-	Note 5
	MEGANINETEEN	US	Solar related business	USD 132	USD 132	132	100%	(2,583)	100%	57	-	Note 5
	MEGATWENTY	US	Solar related business	USD 124	USD 124	124	100%	2,855	100%	503	-	Note 5
	ASSET TWO	US	Solar related business	USD -	USD -	-	-	(377)	-	(24)	-	Note 3, 5
	ASSET THREE	US	Solar related business	USD 2,839	USD 2,839	2,839	100%	17,706	100%	(576)	-	Note 5
	SH4	US	Solar related business	USD 539	USD 539	539	100%	9,524	100%	112	-	Note 5
	Schenectady	US	Solar related business	USD -	USD -	-	-	(22,264)	-	(204)	-	Note 3, 5
	SEG	US	Solar related business	USD 800	USD 800	800	100%	13,176	100%	706	-	Note 5
	KINNECT	US	Solar related business	USD 266	USD 266	266	100%	11,124	100%	740	-	Note 5
	TEV II	US	Solar related business	USD 200	USD 200	0.2	100%	(138,644)	100%	(8,789)	-	Note 5
	HEYWOOD	US	Solar related business	USD 1,770	USD 1,770	-	55%	44,653	55%	(3,926)	-	Note 5
GES CANADA	JRC	Dominican	Solar related business	USD -	USD 9,842	-	-	-	40.31%	-	-	Note 5, 7
MEGATWO	Munisol	Mexico	Solar related business	USD 18,810	USD 18,810	353,508	100%	456,522	100%	(6,446)	-	Note 5
ASSET THREE	SHIMA'S	US	Solar related business	USD 153	USD 153	153	100%	(1,323)	100%	35	-	Note 5
	WAIMEA	US	Solar related business	USD 526	USD 526	526	100%	14,111	100%	781	-	Note 5
	HONOKAWAI	US	Solar related business	USD 418	USD 418	418	100%	15,228	100%	754	-	Note 5
	ELEELE	US	Solar related business	USD 637	USD 637	637	100%	16,480	100%	(648)	-	Note 5
	HANAIEI	US	Solar related business	USD 280	USD 280	280	100%	1,726	100%	(504)	-	Note 5
	KAPAA	US	Solar related business	USD 761	USD 761	761	100%	15,486	100%	973	-	Note 5
	KOLOA	US	Solar related business	USD 569	USD 569	569	100%	10,896	100%	(36)	-	Note 5
MEGASIXTEEN	GES AC	US	Solar related business	USD 24,942	USD 24,942	0.1	67.59%	765,673	67.59%	(14,882)	-	Note 4, 5
GES AC	ANDERSON N.	US	Solar related business	USD 13,337	USD 13,507	13,337	100%	381,038	100%	(5,041)	-	Note 4, 5, 10
	ANDERSON S.	US	Solar related business	USD 11,314	USD 11,454	11,314	100%	323,187	100%	(4,566)	-	Note 4, 5, 10
	Flora	US	Solar related business	USD 1,915	USD 1,915	1,915	100%	55,872	100%	(721)	-	Note 4, 5
	Greenfield	US	Solar related business	USD 8,521	USD 8,631	8,521	100%	244,425	100%	(3,272)	-	Note 4, 5, 10
	Spiceland	US	Solar related business	USD 1,275	USD 1,275	1,275	100%	36,861	100%	(452)	-	Note 4, 5
TEV II	TEV Solar	US	Solar related business	USD 100	USD 100	0.1	100%	2,795	100%	(32)	-	Note 4, 5
TEV Solar	AC GES Solar	US	Solar related business	USD 19,674	USD 19,674	0.1	66.19%	604,466	66.19%	(2,301)	-	Note 4, 5
AC GES Solar	Richmond	US	Solar related business	USD 18,909	USD 19,259	18,909	100%	574,264	100%	(1,170)	-	Note 4, 5, 10
	Rensselaer	US	Solar related business	USD 9,733	USD 9,933	9,733	100%	297,786	100%	(98)	-	Note 4, 5, 10
	Advance	US	Solar related business	USD 534	USD 534	534	100%	16,238	100%	(24)	-	Note 4, 5

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Highest % of Ownership during 2022	Investee recognized		Note
				December 31, 2022	December 31, 2021	Shares (Thousands)	% of Ownership	Carrying Value		Net Income (Loss) of the Investee	Investment Gain (Loss)	
NSP BVI	NSP HK	Hong Kong	Solar related business	USD -	USD -	-	100%	-	100%	-	-	Note 5
DelSolar Cayman	DelSolar HK	Hong Kong	Investment company	USD 125,200	USD 125,200	125,200	100%	219,878	100%	3,466	-	Note 5
	DelSolar US	US	Investment company	USD 24,800	USD 24,800	3	100%	45,149	100%	(277,217)	-	Note 5
	NSP NEVADA	US	Solar related business	USD 5,125	USD 5,125	5,125	100%	43,362	100%	532	-	Note 5
	URE NSP	US	Solar related business	USD 500	USD 500	500	100%	15,850	100%	75	-	Note 5
NSP UK	NSP Indygen	UK	Solar related business	GBP -	GBP -	-	100%	14,457	100%	5,265	-	Note 5
Utech	Jiangung	Taiwan	Solar related business	NTD 720,100	NTD 440,100	72,010	100%	752,376	100%	13,975	13,975	Note 5, 9
Jiangung	Yong Liang	Taiwan	Solar related business	NTD 720,000	NTD 440,000	72,000	74.30%	737,914	74.30%	20,249	14,181	Note 5, 9
NSP System	Hsin Jin Optoelectronics	Taiwan	Solar related business	NTD 10,647	NTD 10,647	-	80%	11,663	80%	630	-	Note 5
	Hsin Jin Solar Energy	Taiwan	Solar related business	NTD 13,981	NTD 13,981	-	60%	15,785	60%	1,691	-	Note 5
	Si Two	Taiwan	Solar related business	NTD 20,000	NTD 20,000	2,000	100%	15,917	100%	619	-	Note 5
	Lianzhang	Taiwan	Solar related business	NTD 100	NTD 100	10	100%	(35,576)	100%	(35,536)	-	Note 5
	Lianxi	Taiwan	Solar related business	NTD 100	NTD 100	10	100%	(12,455)	100%	(53)	-	Note 5
	Liancheng	Taiwan	Solar related business	NTD -	NTD 100	-	-	-	100%	-	-	Note 5, 6
UREE	UAE	Taiwan	Agriculture related business	NTD -	NTD 100	-	-	-	100%	-	-	Note 5, 7
DelSolar HK	DelSolar Wu Jiang	China	Solar related business	USD 120,000	USD 120,000	-	100%	206,550	100%	3,421	-	Note 5
NSP NEVADA	HEYWOOD	US	Solar related business	USD 1,448	USD 1,448	-	45%	36,243	45%	(3,926)	-	Note 5
	Livermore	US	Solar related business	USD -	USD 150	-	-	-	100%	2,786	-	Note 5, 6, 10
	Industrial Park	US	Solar related business	USD 3,100	USD 3,100	-	100%	31,777	100%	1,597	-	Note 5
	Hillsboro	US	Solar related business	USD 1,862	USD 1,862	-	100%	22,541	100%	(2,098)	-	Note 5
DelSolar US	DelSolar Development	US	Solar related business	USD -	USD 2,200	-	-	-	100%	(2,528)	-	Note 5, 6, 10
	CFR	US	Solar related business	USD 14,370	USD 14,370	14,370	100%	139	100%	76,473	-	Note 5, 8
	USD1	US	Solar related business	USD 3,582	USD 3,582	-	100%	135,695	100%	(63,867)	-	Note 5
	JV2	US	Solar related business	USD 830	USD 830	-	67%	-	67%	-	-	Note 1, 2, 5
	Beryl	US	Solar related business	USD -	USD -	-	100%	(163,761)	100%	(284,733)	-	Note 5
DelSolar Development	DSS-USF PHX LLC	US	Solar related business	USD -	USD 370	-	-	-	100%	(1,555)	-	Note 5, 6, 10
	DSS-RAL LLC	US	Solar related business	USD -	USD 835	-	-	-	100%	(905)	-	Note 5, 6, 10
USD1	DevCo One	US	Solar related business	USD 444	USD 444	-	40%	1,848	40%	-	-	Note 1, 5
	DevCo Two	US	Solar related business	USD 444	USD 444	-	40%	1,848	40%	-	-	Note 1, 5

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

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

Note 3 : The Group's structured entities.

Note 4 : According to the loan contract between the Group and IMPA, the Group cannot transfer the equity of the companies before the specified date. Please refer to note6(p) for details.

Note 5 : The investor disclosed the profits and losses of the investment, which include the profits and losses of the investee; therefore, no disclosure is needed from the Company.

Note 6 : As of December 31, 2022, the company had liquidated and dissolved.

Note 7 : As of December 31, 2022, the Group disposed of all the equity shares.

Note 8 : As of December 31, 2022, the company is in the process of liquidation and dissolution.

Note 9 : The change in the investment amount is due to the company's capital increase in cash during 2022.

Note 10 : The change in the investment amount is due to the company's capital reduction and return of share funds during 2022.

Note 11: The Group has no significant influence on the company in the third quarter of 2022, hence it was reclassified to financial assets at fair value through other comprehensive income. Please refer to note6(c) for details.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
 INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE YEAR ENDED December 31, 2022

TABLE 8

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Investment flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee (Note 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outflow	Inflow						
DelSolar Wu Jiang	Solar related business	USD 120,000 \$ 3,687,600	Note 1	USD 120,000 \$ 3,687,600	-	-	USD 120,000 \$ 3,687,600	3,421	100%	3,421	206,550	-
NSP Nanchang	Solar related business	USD 0 \$ -	Note 1	USD 5,000 \$ 153,650	-	-	USD 5,000 \$ 153,650	-	-	-	-	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022 (US\$ in Thousands)	Investment Amount Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
USD 143,450 4,408,219	USD 149,618 4,597,761	9,873,962

Note 1 : Investments Mainland China through a third region; The Group disposed of all the shares of NSP Nanchang in the third quarter of 2020.

Note 2 : Subsidiaries mentioned above were recognized on the basis of financial statements as December 31, 2022.

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

Note 4 : The exchange rate used is the rate on December 31, 2022.