

UNITED RENEWABLE ENERGY CO., LTD.**Parent Company Only 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 parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

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

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the year ended December 31, 2022 and 2021, in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Financial Statements section of our report. We are independent of the Company 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Assessment of impairment of non-financial assets

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

Description of key audit matter:

The Company belongs to a high capital expenditure industry, and its production capacity 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.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 parent company only financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

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

Balance Sheets

December 31, 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))	\$ 3,516,679	12	3,655,826	14	2100	Short-term borrowings (note 6(n))	\$ 1,411,880	5	-	-
1110	Financial assets at fair value through profit or loss - current (note 6(b))	-	-	7,384	-	2110	Short-term bills payable (note 6(o))	99,931	-	-	-
1120	Financial assets at fair value through other comprehensive income - current (note 6(c))	152,171	1	111,712	-	2120	Financial liabilities at fair value through profit or loss - current (note 6(b))	4,504	-	-	-
1140	Contract assets - current (note 6(z))	183,149	1	-	-	2130	Contract liabilities - current (note 6(z))	228,953	1	337,967	1
1170	Notes and accounts receivable, net (note 6(e))	2,310,895	8	1,564,893	6	2170	Notes and accounts payable	909,217	3	1,077,242	4
1180	Accounts receivable from related parties (note 7)	3,733	-	400,842	2	2180	Accounts payable to related parties (note 7)	233,224	1	136,307	1
1200	Other receivables	66,095	-	68,958	-	2280	Lease liability - current (note 6(r))	46,094	-	26,780	-
1210	Other receivables from related parties (notes 6(d) and 7)	203,700	1	298,908	1	2320	Current portion of long-term liabilities (note 6(p))	506,000	2	-	-
130X	Inventories (note 6(f))	2,922,088	10	1,211,447	5	2399	Other current liabilities (note 7)	<u>1,601,502</u>	<u>5</u>	<u>1,775,571</u>	<u>7</u>
1410	Prepayments (note 9)	1,281,952	4	704,222	3		Total current liabilities	<u>5,041,305</u>	<u>17</u>	<u>3,353,867</u>	<u>13</u>
1460	Non-current assets held for sale (note 6(g))	9,336	-	-	-		Non-Current liabilities:				
1476	Other financial assets (note 8)	592,105	2	873,956	3	2500	Financial liabilities at fair value through profit or loss - non-current (note 6(b))	14,249	-	-	-
1479	Other current assets	<u>383,322</u>	<u>1</u>	<u>166,987</u>	<u>1</u>	2530	Bonds payable (note 6(q))	2,969,315	10	2,952,450	12
	Total current assets	<u>11,625,225</u>	<u>40</u>	<u>9,065,135</u>	<u>35</u>	2540	Long-term borrowings (note 6(p))	3,077,985	10	2,657,486	10
	Non-current assets:					2580	Lease liability - non-current (note 6(r))	757,662	3	252,628	1
1510	Financial assets at fair value through profit or loss - non-current (notes 6(b) and (q))	900	-	6,900	-	2650	Credit balance of investments accounted for using equity method (note 6(h))	769,811	3	995,054	4
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(s) and (v))	<u>313,120</u>	<u>1</u>	<u>236,757</u>	<u>1</u>
1535	Financial assets at amortized cost - non-current (note 6(d))	-	-	-	-		Total non-current liabilities	<u>7,902,142</u>	<u>27</u>	<u>7,094,375</u>	<u>28</u>
1550	Investments accounted for using the equity method (notes 6(h) and 7)	3,139,172	11	3,660,075	14		Total liabilities	<u>12,943,447</u>	<u>44</u>	<u>10,448,242</u>	<u>41</u>
1600	Property, plant and equipment (notes 6(j), 7 and 8)	5,996,757	20	4,288,600	17		Equity (notes 6(w) and (x))				
1755	Right-of-use assets (note 6(k))	758,405	3	201,636	1	3110	Ordinary shares	16,277,905	55	16,278,140	64
1760	Investment property, net (notes 6(l) and 8)	2,533,165	8	2,637,221	10	3200	Capital surplus	187,699	1	999,749	4
1780	Intangible assets (note 6(m))	2,789	-	4,134	-	3350	Accumulated profit or loss	354,726	1	(1,461,427)	(6)
1840	Deferred tax assets (note 6(v))	619,240	2	622,050	2	3400	Other equity	(345,028)	(1)	(667,163)	(3)
1915	Prepayments - non-current (note 9)	2,020,363	7	1,920,057	8	3500	Treasury shares	<u>(18,699)</u>	<u>-</u>	<u>(18,699)</u>	<u>-</u>
1920	Refundable deposits (note 8)	140,646	-	634,844	3		Total equity	<u>16,456,603</u>	<u>56</u>	<u>15,130,600</u>	<u>59</u>
1942	Other receivables from related parties - non-current (note 7)	1,845,085	6	2,002,155	8						
1990	Other non-current assets (note 8)	<u>197,744</u>	<u>1</u>	<u>202,244</u>	<u>1</u>						
	Total non-current assets	<u>17,774,825</u>	<u>60</u>	<u>16,513,707</u>	<u>65</u>						
	Total assets	<u>\$ 29,400,050</u>	<u>100</u>	<u>25,578,842</u>	<u>100</u>		Total liabilities and equity	<u>\$ 29,400,050</u>	<u>100</u>	<u>25,578,842</u>	<u>100</u>

See accompanying notes to financial statements.

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

Statements of Comprehensive Income

For the years ended December 31, 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(z) and 7)	\$ 16,353,377	100	12,027,712	100
5110	Operating costs (notes 6(f), (r), (u), (aa), 7 and 12)	<u>14,655,974</u>	<u>90</u>	<u>11,558,981</u>	<u>96</u>
5900	Gross gain from operations	<u>1,697,403</u>	<u>10</u>	<u>468,731</u>	<u>4</u>
Operating expenses (notes 6(e), (r), (u), (aa) and 12):					
6100	Selling expenses	471,259	3	352,317	3
6200	General and administrative expenses	507,505	3	647,413	5
6300	Research and development expenses	70,009	-	100,492	1
6450	Impairment losses (reversal of impairment losses) on trade receivable	<u>15,152</u>	<u>-</u>	<u>(2,971)</u>	<u>-</u>
	Total operating expense	<u>1,063,925</u>	<u>6</u>	<u>1,097,251</u>	<u>9</u>
	Income (loss) from operations	<u>633,478</u>	<u>4</u>	<u>(628,520)</u>	<u>(5)</u>
Non-operating income and expenses:					
7010	Other income (notes 6(t), (ab) and 7)	319,686	2	284,075	2
7020	Other gains and losses (note 6(ab))	487,814	3	(327,904)	(3)
7050	Finance costs (notes 6(q) and (r))	(136,533)	(1)	(215,220)	(2)
7060	Share of gain (loss) of associates and joint ventures accounted for using equity method (note 6(h))	(318,372)	(2)	(402,473)	(3)
7100	Interest income	<u>7,570</u>	<u>-</u>	<u>1,839</u>	<u>-</u>
		<u>360,165</u>	<u>2</u>	<u>(659,683)</u>	<u>(6)</u>
	Income (loss) before income tax	993,643	6	(1,288,203)	(11)
7950	Less: income tax expense (note 6(v))	-	-	-	-
8200	Net Income (loss)	<u>993,643</u>	<u>6</u>	<u>(1,288,203)</u>	<u>(11)</u>
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss:				
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(6,652)	-	61,118	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign statements	299,497	2	(58,399)	-
8380	Share of other comprehensive income (loss) of subsidiaries accounted for using equity method	<u>28,423</u>	<u>-</u>	<u>(47,287)</u>	<u>-</u>
8300	Total other comprehensive income (loss)	<u>321,268</u>	<u>2</u>	<u>(44,568)</u>	<u>-</u>
	Total comprehensive income (loss)	<u>\$ 1,314,911</u>	<u>8</u>	<u>(1,332,771)</u>	<u>(11)</u>
	Earnings (loss) per share				
9750	Basic earnings (loss) per share (NT dollars) (note 6(y))	<u>\$ 0.61</u>		<u>(0.84)</u>	
9850	Diluted earnings per share (NT dollars) (note 6(y))	<u>\$ 0.57</u>			

See accompanying notes to financial statements.

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

Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Share capital			Other equity				
	Ordinary shares	Capital surplus	Accumulated profit or loss	Exchange differences on translation of foreign financial statements	Unrealized gains (loss) on financial assets at fair value through other comprehensive income	Unearned employees benefits	Treasury shares	Total equity
Balance at January 1, 2021	\$ 26,650,863	7,877	(11,581,063)	(669,674)	(124,956)	(7,416)	(18,699)	14,256,932
Net loss for the year ended December 31, 2021	-	-	(1,288,203)	-	-	-	-	(1,288,203)
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(105,686)	61,118	-	-	(44,568)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	(1,288,203)	(105,686)	61,118	-	-	(1,332,771)
Offset of deficit against capital surplus	-	(9,887)	9,887	-	-	-	-	-
Capital increase by cash	1,200,000	792,000	-	-	-	-	-	1,992,000
Capital reduction to offset accumulated deficits	(11,571,175)	-	11,571,175	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(12)	-	-	-	-	-	(12)
Compensation cost and cancellation of restricted shares for employees	(1,548)	282	-	-	-	6,549	-	5,283
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	(172,902)	-	172,902	-	-	-
Adjustments to capital surplus and retained earnings for changes in subsidiaries equity	-	3,291	(321)	-	-	-	-	2,970
Issuance of convertible bond	-	177,366	-	-	-	-	-	177,366
Compensation cost of issuing shares	-	28,832	-	-	-	-	-	28,832
Balance at December 31, 2021	<u>16,278,140</u>	<u>999,749</u>	<u>(1,461,427)</u>	<u>(775,360)</u>	<u>109,064</u>	<u>(867)</u>	<u>(18,699)</u>	<u>15,130,600</u>
Net Income for the year ended December 31, 2022	-	-	993,643	-	-	-	-	993,643
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	327,920	(6,652)	-	-	321,268
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	993,643	327,920	(6,652)	-	-	1,314,911
Changes in equity of associates and joint ventures accounted for using the equity method	-	10,482	-	-	-	-	-	10,482
Offset of deficit against capital surplus	-	(822,510)	822,510	-	-	-	-	-
Adjustments to capital surplus and retained earnings for changes in subsidiaries equity	-	(42)	-	-	-	-	-	(42)
Compensation cost and cancellation of restricted shares for employees	(235)	20	-	-	-	867	-	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>

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Profit (loss) before income tax	\$ 993,643	(1,288,203)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	779,310	825,388
Amortization expense	2,065	1,679
Expected credit loss	15,152	26,205
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	17,644	(11,016)
Finance cost	76,633	162,879
Interest income	(7,570)	(1,839)
Dividends income	(19,220)	(14,178)
Compensation cost of restricted shares for employees	652	34,115
Share of loss of subsidiaries and associates accounted for using equity method	318,372	402,473
(Gain) loss on disposal of property, plant and equipment	(33,529)	108,620
Gain on disposal of investments	(131,837)	(83)
Impairment loss on property, plant and equipment	105,248	-
Reversal gain of impairment	-	(3,521)
Impairment loss on financial assets	-	163,650
Others	21,641	(87,010)
Total adjustments to reconcile profit (loss)	1,144,561	1,607,362
Changes in operating assets and liabilities:		
Contract assets - current	(183,149)	-
Notes and accounts receivable	(745,973)	235,400
Accounts receivable from related parties	398,609	(242,848)
Other receivables	26,579	(49,145)
Other receivables from related parties	459,300	57,636
Inventory	(1,927,910)	379,975
Prepayments (including non-current)	(590,033)	(406,196)
Other current assets	(217,768)	30,968
Contract liabilities - current	(109,014)	75,991
Notes and accounts payable (including related parties)	(119,620)	(104,878)
Provisions	28,724	(103,613)
Other current liabilities	(291,612)	183,733
Total changes in operating assets and liabilities	(3,271,867)	57,023
Cash inflow (used in) generated from operations	(1,133,663)	376,182
Income taxes received (paid)	1,434	(122)
Net cash flows (used in) generated from operating activities	(1,132,229)	376,060
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 equity method	(498,957)	(439,994)
Proceeds from disposal of associates	518,837	198,382
Proceeds from capital reduction of investments accounted for using equity method	96,617	358,167
Acquisition of property, plant and equipment	(1,909,897)	(545,548)
Proceeds from disposal of property, plant and equipment	33,921	3,136
Decrease in refundable deposits	495,458	72,143
Acquisition of intangible assets	(720)	(3,889)
Decrease (increase) in other financial assets	287,576	(47,501)
Interest received	7,015	1,643
Dividends received	26,276	253,832
Net cash flows used in investing activities	(1,157,644)	(170,113)
Cash flows from financing activities:		
Increase in short-term loans	1,414,348	-
Decrease in short-term loans	-	(2,297,495)
Increase in short-term bills payable	100,000	-
Issuance of convertible bonds	-	3,120,780
Proceeds from long-term borrowings	1,310,042	4,748,425
Repayments of long-term borrowings	(400,000)	(7,486,342)
Increase in guarantee deposits received	12,364	4,327
Payment of lease liabilities	(28,433)	(24,610)
Proceeds from issuance of ordinary shares	-	1,992,000
Interest paid	(83,890)	(175,764)
Net cash generated from (used in) financing activities	2,324,431	(118,679)
Effect of exchange rate changes	(173,705)	(37,119)
Net (decrease) increase in cash and cash equivalents	(139,147)	50,149
Cash and cash equivalents at beginning of period	3,655,826	3,605,677
Cash and cash equivalents at end of period	\$ 3,516,679	3,655,826

See accompanying notes to financial statements.

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

Notes to the Financial Statements

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

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

(2) Approval date and procedures of the financial statements

The parent company only financial statements were approved and released by the Company’s Board of Directors on March 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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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 Company 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 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.
Notes to the Financial Statements

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

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	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 Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

(Continued)

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

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

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

(4) Summary of significant accounting policies

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

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

(ii) Functional and presentation currency

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

(c) Foreign currencies

(i) Foreign currency transactions

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

(Continued)

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

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

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

(ii) Foreign operations

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

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

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

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

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

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

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or

(Continued)

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

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

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

(Continued)

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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 Company is exposed to credit risk.

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

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

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

5) Derecognition of financial assets

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

(Continued)

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

2) Equity instrument

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

3) Treasury shares

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

4) Compound financial instruments

Compound financial instruments issued by the Company 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.

5) 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.
Notes to the Financial Statements

6) Derecognition of financial liabilities

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

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

(iii) Derivative financial instruments and hedge accounting

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

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

(g) Inventories

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

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

(h) Non-current assets held for sale

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 Company'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 Company'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.
Notes to the Financial Statements

(i) Investment in associates

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

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

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

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

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

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 Company continues to apply the equity method without remeasuring the retained interest.

(Continued)

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

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

(j) Investment in subsidiaries

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

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

(k) 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.

(l) 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.

(Continued)

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

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 Company.

(iii) Depreciation

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

Land is not depreciated.

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

- 1) Buildings: 15~21 years
- 2) Machinery and equipment: 4~11 years
- 3) Other equipment: 3~20 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.

(m) Leases

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

(i) As a lessee

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

(Continued)

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

(ii) As a lessor

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

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

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

(n) Intangible assets

(i) Recognition and measurement

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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

(Continued)

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

(o) Impairment of non-financial assets

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

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

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

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

(p) Provisions

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

(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 Company 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 Company recognizes any impairment loss on the assets associated with that contract.

(iii) Site restoration

The Company 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.

(Continued)

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

(q) Revenue from contracts with customers

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

(i) Sale of goods

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

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

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

(ii) Construction contracts

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

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

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

(iii) Power electric revenue

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

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

(iv) Financing components

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

(r) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

(s) 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.

(t) Income taxes

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

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

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

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

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

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

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

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

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

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

(Continued)

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

(v) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the company does not disclose the operating segment information in the parent company only financial statements.

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

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

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

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

- (a) For the judgment regarding significant influence of investees, please refer to the 2022 consolidated financial statements.
- (b) Judgment of whether the Company has substantive control over its investees:

The Company is not a controlling shareholder to the associates and it also cannot obtain more than half of the voting rights at board of directors or a shareholders’ meeting. Therefore, it is determined that the Company only 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 assessment of non-financial asset

In the process of evaluating the potential impairment of assets, the Company is required to make subjective judgments in determining the 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 Company’s accounting policies and disclosure has adopted the fair value to measure its financial, non-financial assets and liabilities. The company has established relevant internal control systems for fair value measurement, including assigning personnel to review significant fair value measurements (including third-level fair value), and regularly review significant unobservable input values and adjustments.

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

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

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

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

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand, checking accounts and demand deposits	\$ 3,516,478	3,651,884
Time deposits	201	3,942
Cash and cash equivalents listed in the cash flow statements	\$ 3,516,679	3,655,826

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

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

	December 31, 2022	December 31, 2021
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
Embedded derivatives - redemption	900	6,900
Total	\$ 900	14,284
Current	\$ -	7,384
Non-current	900	6,900
Total	\$ 900	14,284
Financial liabilities designated at fair value through profit or loss:		
Derivatives not used for hedging		
Short call options	\$ 14,249	-
Foreign exchange swap contracts	4,504	-
Total	\$ 18,753	-
Current	\$ 4,504	-
Non-current	14,249	-
Total	\$ 18,753	-

(Continued)

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

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

<u>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, 2022~ March 8, 2022	NTD1,083,250/ USD39,000
Selling Forward exchange contracts	EUR/USD	January 10, 2022	EUR2,000/ USD2,377

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	Revaluation of derivatives listed in profit and loss	<u>\$ (131,357)</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 Company'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 Company increase investment EVERGREEN AVIATION TECHNOLOGIES CORPORATION ("EGAT") ordinary shares \$94,500 thousand in first quarter of 2022.
- (iii) Due to the requirement of the business development, the Company increase investment United Renewable Energy Engineering Co., Ltd. ("UREE") preference shares \$119,270 thousand in third quarter of 2022.

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

- (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) The Company recognized dividend income of \$19,220 thousand and \$14,178 thousand for the years ended December 31, 2022 and 2021, respectively, from the financial assets designated at fair value through other comprehensive income.
 - (vi) Due to the changes in strategic layout, the Company 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 Company did not dispose any equity instruments in the 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(ac).
 - (viii) The Financial assets of the Company had been pledged as collateral, please refer to note 8.
- (d) Financial assets at amortized cost

	December 31, 2022	December 31, 2021
Convertible preference shares - Phanes Holding Inc.	\$ <u> -</u>	<u> -</u>

- (i) The Company assessed its expected cash flows until maturity, which covers the entirety of interests and principle, and therefore, measured at amortized costs.
- (ii) Phanes Holding Inc. a project developer, is an overseas unlisted company. In order to build a long-term cooperative strategic relationship with Phanes Holding Inc. the Company subscribed to the entire five-year callable preference shares (C-Shares III) for 24,000 shares, at par value, amounting to USD5,000 thousand. According to the future recoverability which based on the preference shares cash flow assessment, the Company recognized impairment loss on financial assets during the fourth quarter of 2021.
- (iii) The above preference shares carried no voting rights and no dividend rights. Instead they carried preferential rights on dividends specified at 7% of the par value. The preference shares can be redeemed prior to, or later than, the maturity date under the agreement between the Company and Phanes Holding Inc. As of December 31, 2021, the interest receivables, classified as other receivables from related parties, amounted to \$29,176 thousand. The Company 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.

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

(e) Notes and accounts receivables

	December 31, 2022	December 31, 2021
Notes and accounts receivable	\$ 2,527,937	1,766,758
Accounts receivable from related parties	3,733	400,867
Less: Loss Allowance	<u>(217,042)</u>	<u>(201,890)</u>
	<u>\$ 2,314,628</u>	<u>1,965,735</u>

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

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,995,745	0%~0.06%	1,018
1 to 30 days past due	165,607	0%~0.21%	301
31 to 60 days past due	32,302	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>271,312</u>	0%~100%	<u>215,299</u>
Total	<u>\$ 2,531,670</u>		<u>217,042</u>

	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,660,802	0%~0.18%	2,022
1 to 30 days past due	249,934	0%~0.98%	516
31 to 60 days past due	5,619	0%~2.43%	131
More than 181 days past due	54,981	0%~100%	2,932
Signs of Counterparty Default	<u>196,289</u>	100%	<u>196,289</u>
Total	<u>\$ 2,167,625</u>		<u>201,890</u>

(Continued)

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

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

	For the years ended December 31,	
	2022	2021
Balance at January 1	\$ 201,890	333,011
Impairment loss recognized (reversed)	15,152	(2,971)
Amounts written off	-	(128,150)
Balance at December 31	\$ 217,042	201,890

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

(f) Inventories

	December 31,	December 31,
	2022	2021
Finished goods and products	\$ 2,073,784	318,859
Raw materials	707,758	716,275
Work in progress	102,380	137,477
Construction in progress	38,166	38,836
	\$ 2,922,088	1,211,447

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

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

	For the years ended	
	December 31,	
	2022	2021
Cost of goods sold	\$ 14,455,920	11,598,316
Unallocated production overheads	229,167	187,093
Write-down and retirement of inventories (reversal of write-downs)	37,155	(103,739)
Others	(66,268)	(122,689)
Total	\$ 14,655,974	11,558,981

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

(Continued)

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

(g) Non-current assets held for sale

The Company decided to sell some machines and has begun to deal with the selling matters. These machines were recognized as non-current assets held for sale. As of December 31, 2022, the amount of non-current assets held for sale are \$9,336 thousands. There were no such situation during 2021.

The details are as follows:

	December 31, 2022
Property, plant and equipment	\$ 9,336

The impairment loss of \$71,302 thousand resulting from measuring at the lower of other carrying amount and fair value less costs to sell shall be disclosed as other gains and losses in the statements of comprehensive income as of twelve month ended December 31, 2022.

(h) Investments accounted for using the equity method

	December 31, 2022	December 31, 2021
Subsidiaries	\$ 2,137,675	2,456,876
Credit balance of investments accounted for using equity method	769,811	995,054
	2,907,486	3,451,930
Associates	231,686	208,145
	\$ 3,139,172	3,660,075

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

(ii) Subsidiaries

Please refer to the 2022 annual consolidated financial statements for other related information.

(iii) Associates

The Company's financial information on investments in individually insignificant associates accounted for using equity method at the reporting date was as follows. This financial information was included in the parent company only financial statements:

	December 31, 2022	December 31, 2021
Carrying amount of individually insignificant associates' equity	\$ 231,686	208,145

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

	For the years ended	
	December 31,	
	2022	2021
Attributable to the Company		
Net income (loss)	\$ 6,655	(15,678)
Other comprehensive income (loss)	9,621	(9,630)
Comprehensive income (loss)	<u>\$ 16,276</u>	<u>(25,308)</u>

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

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

(i) Loss of control over a subsidiary

The company disposed of all shares of its subsidiaries and lost control of them during 2022 and 2021, with the considerations of \$536,537 thousand and \$198,282 thousand, respectively. The disposal gain was \$131,837 thousand and \$83 thousand, which was included in other gains and losses in the comprehensive income statement.

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

	For the years ended	
	December 31,	
	2022	2021
Bank desposit	\$ 43,261	-
Receivables	55,398	-
Constructions contracts receivable	1,912	-
Inventories	635,711	-
Other current assets	28,302	44,053
Financial assets at fair value through other comprehensive income - non current	-	27,098
Property, plant and equipment	1,179,531	249,803
Other assets	346,490	80,538
Other payables-related parties	(163,022)	-
Long-term borrowings	(993,900)	(158,221)
Constructions contracts payable	(149)	-
Lease liabilities	(614,426)	-
Current liabilities	<u>(83,387)</u>	<u>(45,072)</u>
Carrying amount of subsidiary’s net assets	<u>\$ 435,721</u>	<u>198,199</u>

(Continued)

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

(j) Property, plant and equipment

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

	<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>
Cost:						
Balance on January 1, 2022	\$ 689,296	3,398,337	15,522,571	578,399	276,132	20,464,735
Additions	-	-	-	-	2,293,549	2,293,549
Disposals	-	-	(3,240,428)	(41,494)	-	(3,281,922)
Reclassification	-	-	19,969	1,676,154	(1,698,354)	(2,231)
Reclassification-inventory transferred for self-use	-	-	-	-	180,588	180,588
Transferred from investment property	-	45	-	-	-	45
Reclassify to assets held for sale	-	-	(921,424)	(22,866)	-	(944,290)
Balance on December 31, 2022	<u>\$ 689,296</u>	<u>3,398,382</u>	<u>11,380,688</u>	<u>2,190,193</u>	<u>1,051,915</u>	<u>18,710,474</u>
Balance on January 1, 2021	\$ 689,296	3,386,386	16,140,596	462,960	16,878	20,696,116
Additions	-	-	-	-	661,765	661,765
Disposals	-	(979)	(828,273)	(56,512)	-	(885,764)
Reclassification	-	12,930	213,074	171,951	(402,511)	(4,556)
Reclassify to lease property	-	-	(2,826)	-	-	(2,826)
Balance on December 31, 2021	<u>\$ 689,296</u>	<u>3,398,337</u>	<u>15,522,571</u>	<u>578,399</u>	<u>276,132</u>	<u>20,464,735</u>
Accumulated depreciation						
Balance on January 1, 2022	\$ -	1,409,480	14,379,256	387,399	-	16,176,135
Depreciation	-	160,980	428,945	56,148	-	646,073
Impairment loss	-	38	101,283	3,927	-	105,248
Disposals	-	-	(3,237,319)	(41,494)	-	(3,278,813)
Transferred from investment property	-	28	-	-	-	28
Reclassify to assets held for sale	-	-	(912,514)	(22,440)	-	(934,954)
Balance on December 31, 2022	<u>\$ -</u>	<u>1,570,526</u>	<u>10,759,651</u>	<u>383,540</u>	<u>-</u>	<u>12,713,717</u>
Balance on January 1, 2021	\$ -	1,252,009	14,588,442	416,431	-	16,256,882
Depreciation	-	158,450	515,062	22,575	-	696,087
Disposals	-	(979)	(721,422)	(51,607)	-	(774,008)
Reclassify to lease property	-	-	(2,826)	-	-	(2,826)
Balance on December 31, 2021	<u>\$ -</u>	<u>1,409,480</u>	<u>14,379,256</u>	<u>387,399</u>	<u>-</u>	<u>16,176,135</u>
Carrying amounts:						
Balance on December 31, 2022	<u>\$ 689,296</u>	<u>1,827,856</u>	<u>621,037</u>	<u>1,806,653</u>	<u>1,051,915</u>	<u>5,996,757</u>
Balance on January 1, 2021	<u>\$ 689,296</u>	<u>2,134,377</u>	<u>1,552,154</u>	<u>46,529</u>	<u>16,878</u>	<u>4,439,234</u>
Balance on December 31, 2021	<u>\$ 689,296</u>	<u>1,988,857</u>	<u>1,143,315</u>	<u>191,000</u>	<u>276,132</u>	<u>4,288,600</u>

- (i) The Company sold the equipment to non-related parties during 2022 with the considerations of \$33,921 thousand, and the gain of disposal was \$33,529 thousand. There were no such situation during 2021.

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

(ii) Impairment loss

Due to the transformation of business strategy, the Company considered that some of the equipment are insufficient which may not be recovered the future economic benefit. Therefore, the Company recognized impairment loss \$33,946 thousand in 2022, which was included in other gains and losses. There were no such situation during 2021.

(iii) Collateral

Property, plant and equipment were pledged as collateral, please refer to Note 8.

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

(v) For the year ended December 31, 2022, capitalized borrowing costs were \$23,813 thousand relating to the acquisition of constructing factory, with capitalization rates of 2.53%~3.03%. There were no such situation during 2021.

(k) Right-of-use assets

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2022	\$ 196,207	37,212	2,863	9,891	246,173
Additions	709	575,001	-	10,539	586,249
Deductions	(474)	(5,784)	(587)	(4,525)	(11,370)
Balance at December 31, 2022	<u>\$ 196,442</u>	<u>606,429</u>	<u>2,276</u>	<u>15,905</u>	<u>821,052</u>
Balance at January 1, 2021	\$ 196,488	5,376	587	9,363	211,814
Additions	-	31,836	2,276	528	34,640
Deductions	(281)	-	-	-	(281)
Balance at December 31, 2021	<u>\$ 196,207</u>	<u>37,212</u>	<u>2,863</u>	<u>9,891</u>	<u>246,173</u>
Accumulated depreciation :					
Balance at January 1, 2022	\$ 18,932	18,177	891	6,537	44,537
Additions	6,185	18,468	455	4,090	29,198
Deductions	(474)	(5,554)	(587)	(4,473)	(11,088)
Balance at December 31, 2022	<u>\$ 24,643</u>	<u>31,091</u>	<u>759</u>	<u>6,154</u>	<u>62,647</u>
Balance at January 1, 2021	\$ 12,761	2,963	522	3,241	19,487
Additions	6,384	15,214	369	3,296	25,263
Deductions	(213)	-	-	-	(213)
Balance at December 31, 2021	<u>\$ 18,932</u>	<u>18,177</u>	<u>891</u>	<u>6,537</u>	<u>44,537</u>
Carrying amount:					
Balance at December 31, 2022	<u>\$ 171,799</u>	<u>575,338</u>	<u>1,517</u>	<u>9,751</u>	<u>758,405</u>
Balance at January 1, 2021	<u>\$ 183,727</u>	<u>2,413</u>	<u>65</u>	<u>6,122</u>	<u>192,327</u>
Balance at December 31, 2021	<u>\$ 177,275</u>	<u>19,035</u>	<u>1,972</u>	<u>3,354</u>	<u>201,636</u>

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

(l) Investment property

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

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	2,510,319	75,293	3,332,912
Transferred to property, plant and equipment	-	(45)	-	(45)
Balance at December 31, 2022	<u>\$ 747,300</u>	<u>2,510,274</u>	<u>75,293</u>	<u>3,332,867</u>
Balance at January 1, 2021 (i.e., ending balance)	<u>\$ 747,300</u>	<u>2,510,319</u>	<u>75,293</u>	<u>3,332,912</u>
Accumulated depreciation and impairment loss:				
Balance at January 1, 2022	\$ -	687,624	8,067	695,691
Depreciation for the year	-	101,350	2,689	104,039
Transferred to property, plant and equipment	-	(28)	-	(28)
Balance at December 31, 2022	<u>\$ -</u>	<u>788,946</u>	<u>10,756</u>	<u>799,702</u>
Balance at January 1, 2021	\$ -	586,275	5,378	591,653
Depreciation for the year	-	101,349	2,689	104,038
Balance at December 31, 2021	<u>\$ -</u>	<u>687,624</u>	<u>8,067</u>	<u>695,691</u>
Carrying amount:				
Balance at December 31, 2022	<u>\$ 747,300</u>	<u>1,721,328</u>	<u>64,537</u>	<u>2,533,165</u>
Balance at December 31, 2021	<u>\$ 747,300</u>	<u>1,822,695</u>	<u>67,226</u>	<u>2,637,221</u>
Fair value:				
Balance at December 31, 2022				<u>\$ 3,123,137</u>
Balance at December 31, 2021				<u>\$ 3,158,358</u>

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

(Continued)

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

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(t) for other related information.

As of December 31, 2022 and 2021, the investment property had been pledged as collateral, please refer to Note 8.

(m) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2022 and 2021, were as follows:

	<u>Computer software cost</u>
Cost:	
Balance at January 1, 2022	\$ 13,132
Additions	<u>720</u>
Balance at December 31, 2022	<u>\$ 13,852</u>
Balance at January 1, 2021	\$ 9,243
Additions	<u>3,889</u>
Balance at December 31, 2021	<u>\$ 13,132</u>
Accumulated amortization and impairment losses:	
Balance at January 1, 2022	\$ 8,998
Amortization	<u>2,065</u>
Balance at December 31, 2022	<u>\$ 11,063</u>
Balance at January 1, 2021	\$ 7,319
Amortization	<u>1,679</u>
Balance at December 31, 2021	<u>\$ 8,998</u>
Carrying value:	
Balance at December 31, 2022	<u>\$ 2,789</u>
Balance at January 1, 2021	<u>\$ 1,924</u>
Balance at December 31, 2021	<u>\$ 4,134</u>

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

(n) Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank loans	<u>\$ 1,411,880</u>	<u>-</u>
Range of interest rates	<u>2.101%~5.85%</u>	<u>-</u>

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

(Continued)

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

(o) Short-term bills payable

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

(p) Long-term liabilities

(i) Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured bank loans</u>		
Bank Loan - Syndicated loans	\$ 2,273,943	2,657,486
Bank Loan - Power Plant Project Loans	110,042	-
Bank Loan - Medium and Long Term Loans	1,000,000	-
<u>Unsecured bank loans</u>		
Bank Loan - Medium and Long Term Loans	<u>200,000</u>	<u>-</u>
	3,583,985	2,657,486
Less: Current portion	<u>(506,000)</u>	<u>-</u>
Total	<u><u>\$ 3,077,985</u></u>	<u><u>2,657,486</u></u>
Range of interest rates	<u><u>2.525%~2.875%</u></u>	<u><u>2.53%</u></u>

- 1) The long term loan contracts listed above will expire in February 2027.
- 2) Compliance with loan contracts

The Company entered into \$6 billion syndicated loans with First Bank in the third quarter of 2021. According to the terms and conditions on the contract, it requires the Company to maintain certain financial ratios based on its annual and semiannual consolidated financial reports during the credit period. 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 Company has to pay compensation fees to all joint credit banks each month until the next utilization date or the base date of interest rate adjusted to improve the financial ratio. In addition, the financial ratios as of 31 December 2022 are in compliance with the requirement.

The Company entered into \$10.13 billion and \$0.5 billion syndicated loans with First Bank. According to the terms and conditions on the contract, it requires the Company to maintain certain financial ratios based on its annual and semiannual consolidated financial reports during the credit period. The ratios did not meet the above requirements on June 30, 2021 and the Company had paid compensation fees to all joint credit banks each month. The loan had already been repaid in the third quarter of 2021.

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

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

(q) Bonds payable

Information about the Company'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>
	For the years ended December 31,	
	2022	2021
Embedded derivative component—revaluation loss (profit) on redemption rights (recorded as other gains and losses)	<u>\$ (6,000)</u>	<u>909</u>
Interest expense	<u>\$ 16,865</u>	<u>3,045</u>

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

	3rd domestic secured convertible bonds
Issuance amount	\$3,000,000 thousand
Issuance date	2021.10.25
Issuance price	At 104.18% of par value
Coupon rate	0%
Issuance period	2021.10.25~2024.10.25
Trustee bank	Bank SinoPac
Guarantee agencies	FIRST BANK and others
Redemption rights	The Company may redeem the bonds at face value with cash after January 26, 2022, and before September 14, 2024 that if the closing price of the common shares on TWSE on each trading day during a period of 30 consecutive trading dates exceeds at least 30% of the conversion price or if the outstanding balance of the bonds is less than 10% of the issuance amount.
Put option	None

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

**3rd domestic secured
convertible bonds**

Conversion period of convertible bonds	Each holder of the bonds will have the right at any time during the period from January 26, 2022, to October 25, 2024, to convert their bonds through Taiwan Depository & Clearing Corporation (“TDCC”). It is requested to the Company’s stock agency to convert the convertible bonds held into the Company’s ordinary shares in accordance with these regulations.
Conversion price	The conversion price is set at \$20.9 per share at the time of issuance. In the event of an adjustment to the conversion price of the Company’s ordinary shares that complies with the terms of issuance, the conversion price shall be adjusted according to the formula specified in the terms of issuance.

(r) Lease liabilities

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

	December 31, 2022	December 31, 2021
Current	<u>\$ 46,094</u>	<u>26,780</u>
Non-current	<u>\$ 757,662</u>	<u>252,628</u>

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2022	2021
Interest on lease liabilities	<u>\$ 8,959</u>	<u>9,157</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 15,770</u>	<u>4,812</u>
Expenses relating to short-term leases	<u>\$ 11,605</u>	<u>23,795</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 168</u>	<u>137</u>

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

	For the years ended December 31,	
	2022	2021
Total cash outflow for leases	<u>\$ 64,935</u>	<u>62,511</u>

(Continued)

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

(s) Provisions

	<u>Warranties</u>	<u>Onerous contract</u>	<u>Site restoration</u>	<u>Total</u>
Balance at January 1, 2022	\$ 92,072	64,637	3,540	160,249
Provisions made during the year	28,724	-	69,339	98,063
Provisions reversed during the year	-	(64,637)	-	(64,637)
Balance at December 31, 2022	<u>\$ 120,796</u>	<u>-</u>	<u>72,879</u>	<u>193,675</u>
Balance at January 1, 2021	\$ 87,946	175,916	-	263,862
Provisions made during the year	23,801	31	3,540	27,372
Provisions reversed during the year	(19,675)	(111,310)	-	(130,985)
Balance at December 31, 2021	<u>\$ 92,072</u>	<u>64,637</u>	<u>3,540</u>	<u>160,249</u>

- (i) The Company'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 Company's provision for onerous contract liabilities was due to the signing of a long term purchase contract with the silicon raw material supplier. According to the contract, the Company purchases material at a fixed price and deducts the advance payment. In response to fluctuations in the spot market price, the Company has recognized the relevant liabilities.
- (iii) The provision made by the Company 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.

(t) Operating lease

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Less than one year	\$ 287,912	286,919
One to five years	148,498	432,043
More than five years	8,201	12,480
Total undiscounted lease payments	<u>\$ 444,611</u>	<u>731,442</u>

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

(Continued)

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

(u) Employee benefits

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$55,181 thousand and \$49,618 thousand for the years ended December 31, 2022 and 2021, respectively.

(v) Income Taxes

(i) The components of income tax in the years 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Income tax expense	\$ -	-

(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 before tax for 2022 and 2021 was as follows:

	For the years ended December 31,	
	2022	2021
Profit (loss) excluding income tax	\$ 993,643	(1,288,203)
Income tax using the Company's domestic tax rate	\$ 198,729	(257,641)
Tax effect of permanent differences	(55,688)	(75,657)
Change in unrecognized deferred tax asset	(143,041)	333,298
Total	\$ -	-

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2022	December 31, 2021
Deferred tax assets		
Tax losses	\$ 2,381,558	2,321,642
Tax effect of deductible Temporary Differences	1,830,543	2,061,355
	\$ 4,212,101	4,382,997

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

- A. Tax loss refers to the loss of the 10 years prior to verification by the tax collection authority, which is deducted from the net profit of the current year and then certified as income tax. As of December 31, 2022, the company has recognized and not yet recognized tax losses on deferred income tax assets for the following periods of deduction:

<u>The annual loss</u>	<u>Loss before deduction</u>	<u>The last year for which deduction may be made</u>
2012 (Approved)	\$ 824,497	2022
2013 (Approved)	43,169	2023
2014 (Approved)	7,397	2024
2015 (Approved)	255,771	2025
2016 (Approved)	1,230,640	2026
2017 (Approved)	1,973,963	2027
2018 (Approved)	2,943,320	2028
2019 (Approved)	2,861,383	2029
2020 (Approved)	2,378,373	2030
2021 (Filed)	1,859,330	2031
2022 (Estimation)	626,148	2032

The Company have not recognized any deferred tax liabilities in December 31, 2022 and 2021.

- 2) Recognized deferred tax assets and liabilities

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

	<u>Depreciation of property, plant and equipment</u>	<u>Allowance for inventory valuation loss</u>	<u>Loss carry forwards and others</u>	<u>Total</u>
Deferred tax asset				
Balance on January 1, 2022	\$ -	-	622,050	622,050
Recognized in profit or loss	-	-	(2,810)	(2,810)
Balance on December 31, 2022	<u>\$ -</u>	<u>-</u>	<u>619,240</u>	<u>619,240</u>
Balance on January 1, 2021	-	-	622,822	622,822
Recognized in profit or loss	-	-	(772)	(772)
Balance on December 31, 2021	<u>\$ -</u>	<u>-</u>	<u>622,050</u>	<u>622,050</u>

(Continued)

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

	Unrealized exchange gain or loss	Unrealized gains on financial instruments at fair value through profit or loss	Other	Total
Deferred tax liabilities				
Balance on January 1, 2022	\$ -	36,488	7,301	43,789
Recognized in profit or loss	<u>33,678</u>	<u>(36,488)</u>	<u>-</u>	<u>(2,810)</u>
Balance on December 31, 2022	<u>\$ 33,678</u>	<u>-</u>	<u>7,301</u>	<u>40,979</u>
Balance on January 1, 2021	-	34,285	10,276	44,561
Recognized in profit or loss	<u>-</u>	<u>2,203</u>	<u>(2,975)</u>	<u>(772)</u>
Balance on December 31, 2021	<u>\$ -</u>	<u>36,488</u>	<u>7,301</u>	<u>43,789</u>

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

(w) Capital and other equity

(i) Ordinary shares

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

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

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

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

(ii) Capital surplus

The Company's capital surplus includes share premium, Conversion of convertible bonds, subsidiaries, number of changes in ownership of associates and joint venture recognized by equity method, and employee stock option, etc.

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

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

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

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

On June 24, 2022 and May 7, 2021, the Company has accumulated deficit and the Company's board of directors resolved not to appropriate the earnings. Related information can be found on the Market Observation Post System website of the Taiwan Stock Exchange.

(iv) Treasury shares

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

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

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

(x) Share-based payment

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

(i) Restricted employee shares

	Restricted share plan for employees	
	Issued in 2020	Issued in 2019
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 Company will reduce capital and adjust the number of unowned shares	The Company will reduce capital and adjust the number of unowned shares

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

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

(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 Company in 2021 were 28,832 thousand.

(Continued)

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

(y) Earnings (loss) per share

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

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

The ordinary share equivalents of the Company were not included in this calculation due to their anti-dilutive effects in 2021.

(z) Revenue from contracts with customers

(i) Disaggregation of revenue:

Major products	For the years ended December 31,	
	2022	2021
Solar products	\$ 15,747,577	11,376,070
Other	<u>605,800</u>	<u>651,642</u>
	<u>\$ 16,353,377</u>	<u>12,027,712</u>

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

(ii) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable	<u>\$ 2,314,628</u>	<u>1,965,735</u>	<u>1,971,356</u>
Contract assets			
Construction contract	\$ 183,149	-	-
Less: allowance for impairment	-	-	-
	<u>\$ 183,149</u>	<u>-</u>	<u>-</u>
Contract liabilities			
Sales of products	\$ 228,953	335,335	261,976
Construction contract	-	2,632	-
	<u>\$ 228,953</u>	<u>337,967</u>	<u>261,976</u>

- 1) For details on accounts receivable and allowance for impairment, please refer to note 6(e).
- 2) The beginning balance of contract liabilities recognized as revenue for the years ended December 31, 2022 and 2021 were \$295,634 thousand and \$192,892 thousand respectively.
- 3) Contract asset has been recognized construction income which has not yet been requested until the reporting date.

(aa) Employee compensation and directors' remuneration

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

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

The remunerations to employees and directors amounted to \$39,857 thousand and \$3,986 thousand, respectively, in 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 before tax for the year ended December 31, 2021, the Company didn't estimate its employee compensation and directors' remuneration. Related information would be available at the Market Observation Post System website.

(Continued)

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

(ab) Non-operating Income and Expenses

(i) Other income

	For the years ended December 31,	
	2022	2021
Lease income	\$ 185,857	192,849
Dividend income	19,220	14,178
Service income	17,396	47,058
Other income	97,213	29,990
	\$ 319,686	284,075

(ii) Other gains and losses

	For the years ended December 31,	
	2022	2021
Gain on foreign currency exchange	\$ 206,180	12,171
Gain on disposals of investments	131,837	83
Expected credit losses	-	(29,176)
Impairment loss on financial assets	-	(163,650)
Other	149,797	(147,332)
	\$ 487,814	(327,904)

The Company didn't fulfill the procurement agreement with the supplier K, who won the lawsuit in the high court on January 27, 2021. Therefore, the Company recognized compensation losses on December 31, 2020. The Company 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 Company according to the procurement agreement. The Company has reached a settlement with FD and FE companies on October 26, 2022 and recognized \$156,800 thousand as compensation losses.

(ac) 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.

(Continued)

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

2) Concentration of credit risk

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

3) Credit risk of receivables and debt securities

The Company's accounts receivable and other receivables are all with low risk on the reporting date. Therefore, the Company measures the allowance for impairment based on the 12 months expected credit loss. Please refer to note 6(d) and note 6(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	\$ 5,163,326	2,017,949	2,540,860	319,925	284,592
Lease liabilities	1,045,961	54,999	52,897	51,259	886,806
Non-interest bearing liabilities	2,592,172	2,592,172	-	-	-
Short-term bills payable	100,000	100,000	-	-	-
Derivative financial liabilities					
Inflow	(1,230,535)	(1,230,535)	-	-	-
Outflow	<u>1,235,039</u>	<u>1,235,039</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,905,963</u>	<u>4,769,624</u>	<u>2,593,757</u>	<u>371,184</u>	<u>1,171,398</u>
December 31, 2021					
Non-derivative financial liabilities					
Bank borrowings	\$ 2,810,974	68,210	658,098	2,084,666	-
Lease liabilities	416,731	35,361	16,579	14,562	350,229
Non-interest bearing liabilities	2,920,673	2,920,673	-	-	-
Derivative financial liabilities					
Inflow	(1,149,027)	(1,149,027)	-	-	-
Outflow	<u>1,141,643</u>	<u>1,141,643</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,140,994</u>	<u>3,016,860</u>	<u>674,677</u>	<u>2,099,228</u>	<u>350,229</u>

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

(Continued)

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

(iii) Market risk

1) Currency risk

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

	December 31, 2022			December 31, 2021		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Financial assets						
Monetary items						
USD	\$ 112,105	30.7300	3,444,987	101,623	27.6700	2,811,908
EUR	5,878	32.7500	192,505	4,753	31.3700	149,102
GBP	8	37.0400	296	268	37.3300	10,004
Non-Monetary items						
USD	80,854	30.7300	2,484,643	107,289	27.6700	2,968,680
GBP	1,481	37.0400	54,839	2,546	37.3300	95,029
MYR	12,098	6.6920	80,960	10,580	6.3630	67,322
Financial liabilities						
Monetary items						
USD	64,803	30.7300	1,991,396	55,958	27.6700	1,548,358
EUR	5,437	32.7500	178,062	743	31.3700	23,308

The Company's exposure to currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, and accounts and other payables that are denominated in foreign currency. The weakening or strengthening of 1% on the above mentioned foreign currency against the New Taiwan Dollars would have decreased or increased and increased or decreased the net profit (loss) before tax for the years ended 2022 and 2021 by \$14,683 thousand and \$13,993 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the two periods.

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

2) Interest rate risk

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

(Continued)

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

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

If the interest rate had increased / decreased by 0.25%, the Company's net income would have decreased / increased by \$87 thousand and increased / decreased by \$3,113 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 Company's variable interest rate deposit and loans.

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

3) Other market price risk

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

Prices of securities at the reporting date	For the years ended December 31,	
	2022	2021
Increasing 5%	\$ 16,677	19,481
Decreasing 5%	\$ (16,677)	(19,481)

4) Fair value of financial instruments

a) Fair value hierarchy

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

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

	December 31, 2022				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss					
Derivative financial assets	\$ <u>900</u>	<u>-</u>	<u>-</u>	<u>900</u>	<u>900</u>
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	<u>339,189</u>	<u>-</u>	<u>-</u>	<u>339,189</u>	<u>339,189</u>
Subtotal	<u>\$ 672,730</u>	<u>152,171</u>	<u>181,370</u>	<u>339,189</u>	<u>672,730</u>
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 3,516,679				
Accounts receivable (including related parties)	2,314,628				
Other receivables (including related parties)	2,114,880				
Other financial assets	592,105				
Refundable deposits	140,646				
Other non-current assets	<u>197,744</u>				
	<u>\$ 8,876,682</u>				
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	\$ <u>18,753</u>	<u>-</u>	<u>4,504</u>	<u>14,249</u>	<u>18,753</u>
Financial liabilities measured at amortized cost					
Bonds payable	\$ 2,969,315				
Long-term borrowings	4,995,865				
Short-term bills payable	99,931				
Accounts payable (including related parties)	1,142,441				
Lease liabilities	803,756				
Other financial liabilities	<u>1,449,731</u>				
	<u>\$ 11,461,039</u>				

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
Notes to the 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>14,284</u>	-	<u>7,384</u>	<u>6,900</u>	<u>14,284</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>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	\$ 3,655,826				
Accounts receivable (including related parties)	1,965,735				
Other receivables (including related parties)	2,370,021				
Other financial assets	873,956				
Refundable deposits	634,844				
Other non-current assets	<u>202,244</u>				
	<u>\$ 9,702,626</u>				
Financial liabilities measured at amortized cost					
Bonds payable	\$ 2,952,450				
Long term borrowings	2,657,486				
Accounts payable (including related parties)	1,213,549				
Lease liabilities	279,408				
Other financial liabilities	<u>1,707,124</u>				
	<u>\$ 8,810,017</u>				

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

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

i) Financial assets measured at amortized cost

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

(Continued)

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

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 Company are distinguished according to the evaluation sources used to determine its fair value as follows:

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

ii) Derivative financial instruments

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

(Continued)

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

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 follow:

	Financial assets at fair value through profit or loss – current		Non quoted equity instrument - fair value through other comprehensive income	
	2022	2021	2022	2021
Opening balance	\$ 6,900	-	55,887	35,893
Additions	(14,493)	5,991	228,262	27,098
Total gains and losses recognized in profit and loss	(5,756)	909	-	-
Total gains and losses recognized in other comprehensive income	-	-	49,424	-
Capital reduction and return of subscription	-	-	-	(7,104)
Reclassified	-	-	5,616	-
Ending balance	<u>\$ (13,349)</u>	<u>6,900</u>	<u>339,189</u>	<u>55,887</u>

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

	2022	2021
Total gains and losses recognized:		
In gains and losses, and presented in “other gains and losses”	\$ <u>(5,756)</u>	<u>909</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>

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

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

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Financial assets measured at fair value through profit and loss - derivative instruments (short call options)	Option pricing model	·Stock price volatility (27.82% for December 31, 2022)	·The higher the volatility of the stock price, the 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

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

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

	<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 (short call options)	27.82%	+0.5%	-	-	485	-
	27.82%	-0.5%	-	-	-	(483)
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	10%	+5%	-	(3,784)	-	-
	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	-	-	-
	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)	-	-
	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.

(ad) Financial risk management

(i) Overview

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

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

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

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

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

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

(ae) Capital management

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

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

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

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 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	\$ 2,657,486	910,042	16,457	3,583,985
Short-term borrowings	-	1,414,348	(2,468)	1,411,880
Shor-term bills payable	-	100,000	(69)	99,931
Lease liabilities	279,408	(28,433)	552,781	803,756
Bonds payable	<u>2,952,450</u>	<u>-</u>	<u>16,865</u>	<u>2,969,315</u>
Total liabilities from financing activities	<u>\$ 5,889,344</u>	<u>2,395,957</u>	<u>583,566</u>	<u>8,868,867</u>

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

	January 1, 2021	Cash flows	Foreign exchange movements and others	December 31, 2021
Long-term borrowings	\$ 5,424,327	(2,737,917)	(28,924)	2,657,486
Short-term borrowings	2,320,002	(2,297,495)	(22,507)	-
Lease liabilities	269,451	(24,610)	34,567	279,408
Bonds payable	-	3,120,780	(168,330)	2,952,450
Total liabilities from financing activities	<u>\$ 8,013,780</u>	<u>(1,939,242)</u>	<u>(185,194)</u>	<u>5,889,344</u>

(7) Related-party transactions:

- (a) Name and relationship with related parties

Name of related party	Relationship with the Company
Beryl Construction LLC	Subsidiary
DelSolar US Holdings(Delaware) Corporation (“DelSolar US”)	Subsidiary
ELECTRONIC J.R.C. S.R.L. (“JRC”)	Subsidiary(Note 3)
General Energy Solutions USA. Inc. ("GES USA")	Subsidiary
GES Energy Middle East FZE ("GES ME")	Subsidiary
Gintech (Thailand) Limited (“Gintech (Thailand)”)	Subsidiary
NSP SYSTEM NEVADA HOLDING CORP. (“NSP NEVADA”)	Subsidiary
NSP Systems (BVI) Ltd. (“NSP BVI”)	Subsidiary
URE NSP CORPORATION	Subsidiary
Dashiangying Energy Power Ltd. Co.	Subsidiary(Note 7)
Shanshang Energy Power Ltd. Co.	Subsidiary
Zhongyang Corporation	Subsidiary
Yong Zhou Ltd.	Subsidiary
Yong Liang Ltd. (“Yong Liang”)	Subsidiary
DelSolar (Wu Jiang) Ltd.	Subsidiary
Solartech Materials Corporation	Subsidiary
Hsin Jin Optoelectronics	Subsidiary
Yanshan Energy Power Ltd. Co.	Subsidiary(Note 7)
Jiangung Energy Power Ltd. Co. (“Jiangung”)	Subsidiary
Utech Solar Corporation (“Utech”)	Subsidiary
Best Power Service Corp.(“Best Power”)	Subsidiary(Note 3)
NSP System Development Corp.(“NSP System”)	Subsidiary
Hsin Jin Solar Energy Co., Ltd.	Subsidiary

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
Shinkai Energy Power Ltd. Co.	Subsidiary(Note 7)
Si Two Corp.	Subsidiary
United Agriculture Ecology Ltd. Co.	Subsidiary(Note 7)
United Renewable Energy Engineering Co., Ltd (“UREE”)	Other related party(Note 4)
Lianxi Energy Power Ltd. Co.	Subsidiary
Liancheng Energy Power Ltd. Co.	Subsidiary(Note 7)
Lianzhang Energy Power Ltd. Co.	Subsidiary
Shanyang Green Power Ltd. Co.	Subsidiary(Note 2)
Tienyang Green Power Ltd. Co.	Subsidiary(Note 2)
Deyang Green Power Ltd. Co.	Subsidiary(Note 2)
Feng Yang Energy Power Ltd. Co.	Subsidiary(Note 2)
Jeyang Green Power Ltd. Co.	Subsidiary(Note 2)
Phanes Holding Inc	Other related party
ThinTech Materials Technology Co., Ltd.(“ThinTech”)	Other related party(Note 6)
Clean Focus Corporation(“CFC”)	Other related party(Note 1)
Clean Focus Yield Limited(“CFY”)	Other related party(Note 1)
Solarbright energy Co., Ltd. (“Solarbright”)	Associate
Gintung energy Corporation	Associate
V5 Technologies Co., Ltd.	Associate
DS Energy Technology Co., Ltd. (“DS Energy”)	Associate (Note 6)
Apex Solar Corporation(“Apex”)	Associate (Note 5)

Note 1: Due to the fact that the directors of CFY are the same as those of the Company, therefore, the Company has significant control over CFY; hence CFY and its subsidiaries were listed as other related parties of the Company.

Note 2: The Company disposed Shanyang Green Power Ltd Co.,Tienyang Green Power Ltd Co.,Deyang Green Power Ltd Co., Feng Yang Energy Power Ltd Co. and Jeyang Green Power Ltd. Co.’s shares in November 2021.

Note 3: The Company disposed Best Power and JRC in February and May, 2022, respectively.

Note 4: A former subsidiary of the Company, wherein the Company disposed UREE in first quarter of 2022, and invested preference shares of UREE in third quarter of 2022, hence UREE was listed as an other related party.

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

Note 5: A former subsidiary of the Company, wherein the Company disposed all of Apex's shares to Solarbright during the second quarter of 2021, hence Apex was listed as an associate.

Note 6: The Company has no significant influence on ThinTech and DS Energy in the third quarter of 2022.

Note 7: Liquidated and dissolved in 2022.

(b) Significant transactions with related parties

(i) Sales and accounts receivable

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

	For the years ended December 31,	
	2022	2021
Subsidiaries	\$ 142,848	403,620
Associates	45,437	198,720
	\$ 188,285	602,340

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

	December 31, 2022	December 31, 2021
Subsidiaries		
Gintech (Thailand)	\$ -	233,914
Yong liang	3,733	115,506
Others	-	37,782
Associates	-	13,665
Less: Impairment allowance	-	(25)
	\$ 3,733	400,842

(ii) Purchases, accounts payable and contract liabilities

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

	For the years ended December 31,	
	2022	2021
Subsidiaries	\$ 621,039	1,311,092

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

(iv) Purchase of property, plant and equipment

	For the years ended December 31,		Payables on equipment (classified as other current liabilities)	
	2022	2021	December 31, 2022	December 31, 2021
	Subsidiaries	\$ <u>98,933</u>	<u>164,864</u>	<u>73,233</u>

(v) Other income

	For the years ended December 31,	
	2022	2021
Subsidiaries		
NSP System	\$ 12,028	42,028
Others	3,617	3,468
Associates	6,304	6,384
Other related parties	6,483	5,734
	<u>\$ 28,432</u>	<u>57,614</u>

(vi) Dispose of investee companies that adopt equity method

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

(vii) Acquisitions of financial assets

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

(c) Key management personnel compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	\$ 62,681	59,117
Post-employment benefits	1,235	1,361
Share-based payments	151	3,776
Total	<u>\$ 64,067</u>	<u>64,254</u>

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

(Continued)

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

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	December 31, 2022	December 31, 2021
Property, plant and equipment	\$ 2,398,444	2,549,828
Investment property	2,468,628	2,569,975
Restricted bank deposit (accounted for as other financial assets and other non-current assets)	789,849	1,076,200
Financial assets at fair value through other comprehensive income	504,755	-
Refundable deposit	<u>140,646</u>	<u>634,844</u>
	<u>\$ 6,302,322</u>	<u>6,830,847</u>

(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>\$ 1,929,270</u>	<u>2,726,400</u>

(ii) The Company have obtained orders for power facility construction and contracted the projects out to contractors. The Company 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>\$ 1,071,930</u>	<u>931,289</u>

(iii) The Company agreed to have an obligation to sell the shares of the investees in the specific period, please refer to Note 6(b).**(iv) Due to power plant installations, the Company signed non-fixed lease payment agreements with others, please refer to Note 6(r).**

(Continued)

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

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

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

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

(b) Contingencies

The company leased its plants to DU then a fire broke out in October 2017, and DU was affected and requested damages from the Company. The two parties reached a settlement in May 2019 that offset the money DU owed to the Company. However, EZ bank, the mortgagee of DU's equipment, had objections to the settlement, and requested the Company to pay damage to DU claim that the creditor's rights of DU and DU's right to claim damages against the Company are legally offset, so EZ bank's request has no basis. In this case, on July 1, 2021, the court judged that the Company should pay EZ bank \$159,335 thousand. The company has appointed a lawyer to file an appeal on the grounds that the judgment was unreasonably flawed.

(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	For the years ended December 31, 2022			For the years ended December 31, 2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Nature						
Employee benefit expense						
Salaries	913,672	344,161	1,257,833	801,685	357,509	1,159,194
Labor and health insurance	93,883	25,598	119,481	83,232	29,396	112,628
Pension	39,866	15,315	55,181	33,077	16,541	49,618
Remuneration of directors	-	12,266	12,266	-	8,280	8,280
Others	125,673	13,695	139,368	111,099	16,197	127,296
Depreciation expense (Note)	632,508	42,763	675,271	627,216	94,134	721,350
Amortization expense	-	2,065	2,065	-	1,679	1,679

(Continued)

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

Note: Exclude the depreciation expense of investment property \$104,039 thousand during 2022 and \$104,038 thousand during 2021, respectively.

The additional information of headcount and employee benefit are follows:

	<u>2022</u>	<u>2021</u>
Headcount	<u>1,765</u>	<u>1,646</u>
The number of non-employee director	<u>8</u>	<u>8</u>
Average cost of employee benefits	<u>\$ 895</u>	<u>884</u>
Average cost of salaries	<u>\$ 716</u>	<u>708</u>
Average of salaries expense variation	<u>1.13 %</u>	<u>10.28 %</u>
Remuneration of supervisors	<u>\$ -</u>	<u>-</u>

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

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

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

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the years ended December 31, 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.
- (iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Group's paid-in capital: Please see Table 3 attached.
- (v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital: None.

(Continued)

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

- (vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: None
- (vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital: Please see Table 4 attached.
- (viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital: Please see Table 5 attached.
- (ix) Information regarding trading in derivative financial instruments: Please refer to Note 6(b) for related information.
- (b) Information on investees:
- The followings are the information on investees for the years ended December 31, 2022: Please see Table 6 attached.
- (c) Information on investment in Mainland China : Please see Table 7 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 Company's financial statements and the actual number of shares delivered through non-physical registration due to different basis of calculation.

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

(14) Segment information:

Please see the Consolidated Financial Statements for the year ended December 31, 2022.

UNITED RENEWABLE ENERGY CO., LTD.
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

Note 1 : The relation between guarantor and guarantee :

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

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

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED December 31, 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	Shares							
	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 Note 6 (d) for relevant information.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED December 31, 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	Shares 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 capital increase by cash and capital reduction to cover losses.

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

UNITED RENEWABLE ENERGY CO., LTD.
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED December 31, 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%)	
The Company	Gintech(Tailand)	Grandson company	Purchase	277,651	2%	60 days from the invoice date	-	-	(135,460)	(11.86%)	

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

(Continued)

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

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

(Continued)

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

TABLE 6

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

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 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	89,078	89,078	
	DelSolar Cayman	Cayman Islands	Investment company	NTD 4,906,789	NTD 4,906,789	155,126	100%	323,972	(273,494)	(273,494)	Note 2
	NSP BVI	British Virgin Islands	Investment company	NTD 164,294	NTD 470,424	2,301	100%	117,761	(328)	(328)	
	GES ME	The United Arab Emirates	Solar related business	NTD 418,805	NTD 418,805	4	100%	(68,773)	(129,963)	(129,963)	
	NSP UK	UK	Investment company	NTD 28,165	NTD 71,881	580	100%	54,840	4,960	4,960	Note 3
	NSP System	Taiwan	Solar related business	NTD 144,200	NTD 144,200	14,420	100%	29,374	4,192	(21,328)	
	Zhongyang	Taiwan	Solar related business	NTD 24,121	NTD 24,121	3,500	100%	34,792	(524)	(524)	
	UREE	Taiwan	Solar related business	NTD -	NTD 25,300	-	-	-	-	-	Note 1
	DelSolar Singapore	Singapore	Investment company	NTD 29,743	NTD 29,743	1,250	100%	17,308	(521)	(521)	
	BPS	Taiwan	Solar related business	NTD -	NTD 6,000	-	-	-	-	(321)	Note 1
	SMC	Taiwan	Solar related business	NTD 9,720	NTD 9,720	1,000	100%	9,947	62	62	
	Utech	Taiwan	Electronic component manufacturing	NTD 1,477,049	NTD 1,097,064	41,096	99.99%	(701,038)	(94,919)	(94,854)	
	Yong Liang	Taiwan	Solar related business	NTD 249,000	NTD 249,000	24,900	25.70%	206,417	20,249	6,068	
	Yong Zhou	Taiwan	Solar related business	NTD 59,000	NTD 46,500	-	100%	1,095	(4,781)	(4,781)	
	JRC	Dominican	Solar related business	NTD -	NTD 431,397	-	-	-	-	-	Note 1
	GES UK	UK	Investment company	NTD 2,747,371	NTD 2,644,899	89,133	100%	1,201,833	103,950	103,950	
	TSST	Malaysia	Solar related business	NTD 417,692	NTD 417,692	97,701	42.12%	80,960	9,538	4,018	
	V5 Technology	Taiwan	Electronic component manufacturing and selling	NTD 114,084	NTD 114,084	7,789	26.23%	59,142	21,063	2,165	
	Gintung	Taiwan	Electronic component manufacturing	NTD 34,341	NTD 34,341	13,460	36.38%	-	157,032	-	
	DS Energy	Taiwan	Solar related business	NTD 14,500	NTD 10,500	1,450	12.14%	-	(6,654)	(934)	Note 4
	Dashiangying	Taiwan	Agriculture related business	NTD -	NTD 100	-	-	-	-	-	
	Shinkai	Taiwan	Agriculture related business	NTD -	NTD 100	-	-	-	-	-	Note 5
	Shanshang	Taiwan	Solar related business	NTD 20,100	NTD 20,100	2,010	100%	17,024	(3,025)	(3,025)	
	United Intelligence	Taiwan	Electronic component related business	NTD 2,100	NTD 2,100	210	100%	580	(6)	(6)	
	Yanshan	Taiwan	Agriculture related business	NTD -	NTD 100	-	-	-	-	-	Note 5
	Solarbright	Taiwan	Solar related business	NTD 30,000	NTD 30,000	9,000	30%	91,584	7,878	1,406	

Note 1 : As of December 31, 2022, the Company disposed of all the equity shares.

Note 2 : The Company processed capital reduction and refunded \$306,103 thousand (USD 11,000 thousand) in the first quarter of 2022.

Note 3 : The Company processed capital reduction and refunded \$43,716 thousand (GBP 1,200 thousand) in the second quarter of 2022.

Note 4 : The Company 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.

Note 5 : As of December 31, 2022, the Company had liquidated and dissolved.

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

TABLE 7

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Investment flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% 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 Company disposed of all the shares of NSP Nanchang in the third quarter of 2020.

Note 2 : The exchange rate used is the rate on December 31, 2022.

United Renewable Energy Co., Ltd.
Statement of cash and cash equivalents
December 31, 2022
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash	Petty cash and cash on hand	\$ 351
Bank deposits	Check deposits	20,487
	Demand deposits	2,853,337
	Time deposits	201
	Foreign currency deposit (USD:18,402 thousand; JPY:38 thousand; CNY:2 thousand; EUR:2,335 thousand; GBP:8 thousand)	<u>642,303</u>
		<u>\$ 3,516,679</u>

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

USD dollar currency:30.73

JPY dollar currency:0.2319

CNY dollar currency:4.409

EUR dollar currency:32.75

GBP dollar currency:37.04

United Renewable Energy Co., Ltd.

Statement of trade receivables

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

<u>Customer Name</u>	<u>Description</u>	<u>Amount</u>
Non-related parties		
Client EI	Operating	\$ 544,916
Client FG	//	522,606
Others (less than 10% for each customer)	//	<u>1,460,415</u>
Subtotal		2,527,937
Less: Loss allowance		<u>217,042</u>
Total		<u><u>\$ 2,310,895</u></u>

Note1:Accounts receivable – related party is not included in the accounts receivable referred to above.

Please refer to Note 7 to the financial statements for details.

United Renewable Energy Co., Ltd.

Statement of inventories

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>	
	<u>Cost</u>	<u>Net realizable value</u>
Finished goods	\$ 2,108,170	2,210,043
Work in progress	109,342	168,874
Raw materials	919,381	804,138
Construction in progress	<u>38,166</u>	<u>38,166</u>
Subtotal	3,175,059	<u>3,221,221</u>
Less: Allowance for reduction of inventory to market	<u>(252,971)</u>	
Total	<u>\$ 2,922,088</u>	

Statement of other current assets

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Tax Overpaid Retained for Offsetting the Future Tax Payable		\$ 219,525
Temporary payments		161,645
Others (individual amount does not exceed 5%)		<u>2,152</u>
		<u>\$ 383,322</u>

United Renewable Energy Co., Ltd.
Statement of changes in investments accounted for using the equity method
For the year ended December 31, 2022
(Expressed in thousands of New Taiwan Dollars)

Investee Company Name	Beginning balance		Additions		Decrease		Cumulative translation adjustment	Share of income (loss) for using equity method	Other	Dividends income from subsidiary	Adjustments from unrealized gain (loss)	Ending balance			Net asset value	Note
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount						Shares (in thousands)	Share holding ratio(%)	Amount		
Investment in subsidiaries																
General Energy Solutions UK Limited	85,433	\$ 967,836	3,700	102,472	-	-	188,183	103,950	(160,608)	-	-	89,133	100.00 %	1,201,833	1,206,850	Note 1
Ultimate Energy Solution Limited	62,188	744,279	-	-	-	-	59,186	89,078	-	-	-	62,188	100.00 %	892,543	892,543	
NSP Systems (BVI) Ltd.	18,350	410,708	-	-	(16,049)	(306,130)	13,511	(328)	-	-	-	2,301	100.00 %	117,761	117,761	Note 6
DelSolar Holding (Cayman) Ltd.	155,126	562,548	-	-	-	-	34,918	(273,494)	-	-	-	155,126	100.00 %	323,972	323,972	
GES Energy Middle East FZE	4	58,552	-	-	-	-	2,638	(129,963)	-	-	-	4	100.00 %	(68,773)	(68,773)	
Yong Liang Ltd.	24,900	232,998	-	-	-	-	-	6,068	(2,303)	(2,603)	(27,743)	24,900	25.70 %	206,417	993,155	Note 7
NSP UK Holding Limited	1,780	95,030	-	-	(1,200)	(43,716)	(1,434)	4,960	-	-	-	580	100.00 %	54,840	54,840	Note 6
NSP System Development Corp.	14,420	70,327	-	-	-	-	-	(21,328)	-	-	(19,625)	14,420	100.00 %	29,374	83,334	Note 7
Zhongyang Corporation	3,500	38,168	-	-	-	-	-	(524)	-	(2,852)	-	3,500	100.00 %	34,792	34,792	
Best Power Service Corp.	600	10,316	-	-	(600)	(9,995)	-	(321)	-	-	-	-	- %	-	-	Note 2
DelSolar Holding Singapore Pte. Ltd.	1,250	16,067	-	-	-	-	1,762	(521)	-	-	-	1,250	100.00 %	17,308	17,308	
United Renewable Energy Engineering Co., Ltd	2,530	5,871	-	-	(2,530)	(5,871)	-	-	-	-	-	-	- %	-	-	Note 2
Solartech Materials Corporation	1,000	9,885	-	-	-	-	-	62	-	-	-	1,000	100.00 %	9,947	9,947	
Yong Zhou Ltd.	-	(6,624)	-	12,500	-	-	-	(4,781)	-	-	-	-	100.00 %	1,095	1,095	Note 1
ELECTRONIC J.R.C. S.R.L	145	208,689	-	-	(145)	(246,703)	19,535	-	18,479	-	-	-	- %	-	-	Note 2
Dashiangying Energy Power Ltd. Co.	10	7	-	-	(10)	(7)	-	-	-	-	-	-	- %	-	-	Note 3
Shinkai Energy Power Ltd. Co.	10	7	-	-	(10)	(7)	-	-	-	-	-	-	- %	-	-	Note 3
Shanshang Energy Power Ltd. Co.	2,010	20,049	-	-	-	-	-	(3,025)	-	-	-	2,010	100.00 %	17,024	17,024	
United intelligence Co., Ltd.	210	586	-	-	-	-	-	(6)	-	-	-	210	100.00 %	580	580	
Yanshan Energy Power Ltd. Co.	10	7	-	-	(10)	(7)	-	-	-	-	-	-	- %	-	-	Note 3
Utech Solar Corporation	28,491	(988,430)	37,999	379,985	(25,394)	-	-	(94,854)	2,261	-	-	41,096	99.99 %	(701,038)	156,360	Note 4
Subtotal		2,456,876		494,957		(612,436)	318,299	(325,027)	(142,171)	(5,455)	(47,368)			2,137,675	3,840,788	
Investment in associates																
TS Solartech SDN BHD	97,701	67,321	-	-	-	-	9,621	4,018	-	-	-	97,701	42.12 %	80,960	197,437	
V5 Technologies Co., Ltd.	7,790	46,495	-	-	-	-	-	2,165	10,482	-	-	7,790	26.23 %	59,142	225,475	
DS Energy Technology Co., Ltd.	1,050	2,550	400	4,000	(1,450)	(5,616)	-	(934)	-	-	-	-	- %	-	-	
Gintung energy Corporation	13,460	-	-	-	-	-	-	-	-	-	-	13,460	36.38 %	-	(72,737)	
Solarbright energy Co., Ltd.	9,000	91,779	-	-	-	-	-	1,406	-	(1,601)	-	9,000	30.00 %	91,584	308,471	
Subtotal		208,145		4,000		(5,616)	9,621	6,655	10,482	(1,601)	-			231,686	658,646	
Total		2,665,021		498,957		(618,052)	327,920	(318,372)	(131,689)	(7,056)	(47,368)			2,369,361	4,499,434	
Credit balance of investments accounted for using the equity method		995,054												769,811		
Total		\$ 3,660,075												3,139,172		

Note 1: This year increase due to capital increase by cash in 2022.

Note 2: This year decrease due to disposed off the shares.

Note 3: This year decrease due to liquidation and dissolution.

Note 4: This year increase and decrease due to capital increase by cash, capital reduction, and amortization of asset impairment.

Note 5: This year decrease due to the Company has no significant influence, hence it was reclassified to financial assets through other comprehensive income.

Note 6: This year decrease due to Capital reduction and return of subscription.

Note 7: This year decrease due to deterring unrealized gain (loss) adjustment.

United Renewable Energy Co., Ltd.

Statement of financial assets at fair value through other comprehensive income

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Investee Company Name	Beginning balance		Additions		Decrease		Gain (loss) on financial assets at fair value through other comprehensive income	Ending balance		Accumulated impairment loss	Guarantee or collateral provided	Note
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount		Shares (in thousands)	Amount			
Current:												
Domestic listed ordinary shares												
CTCI Corporation	3,003	\$ 111,712	-	-	-	-	13,963	3,003	125,675	N/A	None	
GIGA SOLAR MATERIALS CORPORATION.	-	-	266	55,654	-	-	(29,158)	266	26,496	N/A	None	Note 1
Subtotal		111,712		55,654			(15,195)		152,171			
Non-Current:												
Domestic listed ordinary shares												
ThinTech Materials Technology Co., Ltd.	7,000	222,250	-	-	-	-	(40,880)	7,000	181,370	N/A	Yes	Note 2 and 5
GIGA SOLAR MATERIALS CORPORATION.	266	55,654	-	-	(266)	(55,654)	-	-	-	N/A	None	Note 1
Domestic unlisted ordinary shares												
Taiwan Speciality Chemicals Corporation	2,226	45,699	-	-	-	-	76,149	2,226	121,848	N/A	Yes	Note 5
NTNU Innovation Investment Holding Company	200	2,000	-	-	-	-	-	200	2,000	N/A	None	
EVERGREEN AVIATION TECHNOLOGIES CORPORATION	-	-	1,500	94,500	-	-	(26,392)	1,500	68,108	N/A	Yes	Note 3 and 5
United Renewable Energy Engineering Co., Ltd.	-	-	57,300	133,763	-	-	(334)	57,300	133,429	N/A	Yes	Note 4 and 5
DS Energy Technology Co., Ltd.	-	-	1,450	5,616	-	-	-	1,450	5,616	N/A	None	Note 1
Subtotal		325,603		233,879		(55,654)	8,543		512,371			
Overseas unlisted ordinary shares												
ASIA GLOBAL VENTURE CAPITAL II CO., LTD.	531	8,188	-	-	-	-	-	531	8,188	N/A	None	
SUN APPENNINO CORPORATION	-	-	-	-	-	-	-	-	-	N/A	None	
FICUS CAPITAL CORPORATION	-	-	-	-	-	-	-	-	-	N/A	None	
Subtotal		8,188							8,188			
Total		\$ 445,503		289,533		(55,654)	(6,652)		672,730			

Note 1: Reclassification by the nature.

Note 2: ThinTech Materials Technology Co., Ltd. is private stock shares, according to Article 43-8 of the Securities and Exchange Act, the fair value of financial products that are subjected to transfer restrictions and cannot be sold due to an active market but subject to closed restrictions is determined on the basis of relevant market prices.

Note 3: Due to the strengthen the strategic layout, the Company increase investment EVERGREEN AVIATION TECHNOLOGIES CORPORATION ("EGAT") in first quarter of 2022.

Note 4: Due to the requirement of the business development, the Company increase investment UREE preference shares in third quarter of 2022.

Note 5: The financial assets had been pledged as collateral for long-term borrowings, please refer to Note 8.

United Renewable Energy Co., Ltd.

Statement of changes in property, plant and equipment

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

Statement of changes in right-of-use assets

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

Statement of changes in investment property

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

Statement of changes in intangible assets

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

United Renewable Energy Co., Ltd.

Statement of account payables

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

<u>Supplier Name</u>	<u>Description</u>	<u>Amount</u>
Non-related parties:		
Company FH	Operation	\$ 90,688
Others (individual amount does not exceed 10%)	"	<u>818,529</u>
Total		\$ <u><u>909,217</u></u>

Note1: Accounts payable resulting from business activities.

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

Statement of other current liabilities

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Salary Payables and bonuses		\$ 253,635
Provision for short-term liabilities for sales returns and discounts		131,190
Others (individual amount does not exceed 5%)	Payables for equipment, labor and health insurance, and utilities	<u>1,216,677</u>
		\$ <u><u>1,601,502</u></u>

United Renewable Energy Co., Ltd.

Statement of lease liabilities

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Rental Period</u>	<u>Discount rate</u>	<u>Amount</u>
Land	Plant land	2007.08~2037.12	3.26%	\$ 249,632
Buildings	Office 、warehouse and power station roof	2017.03~2042.12	2.83%~3.37%	542,763
Equipment	Business machine	2021.05~2026.04	2.11 %	1,544
Other assets	Company car	2020.03~2025.10	2.02%~2.83%	9,817
				<u>803,756</u>
Less: Lease liabilities due within one year				<u>46,094</u>
				<u><u>\$ 757,662</u></u>

Statement of short-term borrowings

<u>Bank</u>	<u>Type</u>	<u>Balance end of year</u>	<u>Contract Period</u>	<u>Mortgage or guarantee</u>
Bank FI	Unsecured bank loans	\$ 476,570	111.08.31-112.08.31	No collateral
Bank FJ	Unsecured bank loans	400,000	111.04.08-112.04.08	"
Bank FK	Unsecured bank loans	202,835	111.02.27-112.02.27	"
Others (individual amount does not exceed 10%)	Unsecured bank loans	<u>332,475</u>	111.03.29-112.12.13	"
Total		<u><u>\$ 1,411,880</u></u>		

United Renewable Energy Co., Ltd.

Statement of long-term borrowings

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

<u>Lender</u>	<u>Type</u>	<u>Balance end of year</u>	<u>Period</u>	<u>Mortgage or guarantee</u>
Syndicated loans	Secured bank loans	\$ 2,273,943	110.07.22-113.07.22	Please refer Note8
Bank FL	Secured bank loans	1,000,000	111.12.28-116.02.28	"
Bank FK	Power Plant Project loans	110,042	111.09.30-113.11.09	"
Bank FL	Unsecured bank loans	200,000	111.12.28-114.12.28	No collateral
Less: Current Protion		<u>(506,000)</u>		
Total		<u>\$ 3,077,985</u>		

Statement of operating revenue

For the year ended December 31, 2022

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Solar cells and modules	59,616 thousand pieces	\$ 16,144,218
Others (Note)		602,617
Sales returns and allowance		<u>(393,458)</u>
		<u>\$ 16,353,377</u>

Note: Construction revenue and sale of electricity.

United Renewable Energy Co., Ltd.
Statement of operating costs
For the year ended December 31, 2022
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Raw materials	
Raw materials, beginning of year	\$ 716,275
Add: Purchases	5,964,415
Less: Raw materials, end of year	(707,758)
Transfer to expense, disposal, and others	<u>(334,750)</u>
Rsw materials used for the year	5,638,182
Direct labor	669,584
Manufacturing expenses	<u>1,858,589</u>
Manufacturing cost	8,166,355
Add: Beginning WIP goods (including construction in progress)	176,313
Transfer to expense, disposal, and others (including construction in progress)	(2,392)
Less: Ending WIP goods	<u>(140,546)</u>
Costs of finished goods	8,199,730
Add: Beginning finished goods	318,859
Purchases	7,631,389
Less: Finished goods at end of period	(2,073,784)
Transfer to expense, disposal, and others	<u>(174,756)</u>
Cost of goods sold	13,901,438
Add: Unamortized fixed manufacturing expense	229,167
Power plant maintenance cost	33,126
Cost of electricity sold	55,851
Construction cost	<u>436,392</u>
Operating cost	<u><u>\$ 14,655,974</u></u>

United Renewable Energy Co., Ltd.
Statement of operating expense
For the year ended December 31, 2022
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>
Salaries expense	\$ 57,853	262,371	36,203
Freight expenses	209,300	2,015	492
Commission fee	116,770	-	-
Certification fee	1,504	180	8,862
Others (individual amount does not exceed 10%)	<u>85,832</u>	<u>242,939</u>	<u>24,452</u>
	<u>\$ 471,259</u>	<u>507,505</u>	<u>70,009</u>