

UNITED RENEWABLE ENERGY CO., LTD.**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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

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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安侯建業聯合會計師事務所
KPMG

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

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

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 sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material 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, 2023 and 2022, and its financial performance and its cash flows for the year ended December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 investment in other entities 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 Huang, Yung-Hua and Chou, Pao-Lian.

KPMG

Taipei, Taiwan (Republic of China)

March 11, 2024

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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2023		December 31, 2022 (After Restatement)			Liabilities and Equity	December 31, 2023		December 31, 2022 (After Restatement)	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:				
1100 Cash and cash equivalents (note 6(a))	\$ 3,093,156	13	3,516,679	12	2100	Short-term borrowings (note 6(n))	\$ 204,000	1	1,411,880	5
1110 Financial assets at fair value through profit or loss - current (note 6(b))	16,022	-	-	-	2110	Short-term bills payable (note 6(o))	-	-	99,931	-
1120 Financial assets at fair value through other comprehensive income - current (note 6(c))	150,676	1	152,171	1	2120	Financial liabilities at fair value through profit or loss - current (note 6(b))	-	-	4,504	-
1140 Contract assets - current (note 6(z))	4,401	-	183,149	1	2130	Contract liabilities - current (note 6(z))	135,323	1	228,953	1
1170 Notes and accounts receivable, net (note 6(e))	958,339	4	2,310,895	8	2170	Notes and accounts payable	507,912	2	909,217	3
1180 Accounts receivable from related parties (notes 6(e) and 7)	42	-	3,733	-	2180	Accounts payable to related parties (note 7)	63,701	-	233,224	1
130X Inventories (note 6(f))	1,131,041	5	2,922,088	10	2280	Lease liability - current (note 6(r))	58,576	-	46,094	-
1410 Prepayments (note 9)	117,979	-	1,281,952	4	2320	Current portion of long-term borrowings, preference share liabilities and bonds payable (notes 6(p) and (q))	3,572,094	15	506,000	2
1460 Non-current assets held for sale (note 6(g))	-	-	9,336	-	2399	Other current liabilities (note 7)	<u>1,524,616</u>	<u>7</u>	<u>1,601,502</u>	<u>5</u>
1476 Other financial assets (notes 7 and 8)	2,304,957	10	861,900	3		Total current liabilities	<u>6,066,222</u>	<u>26</u>	<u>5,041,305</u>	<u>17</u>
1479 Other current assets	<u>298,636</u>	<u>1</u>	<u>383,322</u>	<u>1</u>		Non-Current liabilities:				
Total current assets	<u>8,075,249</u>	<u>34</u>	<u>11,625,225</u>	<u>40</u>	2500	Financial liabilities at fair value through profit or loss - non-current (note 6(b))	11,643	-	14,249	-
Non-current assets:					2530	Bonds payable (note 6(q))	-	-	2,969,315	10
1510 Financial assets at fair value through profit or loss - non-current (notes 6(b) and (q))	-	-	900	-	2540	Long-term borrowings (note 6(p))	2,936,271	12	3,077,985	10
1517 Financial assets at fair value through other comprehensive income - non-current (notes 6(c), 7 and 8)	610,925	3	520,559	2	2580	Lease liability - non-current (note 6(r))	999,486	4	757,662	3
1535 Financial assets at amortized cost - non-current (note 6(d))	-	-	-	-	2650	Credit balance of investments accounted for using equity method (note 6(h))	423,270	2	769,811	3
1550 Investments accounted for using the equity method (notes 6(h) and 7)	2,046,407	9	3,139,172	11	2670	Other non-current liabilities (notes 6(s) and (v))	<u>358,177</u>	<u>2</u>	<u>327,524</u>	<u>1</u>
1600 Property, plant and equipment (notes 6(j), 7 and 8)	6,505,565	27	5,996,757	20		Total non-current liabilities	<u>4,728,847</u>	<u>20</u>	<u>7,916,546</u>	<u>27</u>
1755 Right-of-use assets (note 6(k))	985,977	4	758,405	3		Total liabilities	<u>10,795,069</u>	<u>46</u>	<u>12,957,851</u>	<u>44</u>
1760 Investment property, net (notes 6(l) and 8)	2,429,129	10	2,533,165	8	3110	Equity (notes 6(w) and (x))				
1780 Intangible assets (note 6(m))	1,565	-	2,789	-	3200	Ordinary shares	16,277,954	69	16,277,905	55
1840 Deferred tax assets (note 6(v))	392,721	2	633,644	2	3310	Capital surplus	211,412	1	187,699	1
1915 Prepayments - non-current (note 9)	1,188,760	5	2,020,363	7	3350	Legal reserve	35,473	-	-	-
1920 Refundable deposits (note 8)	146,538	1	140,646	-	3400	Accumulated profit or loss	(3,707,474)	(16)	354,726	1
1990 Other non-current assets (notes 7 and 8)	<u>1,163,240</u>	<u>5</u>	<u>2,042,829</u>	<u>7</u>	3400	Other equity	(47,659)	-	(345,028)	(1)
Total non-current assets	<u>15,470,827</u>	<u>66</u>	<u>17,789,229</u>	<u>60</u>	3500	Treasury shares	<u>(18,699)</u>	<u>-</u>	<u>(18,699)</u>	<u>-</u>
Total assets	<u>\$ 23,546,076</u>	<u>100</u>	<u>29,414,454</u>	<u>100</u>		Total equity	<u>12,751,007</u>	<u>54</u>	<u>16,456,603</u>	<u>56</u>
						Total liabilities and equity	<u>\$ 23,546,076</u>	<u>100</u>	<u>29,414,454</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, 2023 and 2022

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

		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Net operating revenues (notes 6(z) and 7)	\$ 10,150,303	100	16,353,377	100
5110	Operating costs (notes 6(f), (r), (u), (aa), 7 and 12)	<u>10,878,887</u>	<u>107</u>	<u>14,655,974</u>	<u>90</u>
5900	Gross gain (loss) from operations	<u>(728,584)</u>	<u>(7)</u>	<u>1,697,403</u>	<u>10</u>
Operating expenses (notes 6(e), (r), (u), (aa) and 12):					
6100	Selling expenses	343,465	3	471,259	3
6200	General and administrative expenses	536,354	5	507,505	3
6300	Research and development expenses	88,148	1	70,009	-
6450	Impairment losses (Reversal of impairment losses) on trade receivable	<u>(2,571)</u>	<u>-</u>	<u>15,152</u>	<u>-</u>
	Total operating expense	<u>965,396</u>	<u>9</u>	<u>1,063,925</u>	<u>6</u>
	Income (loss) from operations	<u>(1,693,980)</u>	<u>(16)</u>	<u>633,478</u>	<u>4</u>
Non-operating income and expenses:					
7010	Other income (notes 6(t), (ab) and 7)	259,079	3	319,686	2
7020	Other gains and losses (note 6(ab))	(362,964)	(4)	487,814	3
7050	Finance costs (notes 6(q) and (r))	(215,343)	(2)	(136,533)	(1)
7060	Share of gain (loss) of associates and joint ventures accounted for using equity method (note 6(h))	(1,692,884)	(17)	(318,372)	(2)
7100	Interest income	<u>30,731</u>	<u>-</u>	<u>7,570</u>	<u>-</u>
		<u>(1,981,381)</u>	<u>(20)</u>	<u>360,165</u>	<u>2</u>
	Income (loss) before income tax	<u>(3,675,361)</u>	<u>(36)</u>	<u>993,643</u>	<u>6</u>
7950	Less: income tax expense (note 6(v))	<u>213,620</u>	<u>2</u>	<u>-</u>	<u>-</u>
8200	Net Income (loss)	<u>(3,888,981)</u>	<u>(38)</u>	<u>993,643</u>	<u>6</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	150,054	1	(6,652)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign statements	154,042	2	299,497	2
8380	Share of other comprehensive income (loss) of subsidiaries accounted for using equity method	<u>18,306</u>	<u>-</u>	<u>28,423</u>	<u>-</u>
8300	Total other comprehensive income (loss)	<u>322,402</u>	<u>3</u>	<u>321,268</u>	<u>2</u>
	Total comprehensive income (loss)	<u>\$ (3,566,579)</u>	<u>(35)</u>	<u>1,314,911</u>	<u>8</u>
Earnings (loss) per share					
9750	Basic earnings (loss) per share (NT dollars) (note 6(y))	<u>\$ (2.39)</u>		<u>0.61</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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Other equity			Total equity
	Ordinary shares	Capital surplus	Legal reserve	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	
Balance at January 1, 2022	\$ 16,278,140	999,749	-	(1,461,427)	(775,360)	109,064	(867)	(18,699)	15,130,600
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	-	-	-	-	-
Difference between the price that has not been increased in proportion to shareholding and net value	-	(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>-</u>	<u>354,726</u>	<u>(447,440)</u>	<u>102,412</u>	<u>-</u>	<u>(18,699)</u>	<u>16,456,603</u>
Net Loss for the year ended December 31, 2023	-	-	-	(3,888,981)	-	-	-	-	(3,888,981)
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	172,348	150,054	-	-	322,402
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(3,888,981)	172,348	150,054	-	-	(3,566,579)
Legal reserve appropriated	-	-	35,473	(35,473)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(162,779)	-	-	-	-	(162,779)
Adjustments of capital surplus for dividends distributed to subsidiaries	-	107	-	-	-	-	-	-	107
Changes in equity of associates and joint ventures accounted for using the equity method	-	23,560	-	-	-	-	-	-	23,560
Conversion of convertible bonds	49	50	-	-	-	-	-	-	99
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	25,033	-	(25,033)	-	-	-
Difference between the price that has not been increased in proportion to shareholding and net value	-	(4)	-	-	-	-	-	-	(4)
Balance at December 31, 2023	<u>\$ 16,277,954</u>	<u>211,412</u>	<u>35,473</u>	<u>(3,707,474)</u>	<u>(275,092)</u>	<u>227,433</u>	<u>-</u>	<u>(18,699)</u>	<u>12,751,007</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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Profit (loss) before income tax	\$ (3,675,361)	993,643
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	740,883	779,310
Amortization expense	2,268	2,065
Expected credit loss (gain)	(2,571)	15,152
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(22,232)	17,644
Interest expense	134,884	76,633
Interest income	(30,731)	(7,570)
Dividends income	(18,408)	(19,220)
Compensation cost of restricted shares for employees	-	652
Share of loss of subsidiaries and associates accounted for using equity method	1,692,884	318,372
Gain on disposal of property, plant and equipment	(5,114)	(33,529)
Gain on disposal of investments	-	(131,837)
Impairment loss on property, plant and equipment	253,494	105,248
Impairment loss on prepayments	794,285	-
Write-down of inventories	518,109	37,155
Others	(34,120)	(15,514)
Total adjustments to reconcile profit (loss)	4,023,631	1,144,561
Changes in operating assets and liabilities:		
Contract assets - current	178,748	(183,149)
Notes and accounts receivable	1,355,748	(745,973)
Accounts receivable from related parties	3,691	398,609
Inventory	1,290,237	(1,927,910)
Prepayments (including non-current)	1,043,470	(590,033)
Other current assets	106,589	(217,768)
Contract liabilities - current	(93,630)	(109,014)
Notes and accounts payable (including related parties)	(524,985)	(119,620)
Provisions	23,865	28,724
Other current liabilities	36,300	(291,612)
Total changes in operating assets and liabilities	3,420,033	(3,757,746)
Cash flows generated from (used in) operations	3,768,303	(1,619,542)
Income taxes received (paid)	(1,873)	1,434
Net cash flows generated from (used in) operating activities	3,766,430	(1,618,108)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(11,100)	(213,770)
Proceeds from disposal of financial assets at fair value through other comprehensive income	72,283	-
Acquisition of investments accounted for using equity method	(660,813)	(498,957)
Proceeds from disposal of associates	-	518,837
Proceeds from capital reduction of investments accounted for using equity method	-	96,617
Acquisition of property, plant and equipment	(1,359,297)	(1,909,897)
Proceeds from disposal of property, plant and equipment	14,450	33,921
Decrease (increase) in refundable deposits	(6,019)	495,458
Acquisition of intangible assets	(1,044)	(720)
Decrease (increase) in other financial assets	(631,733)	773,455
Interest received	29,905	7,015
Dividends received	25,219	26,276
Net cash flows used in investing activities	(2,528,149)	(671,765)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	(1,198,929)	1,414,348
Increase (decrease) in short-term bills payable	(100,000)	100,000
Proceeds from long-term borrowings	2,735,095	1,310,042
Repayments of long-term borrowings	(2,778,386)	(400,000)
Increase in guarantee deposits received	37,095	12,364
Payment of lease liabilities	(32,043)	(28,433)
Cash dividends paid	(162,779)	-
Interest paid	(149,923)	(83,890)
Net cash generated from (used in) financing activities	(1,649,870)	2,324,431
Effect of exchange rate changes	(11,934)	(173,705)
Net decrease in cash and cash equivalents	(423,523)	(139,147)
Cash and cash equivalents at beginning of period	3,516,679	3,655,826
Cash and cash equivalents at end of period	\$ 3,093,156	3,516,679

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, 2023 and 2022

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

(1) Company history

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

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

(2) Approval date and procedures of the financial statements

The parent company only financial statements were approved and released by the Company’s Board of Directors on March 11, 2024.

(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 details of impact on the Company’s adoption of the new amendments beginning January 1, 2023 are as follows :

- (i) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company may need to recognize equal deferred income tax assets and deferred income tax liabilities. The application of the amendments resulting in deferred tax assets, deferred tax liabilities to both increase by \$14,404 thousand on December 31, 2022. There is no impact on the comprehensive income statement and the statements of cash flows in the said period.

- (ii) Other amendments

The following amendments are not expected to have a significant impact on the Company’s financial statements.

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

(Continued)

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

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(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, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material 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;

(Continued)

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

(ii) Functional and presentation currency

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

(c) Foreign currencies

(i) Foreign currency transactions

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

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

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

(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;

(Continued)

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

- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

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

(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.

(Continued)

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the 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).

(Continued)

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

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.

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.

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

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.

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.

(Continued)

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

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.

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.

(Continued)

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

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.

(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.

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

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.

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.

(Continued)

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

(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.

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

(Continued)

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

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.

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

(Continued)

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

- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

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

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

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

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

(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.

(Continued)

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

(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.

(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.

(Continued)

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

(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.

(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.

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

(ii) Construction contracts

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

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

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

(iii) Power electric revenue

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

(iv) Financing components

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

(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 Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

(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.

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 at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (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.

(Continued)

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

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

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

(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.

(v) Government grants

The Company recognizes an unconditional government grant in profit or loss as other income will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(w) 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.

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

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

- (a) For the judgment regarding significant influence of investees, please refer to the 2023 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:

- (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.

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand, checking accounts and demand deposits	\$ 2,158,606	3,516,478
Time deposits	738	201
Cash equivalents - repurchase agreements collateralized by bonds	<u>933,812</u>	<u>-</u>
Cash and cash equivalents listed in the cash flow statements	<u>\$ 3,093,156</u>	<u>3,516,679</u>

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, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss:		
Derivatives not used for hedging		
Foreign exchange swap contracts	\$ 16,022	-
Embedded derivatives - redemption	<u>-</u>	<u>900</u>
Total	<u>\$ 16,022</u>	<u>900</u>
Current	\$ 16,022	-
Non-current	<u>-</u>	<u>900</u>
Total	<u>\$ 16,022</u>	<u>900</u>
Financial liabilities designated at fair value through profit or loss:		
Derivatives not used for hedging		
Short call options	\$ 11,643	14,249
Foreign exchange swap contracts	<u>-</u>	<u>4,504</u>
Total	<u>\$ 11,643</u>	<u>18,753</u>
Current	\$ -	4,504
Non-current	<u>11,643</u>	<u>14,249</u>
Total	<u>\$ 11,643</u>	<u>18,753</u>

(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, 2023</u>	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (in Thousands)</u>
Foreign exchange swap contracts	USD/NTD	January 8, 2024	USD23,000/ NTD721,809
<u>December 31, 2022</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

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

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
	Revaluation of derivatives listed in profit and loss	\$ <u>(71,166)</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equity instrument measured at fair value through other comprehensive income:		
Domestic investments		
Listed ordinary shares	\$ 464,101	333,541
Unlisted ordinary shares	289,312	331,001
Overseas investments - unlisted ordinary shares	<u>8,188</u>	<u>8,188</u>
Total	<u>\$ 761,601</u>	<u>672,730</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 increased its investment in EVERGREEN AVIATION TECHNOLOGIES CORPORATION ("EGAT") through ordinary shares, at the amount of \$94,500 thousand, in the first quarter of 2022.
- (iii) Due to the requirement of its business development, the Company increased investment in UNITED RENEWABLE ENERGY ENGINEERING CORPORATION ("UREE") through preference shares, at the amount of \$119,270 thousand, in the third quarter of 2022, wherein both parties agreed to have call options.

(Continued)

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

- (iv) Due to the requirement of its business development, the Company increased its investment in GaN Power Technology Co., Ltd. through ordinary shares, at the amount of \$11,100 thousand, in the third quarter of 2023.
 - (v) 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.
 - (vi) The Company recognized dividend income of \$18,408 thousand and \$19,220 thousand for the years ended December 31, 2023 and 2022, respectively, from the financial assets designated at fair value through other comprehensive income.
 - (vii) During 2023, the Company sold financial assets measured at fair value through other comprehensive gains and losses. The fair value at the time of disposal was \$72,283 thousand, and the accumulated disposal proceeds amounted to \$25,033 thousand, transferred from other equity to retained earnings. The Company did not dispose any equity instruments in 2022. During the period, the accumulated gains and losses were not transferred into equity.
 - (viii) For credit risk and market risk, please refer to note 6(ac).
 - (ix) Please refer to Note 8 for details of the above-mentioned financial assets had been pledged as collateral.
- (d) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
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.
- (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.
- (iv) The principal amount of the abovementioned special stock transaction is USD5,000 thousand and the interest receivable is \$29,176 thousand. According to the future recoverability which based on the preference shares cash flow assessment, the Company recognized impairment loss on financial assets.
- (v) 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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes and accounts receivable	\$ 976,521	2,527,937
Accounts receivable from related parties	42	3,733
Less: Loss Allowance	<u>(18,182)</u>	<u>(217,042)</u>
	<u>\$ 958,381</u>	<u>2,314,628</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:

	<u>December 31, 2023</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 718,241	0%~0%	-
1 to 30 days past due	70,414	0%~0.143%	89
31 to 60 days past due	109,632	0%~1.097%	1,202
121 to 150 days past due	848	0%~22.153%	188
More than 181 days past due	<u>77,428</u>	0%~100%	<u>16,703</u>
Total	<u>\$ 976,563</u>		<u>18,182</u>
	<u>December 31, 2022</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
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>

(Continued)

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

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

	For the years ended December 31,	
	2023	2022
Balance at January 1	\$ 217,042	201,890
Impairment loss recognized (reversed)	(2,571)	15,152
Amounts written off	(196,289)	-
Balance at December 31	\$ 18,182	217,042

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

- (f) Inventories

	December 31,	December 31,
	2023	2022
Finished goods and products	\$ 990,331	2,073,784
Raw materials	111,938	707,758
Work in progress	28,772	102,380
Construction in progress	-	38,166
	\$ 1,131,041	2,922,088

- (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,	
	2023	2022
Cost of goods sold	\$ 9,085,128	14,455,920
Unallocated production overheads	482,272	229,167
Write-down and retirement of inventories	518,109	37,155
Impairment loss on prepayments	794,285	-
Others	(907)	(66,268)
Total	\$ 10,878,887	14,655,974

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

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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 had 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 was no such transaction during 2023.

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.

(h) Investments accounted for using the equity method

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 1,366,835	2,137,675
Credit balance of investments accounted for using equity method	423,270	769,811
	1,790,105	2,907,486
Associates	256,302	231,686
	\$ 2,046,407	3,139,172

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

(ii) Subsidiaries

Please refer to the 2023 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, 2023	December 31, 2022
Carrying amount of individually insignificant associates' equity	\$ 256,302	231,686

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

	For the years ended December 31,	
	2023	2022
Attributable to the Company		
Net income	\$ 11,332	6,655
Other comprehensive income (loss)	(8,150)	9,621
Comprehensive income (loss)	<u>\$ 3,182</u>	<u>16,276</u>

(iv) 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, with the considerations of \$536,537 thousand. The disposal gain was \$131,837 thousand, which was included in other gains and losses. There was no such transaction during 2023.

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

	For the years ended December 31,	
	2022	
Bank desposit	\$	43,261
Receivables		55,398
Constructions contracts receivable		1,912
Inventories		635,711
Other current assets		28,302
Property, plant and equipment		1,179,531
Other assets		346,490
Other payables-related parties		(163,022)
Long-term borrowings		(993,900)
Constructions contracts payable		(149)
Lease liabilities		(614,426)
Current liabilities		<u>(83,387)</u>
Carrying amount of subsidiary's net assets	\$	<u>435,721</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, 2023	\$ 689,296	3,398,382	11,380,688	2,190,193	1,051,915	18,710,474
Additions	-	-	-	-	1,311,622	1,311,622
Disposals	-	-	(584,299)	(4,325)	-	(588,624)
Reclassification	-	-	1,406,582	553,480	(1,964,694)	(4,632)
Reclassification-inventory transferred for self-use	-	-	-	-	27,296	27,296
Balance on December 31, 2023	<u>\$ 689,296</u>	<u>3,398,382</u>	<u>12,202,971</u>	<u>2,739,348</u>	<u>426,139</u>	<u>19,456,136</u>
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>
Accumulated depreciation and impairment loss:						
Balance on January 1, 2023	\$ -	1,570,526	10,759,651	383,540	-	12,713,717
Depreciation	-	160,978	278,705	132,301	-	571,984
Impairment loss	-	-	246,172	7,322	-	253,494
Disposals	-	-	(584,299)	(4,325)	-	(588,624)
Balance on December 31, 2023	<u>\$ -</u>	<u>1,731,504</u>	<u>10,700,229</u>	<u>518,838</u>	<u>-</u>	<u>12,950,571</u>
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>
Carrying amounts:						
Balance on December 31, 2023	<u>\$ 689,296</u>	<u>1,666,878</u>	<u>1,502,742</u>	<u>2,220,510</u>	<u>426,139</u>	<u>6,505,565</u>
Balance on January 1, 2022	<u>\$ 689,296</u>	<u>1,988,857</u>	<u>1,143,315</u>	<u>191,000</u>	<u>276,132</u>	<u>4,288,600</u>
Balance on 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>

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

1) 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 \$253,494 thousand and \$33,946 thousand in 2023 and 2022, respectively, which was included in other gains and losses.

2) Collateral

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

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

4) For the years ended December 31, 2023 and 2022, capitalized borrowing costs were \$19,756 thousand and \$23,813 thousand relating to the acquisition of constructing factory, with capitalization rates of 2.96%~3.40% and 2.53%~3.03%.

(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, 2023	\$ 196,442	606,429	2,276	15,905	821,052
Additions	-	285,704	-	6,731	292,435
Deductions	-	(31,427)	-	(5,026)	(36,453)
Balance at December 31, 2023	<u>\$ 196,442</u>	<u>860,706</u>	<u>2,276</u>	<u>17,610</u>	<u>1,077,034</u>
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>
Accumulated depreciation :					
Balance at January 1, 2023	\$ 24,643	31,091	759	6,154	62,647
Depreciation	6,185	53,076	455	5,147	64,863
Deductions	-	(31,427)	-	(5,026)	(36,453)
Balance at December 31, 2023	<u>\$ 30,828</u>	<u>52,740</u>	<u>1,214</u>	<u>6,275</u>	<u>91,057</u>
Balance at January 1, 2022	\$ 18,932	18,177	891	6,537	44,537
Depreciation	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>
Carrying amount:					
Balance at December 31, 2023	<u>\$ 165,614</u>	<u>807,966</u>	<u>1,062</u>	<u>11,335</u>	<u>985,977</u>
Balance at January 1, 2022	<u>\$ 177,275</u>	<u>19,035</u>	<u>1,972</u>	<u>3,354</u>	<u>201,636</u>
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>

(Continued)

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:

	<u>Properties</u>		<u>Right-of-use asset</u>	<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	<u>Land</u>	
Cost or deemed cost:				
Balance at January 1, 2023 (i.e. ending balance)	\$ <u>747,300</u>	<u>2,510,274</u>	<u>75,293</u>	<u>3,332,867</u>
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>
Accumulated depreciation and impairment loss:				
Balance at January 1, 2023	\$ -	788,946	10,756	799,702
Depreciation for the year	-	101,347	2,689	104,036
Balance at December 31, 2023	\$ <u>-</u>	<u>890,293</u>	<u>13,445</u>	<u>903,738</u>
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>
Carrying amount:				
Balance at December 31, 2023	\$ <u>747,300</u>	<u>1,619,981</u>	<u>61,848</u>	<u>2,429,129</u>
Balance at December 31, 2022	\$ <u>747,300</u>	<u>1,721,328</u>	<u>64,537</u>	<u>2,533,165</u>
Fair value:				
Balance at December 31, 2023				\$ <u>3,123,137</u>
Balance at December 31, 2022				\$ <u>3,123,137</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.

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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, 2023 and 2022, 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, 2023 and 2022, were as follows:

	<u>Computer software cost</u>
Cost:	
Balance at January 1, 2023	\$ 7,231
Additions	1,044
Disposals	<u>(2,622)</u>
Balance at December 31, 2023	<u>\$ 5,653</u>
Balance at January 1, 2022	\$ 13,132
Additions	720
Disposals	<u>(6,621)</u>
Balance at December 31, 2022	<u>\$ 7,231</u>
Accumulated amortization and impairment losses:	
Balance at January 1, 2023	\$ 4,442
Disposals	(2,622)
Amortization	<u>2,268</u>
Balance at December 31, 2023	<u>\$ 4,088</u>
Balance at January 1, 2022	\$ 8,998
Disposals	(6,621)
Amortization	<u>2,065</u>
Balance at December 31, 2022	<u>\$ 4,442</u>
Carrying value:	
Balance at December 31, 2023	<u>\$ 1,565</u>
Balance at January 1, 2022	<u>\$ 4,134</u>
Balance at December 31, 2022	<u>\$ 2,789</u>

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

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

(n) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	\$ 204,000	1,411,880
Range of interest rates	2.16%~3.161%	2.101%~5.85%

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

(o) Short-term bills payable

	December 31, 2023	December 31, 2022
Commercial paper payable	\$ -	100,000
Less: discounts on commercial paper payable	-	(69)
	\$ -	99,931

(p) Long-term liabilities

(i) Long-term borrowings

	December 31, 2023	December 31, 2022
<u>Secured bank loans</u>		
Bank Loan - Syndicated loans	\$ 1,955,533	2,273,943
Bank Loan - Power Plant Project Loans	112,388	110,042
Bank Loan - Medium and Long Term Loans	698,363	1,000,000
<u>Unsecured bank loans</u>		
Bank Loan - Medium and Long Term Loans	756,000	200,000
	3,522,284	3,583,985
Less: Current portion	(586,013)	(506,000)
Total	\$ 2,936,271	3,077,985
Range of interest rates	2.553%~3.2987%	2.525%~2.875%

- 1) The long term loan contracts listed above will expire in December 2038.
- 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, 2023, although the Interest Protection Multiples (IPM) and tangible equity 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.

(Continued)

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

The Company entered into \$6.8 billion syndicated loans with First Bank in the third quarter of 2023. 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, 2023, although the Interest Protection Multiples (IPM) and tangible equity 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.

(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, 2023	December 31, 2022
Issuance amount	\$ 3,000,000	3,000,000
Unamortized discount	(13,819)	(30,685)
Accumulated converted amount	(100)	-
Less: Current portion	<u>(2,986,081)</u>	<u>-</u>
Ending balance of bonds payable	<u>\$ -</u>	<u>2,969,315</u>
Embedded derivative component – redemption rights (recorded as financial assets at fair value through profit or loss - non-current)	<u>\$ -</u>	<u>900</u>
Equity component – conversion right (recorded as capital surplus)	<u>\$ 177,360</u>	<u>177,366</u>
	For the year ended December 31,	
	2023	2022
Embedded derivative component – revaluation profit (loss) on redemption rights (recorded as other gains and losses)	<u>\$ (900)</u>	<u>(6,000)</u>
Interest expense	<u>\$ 16,866</u>	<u>16,865</u>

(Continued)

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

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

	3rd domestic secured convertible bonds
Issuance amount	\$3,000,000 thousand
Issuance date	2021.10.25
Issuance price	At 104.18% of par value
Coupon rate	0%
Issuance period	2021.10.25~2024.10.25
Trustee bank	Bank SinoPac
Guarantee agencies	FIRST BANK and others
Redemption rights	The Company may redeem the bonds at face value with cash after January 26, 2022, and before September 14, 2024 that if the closing price of the common shares on TWSE on each trading day during a period of 30 consecutive trading dates exceeds at least 30% of the conversion price or if the outstanding balance of the bonds is less than 10% of the issuance amount.
Put option	None
Conversion period of convertible bonds	Each holder of the bonds will have the right at any time during the period from January 26, 2022, to October 25, 2024, to convert their bonds through Taiwan Depository & Clearing Corporation ("TDCC"). It is requested to the Company's stock agency to convert the convertible bonds held into the Company's ordinary shares in accordance with these regulations.
Conversion price	The conversion price is set at \$20.9 per share at the time of issuance. In the event of an adjustment to the conversion price of the Company's ordinary shares that complies with the terms of issuance, the conversion price shall be adjusted according to the formula specified in the terms of issuance. The conversion price has been adjusted to \$20.4 at present.

(r) Lease liabilities

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

	December 31, 2023	December 31, 2022
Current	<u>\$ 58,576</u>	<u>46,094</u>
Non-current	<u>\$ 999,486</u>	<u>757,662</u>

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

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2023	2022
Interest on lease liabilities	\$ 21,443	8,959
Variable lease payments not included in the measurement of lease liabilities	\$ 2,424	15,770
Expenses relating to short-term leases	\$ 2,132	11,605
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 362	168

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

	For the years ended December 31,	
	2023	2022
Total cash outflow for leases	\$ 58,404	64,935

(s) Provisions

	Warranties	Onerous contract	Site restoration	Total
Balance at January 1, 2023	\$ 120,796	-	72,879	193,675
Provisions made during the year	23,865	-	13,442	37,307
Provisions reversed during the year	(16,447)	-	-	(16,447)
Balance at December 31, 2023	\$ 128,214	-	86,321	214,535
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	\$ 120,796	-	72,879	193,675

- (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.

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

(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,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Less than one year	\$ 116,404	287,912
One to five years	157,235	148,498
More than five years	<u>19,885</u>	<u>8,201</u>
Total undiscounted lease payments	<u>\$ 293,524</u>	<u>444,611</u>

Rental income generated from investment properties in 2023 and 2022 (relating expenses are already deducted), please refer to Note 6(ab).

(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 \$48,990 thousand and \$55,181 thousand for the years ended December 31, 2023 and 2022, respectively.

(v) Income Taxes

(i) The components of income tax in the years 2023 and 2022 were as follows:

	<u>For the years ended</u> <u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Income tax expense	<u>\$ 213,620</u>	<u>-</u>

(ii) For the years ended December 31, 2023 and 2022, there was no income tax recognized in other comprehensive income.

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

(iii) Reconciliation of income tax and profit (loss) before tax for 2023 and 2022 was as follows:

	For the years ended December 31,	
	2023	2022
Profit (loss) excluding income tax	\$ (3,675,361)	993,643
Income tax using the Company's domestic tax rate	\$ (735,072)	198,729
Tax effect of permanent differences	(31,432)	(55,688)
Change in unrecognized deferred tax asset and others	980,124	(143,041)
Total	\$ 213,620	-

(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, 2023	December 31, 2022
Deferred tax assets		
Tax losses	\$ 2,665,436	2,381,558
Tax effect of deductible Temporary Differences	2,306,797	1,830,543
	\$ 4,972,233	4,212,101

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, 2023, the Company has recognized and not yet recognized tax losses on deferred income tax assets for the following periods of deduction:

The annual loss	Loss before deduction	The last year for which deduction may be made
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 (Approved)	1,850,123	2031
2022 (Filed)	253,172	2032
2023 (Estimation)	1,412,162	2033

(Continued)

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

The Company have not recognized any deferred tax liabilities in December 31, 2023 and 2022.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

		<u>Loss carry forwards and others</u>
Deferred tax asset		
Balance on January 1, 2023	\$	633,644
Recognized in profit or loss		<u>(240,923)</u>
Balance on December 31, 2023	\$	<u><u>392,721</u></u>
Balance on January 1, 2022	\$	622,050
Recognized in profit or loss		<u>11,594</u>
Balance on December 31, 2022	\$	<u><u>633,644</u></u>

	<u>Unrealized exchange gain or loss</u>	<u>Unrealized gains on financial instruments at fair value through profit or loss</u>	<u>Other</u>	<u>Total</u>
Deferred tax liabilities				
Balance on January 1, 2023	\$ 33,678	-	21,705	55,383
Recognized in profit or loss	<u>(31,737)</u>	<u>2,576</u>	<u>1,858</u>	<u>(27,303)</u>
Balance on December 31, 2023	\$ <u><u>1,941</u></u>	<u><u>2,576</u></u>	<u><u>23,563</u></u>	<u><u>28,080</u></u>
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>14,404</u>	<u>11,594</u>
Balance on December 31, 2022	\$ <u><u>33,678</u></u>	<u><u>-</u></u>	<u><u>21,705</u></u>	<u><u>55,383</u></u>

(v) The Company's tax returns for the years through 2021 were assessed by the National Tax Bureau.

(w) Capital and other equity

(i) Ordinary shares

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized share capital	\$ <u><u>36,000,000</u></u>	<u><u>36,000,000</u></u>
Issued share capital	\$ <u><u>16,277,954</u></u>	<u><u>16,277,905</u></u>
Total shares issued	\$ <u><u>1,627,795</u></u>	<u><u>1,627,791</u></u>

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

(Continued)

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

(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, employee stock option, and treasury stock transactions, etc.

The resolutions was approved during the general meetings of the shareholders held on June 24, 2022 to offset the deficit against the capital surplus of \$822,510 thousand.

(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.

The Company's board of directors resolved the profit distribution plan for the year of 2022 on March 13, 2023, and reported on the shareholders' meeting on June 28, 2023. The amount is as follows:

	For the years ended December 31,	
	2022	
	dividend per share (dollar/share)	Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.1	162,779

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

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

(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, 2023	\$ <u>1,066</u>	<u>18,699</u>	<u>15,665</u>
Balance at December 31, 2022	\$ <u>1,066</u>	<u>18,699</u>	<u>22,006</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.

(x) Share-based payment

As of December 31, 2023 and 2022, the Company's restricted share plan for employees are as follows:

(i) Restricted employee shares

	Restricted share plan for employees
	Issued in 2020
Grant date	August 11, 2020
Number of shares granted (in thousand shares)	795
Contract term	2 years
Recipients	Employees of the Company
Vested conditions	Still in service two years after the grant date
Other conditions	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,	
	2023	2022
Outstanding at 1 January (number)	-	148
Vested during the year (number)	-	(124)
Forfeited during the year (number)	-	(24)
Outstanding at 31 December (number)	<u>-</u>	<u>-</u>

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

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

For the years ended December 31,	
<u>2023</u>	<u>2022</u>
Wages expense	\$ <u>-</u> <u>652</u>

(y) Earnings (loss) per share

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

For the years ended December 31,	
<u>2023</u>	<u>2022</u>
Basic earnings (loss) per share:	
Profit (loss) attributable to ordinary shareholders of the Company	\$ <u>(3,888,981)</u> <u>993,643</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	<u>1,626,729</u> <u>1,626,649</u>
Earnings (loss) per share	\$ <u>(2.39)</u> <u>0.61</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 2023.

(z) Revenue from contracts with customers

(i) Disaggregation of revenue:

For the years ended December 31,	
<u>2023</u>	<u>2022</u>
Major products	
Solar products	\$ 9,709,619 15,747,577
Other	<u>440,684</u> <u>605,800</u>
\$ <u>10,150,303</u>	<u>16,353,377</u>

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

(ii) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable	<u>\$ 958,381</u>	<u>2,314,628</u>	<u>1,965,735</u>
Contract assets			
Construction contract	\$ 4,401	183,149	-
Less: allowance for impairment	<u>-</u>	<u>-</u>	<u>-</u>
Contract assets-current	<u>\$ 4,401</u>	<u>183,149</u>	<u>-</u>
Contract liabilities			
Sales of products	\$ 115,375	228,953	335,335
Construction contract	<u>19,948</u>	<u>-</u>	<u>2,632</u>
Contract liabilities-current	<u>\$ 135,323</u>	<u>228,953</u>	<u>337,967</u>

- 1) For details on accounts receivables and allowance for impairment, please refer to note 6(e).
- 2) The beginning balance of contract liabilities recognized as revenue for the years ended December 31, 2023 and 2022 were \$197,463 thousand and \$295,634 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 accumulated loss for the year ended Decmeber 31, 2023, the Company did not estimate its employees' and directors' remuneration. The remunerations to employees and directors amounted to \$39,857 thousand and \$3,986 thousand, respectively, for the year ended December 31, 2022, which was no different from the resolution of the board of directors. 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,	
	2023	2022
Lease income	\$ 177,395	185,857
Dividend income	18,408	19,220
Service income	17,504	17,396
Other income	45,772	97,213
	\$ 259,079	319,686

(ii) Other gains and losses

	For the years ended December 31,	
	2023	2022
Gains on foreign currency exchange	\$ 19,532	206,180
Gains on disposal of property, plant and equipment	5,114	33,529
Gains on disposal of investments	-	131,837
Losses on financial assets	(71,166)	(131,357)
Impairment loss on assets	(253,494)	(105,248)
Other	(62,950)	352,873
	\$ (362,964)	487,814

- 1) 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.
- 2) The clients FD Co. and FE Co. claimed damages from the Company according to the procurement agreement. The Company has reached a settlement with FD Co. and FE Co. on October 26, 2022 and recognized \$156,800 thousand as compensation losses.
- 3) FM Co., one of the Company's clients, claimed that the products, which were not delivered according to the purchase order schedule, failed to meet their specifications and quality requirements, resulting in FM Co., to file a lawsuit against the Company demanding for compensation for the damage, wherein the court ruled in favor of FM Co. in the third quarter of 2023. However, both parties reached a settlement in the fourth quarter of 2023, in which the Company recognized \$53,506 thousand as compensation losses.

(Continued)

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

(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.

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, 2023					
Non-derivative financial liabilities					
Bank borrowings	\$ 4,064,697	893,787	764,899	1,648,318	757,693
Lease liabilities	1,307,457	90,005	71,576	63,885	1,081,991
Non-interest bearing liabilities	2,027,603	2,027,603	-	-	-
Bonds payable	2,999,900	2,999,900	-	-	-
Derivative financial liabilities					
Inflow	(721,809)	(721,809)	-	-	-
Outflow	<u>705,787</u>	<u>705,787</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,383,635</u>	<u>5,995,273</u>	<u>836,475</u>	<u>1,712,203</u>	<u>1,839,684</u>

(Continued)

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

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Over 3 years</u>
December 31, 2022					
Non-derivative financial liabilities					
Bank borrowings	\$ 5,163,326	2,017,949	2,540,860	319,925	284,592
Bonds payable	3,000,000	-	3,000,000	-	-
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 assets					
Inflow	(1,230,535)	(1,230,535)	-	-	-
Outflow	1,235,039	1,235,039	-	-	-
	<u>\$ 11,905,963</u>	<u>4,769,624</u>	<u>5,593,757</u>	<u>371,184</u>	<u>1,171,398</u>

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

(iii) Market risk

1) Currency risk

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

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD</u>
Financial assets						
Monetary items						
USD	\$ 44,827	30.7650	1,379,103	112,105	30.7300	3,444,987
EUR	2,852	34.0500	97,111	5,878	32.7500	192,505
Non-Monetary items						
USD	48,305	30.7650	1,486,105	80,854	30.7300	2,484,643
GBP	1,331	39.2000	52,186	1,481	37.0400	54,839
MYR	12,328	6.4200	79,147	12,098	6.6920	80,960
Financial liabilities						
Monetary items						
USD	24,888	30.7650	765,679	64,803	30.7300	1,991,396
EUR	1,073	34.0500	36,536	5,437	32.7500	178,062

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 increased or decreased and decreased or increased the net profit (loss) before tax for the years ended 2023 and 2022 by \$6,740 thousand and \$14,683 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the two periods.

(Continued)

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

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 2023 and 2022, 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.

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 or decreased by 0.25%, the Company's net income (loss) would have decreased or increased by \$212 thousand and \$87 thousand for the years ended December 31, 2023 and 2022 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 follows:

<u>Prices of securities at the reporting date</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Increasing 5%	<u>\$ 23,205</u>	<u>16,677</u>
Decreasing 5%	<u>\$ (23,205)</u>	<u>(16,677)</u>

(Continued)

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

4) Fair value of financial instruments

a) Fair value hierarchy

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

	December 31, 2023				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit and loss					
Derivative financial assets	\$ 16,022	-	16,022	-	16,022
Financial assets at fair value through other comprehensive income					
Listed domestic stocks	\$ 464,101	232,051	232,050	-	464,101
Non-quoted equity instruments measured at fair value	297,500	-	-	297,500	297,500
Subtotal	\$ 761,601	232,051	232,050	297,500	761,601
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 3,093,156				
Accounts receivable (including related parties)	958,381				
Other financial assets	2,304,957				
Refundable deposits	146,538				
Other non-current assets	1,161,109				
	\$ 7,664,141				
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	\$ 11,643	-	-	11,643	11,643
Financial liabilities measured at amortized cost					
Bonds payable	\$ 2,986,081				
Long-term and short-term borrowings	3,726,284				
Accounts payable (including related parties)	571,613				
Lease liabilities	1,058,062				
Other financial liabilities	1,455,990				
	\$ 9,798,030				

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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 financial assets	861,900				
Refundable deposits	140,646				
Other non-current assets	<u>2,042,829</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 and short-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>				

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.

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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.

(Continued)

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

ii) Derivative financial instruments

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

d) Transfer between Level 1 and level 3

The shares of EGAT held by the Company are classified as financial assets measured at fair value through other comprehensive income. The fair values on December 31, 2023 and 2022 were \$81,375 thousand and \$68,108 thousand, respectively. The company's stock was classified as Level 3 because it had no public market quotation and the fair value was measured using significant unobservable inputs on December 31, 2022. The shares of EGAT began to be listed, and there were quotations in the active market in March 2023. Therefore, its fair value measurement was transferred from Level 3 to Level 1 on March 31, 2023. There was no such transaction for the year ended December 31, 2022.

e) Reconciliation of Level 3 fair values

The changes in Level 3 fair values for the years ended December 31, 2023 and 2022 are as follows:

	Financial assets at fair value through profit or loss – net		Non quoted equity instrument - fair value through other comprehensive income	
	2023	2022	2023	2022
Opening balance	\$ (13,349)	6,900	339,189	55,887
Additions/ Disposals	-	(14,493)	11,100	228,262
Total gains and losses recognized in profit and loss	1,706	(5,756)	-	-
Total gains and losses recognized in other comprehensive income	-	-	15,319	49,424
Transfer from Level 3	-	-	(68,108)	-
Reclassification	-	-	-	5,616
Ending balance	<u>\$ (11,643)</u>	<u>(13,349)</u>	<u>297,500</u>	<u>339,189</u>

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

As of December 31, 2023 and 2022, the total gains and losses were included in “other gains and losses” and “unrealized gains and losses of financial assets at fair value through other comprehensive income”. The relevant assets were as follow:

	2023	2022
Total gains and losses recognized:		
In gains and losses, and presented in “other gains and losses”	\$ <u>1,706</u>	<u>(5,756)</u>
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ <u>15,319</u>	<u>49,424</u>

- f) 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”.

- A. Derivative financial instruments, equity component - conversion right, which were measured by Binomial Method. According to the derivative financial instruments had non-significant impact on the financial statements, the quantified information on significant unobservable inputs used in fair value measurement and the sensitivity analysis would not intended to be revealed.
- B. Equity instruments and other derivative financial instruments without an active market, which were measured by the transaction price from the third parties. According to the significant unobservable inputs used in fair value had not been entered by the Company when measuring the fair value, the significant unobservable inputs used in fair value measurement and the sensitivity analysis would not intended to be revealed.

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.

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurements</u>
Financial assets measured at fair value through profit and loss - derivative instruments (short call options)	Option pricing model	Stock price volatility (28.32% for December 31, 2023, and 27.82% for December 31, 2022, respectively)	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 (11.6081% for December 31, 2023, and 15.7236% for December 31, 2022, respectively)	The higher the volatility, the lower the fair value

g) 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 other comprehensive income</u>		<u>The effect of fair value fluctuations in profit and loss</u>	
			<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>
December 31, 2023						
Financial assets measured at fair value through profit and loss - derivatives instruments (short call options)	28.32%	+0.5%	-	-	-	(410)
	28.32%	-0.5%	-	-	407	-
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	11.6081%	+0.5%	-	(9,299)	-	-
	11.6081%	-0.5%	9,908	-	-	-

(Continued)

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

	Input value	Increase (+) or decrease(-)	The effect of fair value fluctuations in other comprehensive income		The effect of fair value fluctuations in profit and loss	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2022						
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.

- (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.

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

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 its capital to safeguard its capacity to continue its operation took into account the debts and the optimization of the balance of its shareholder's equity to maximize the shareholders' returns.

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, 2023 and 2022.

(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, 2023 and 2022, 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, 2023	Cash flows	Foreign exchange movements and others	December 31, 2023
Long-term borrowings	\$ 3,583,985	(43,291)	(18,410)	3,522,284
Short-term borrowings	1,411,880	(1,198,929)	(8,951)	204,000
Shor-term bills payable	99,931	(100,000)	69	-
Lease liabilities	803,756	(32,043)	286,349	1,058,062
Bonds payable	<u>2,969,315</u>	<u>-</u>	<u>16,766</u>	<u>2,986,081</u>
Total liabilities from financing activities	<u>\$ 8,868,867</u>	<u>(1,374,263)</u>	<u>275,823</u>	<u>7,770,427</u>

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

	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	2,952,450	-	16,865	2,969,315
Total liabilities from financing activities	<u>\$ 5,889,344</u>	<u>2,395,957</u>	<u>583,566</u>	<u>8,868,867</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
GES Energy Middle East FZE ("GES ME")	Subsidiary
DelSolar Holding (Cayman) Ltd.	Subsidiary
Gintech (Thailand) Limited (“Gintech (“Thailand”))”)	Subsidiary
NSP SYSTEM NEVADA HOLDING CORP. (“NSP NEVADA”)	Subsidiary
URE NSP CORPORATION	Subsidiary
Shanshang Energy Power Ltd. Co.	Subsidiary
Zhongyang Corporation (“Zhongyang”)	Subsidiary
Yong Zhou Ltd.	Subsidiary
Yong Liang Ltd. (“Yong Liang”)	Subsidiary
DelSolar (Wu Jiang) Ltd.	Subsidiary
Solartech Materials Corporation	Subsidiary
Hsin Jin Optoelectronics	Subsidiary
Jiangung Energy Power Ltd. Co.	Subsidiary
Utech Solar Corporation (“Utech”)	Subsidiary
NSP System Development Corp.(“NSP System”)	Subsidiary
Hsin Jin Solar Energy Co., Ltd.	Subsidiary
Si Two Corp. (“Si Two”)	Subsidiary
Lianzhang Energy Power Ltd. Co.	Subsidiary
Success Energy Co.,Ltd. (“Success”)	Subsidiary (Note 1)
Best Power Service Corp.(“Best Power”)	Subsidiary (Note 2)
ELECTRONIC J.R.C. S.R.L. (“JRC”)	Subsidiary (Note 2)

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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>
Solarbright energy Co., Ltd. (“Solarbright”)	Associate
Gintung energy Corporation	Associate
V5 Technologies Co., Ltd.	Associate
Apex Solar Corporation (“Apex”)	Associate
DS Energy Technology Co., Ltd. (“DS Energy”)	Associate (Note 3)
ThinTech Materials Technology Co., Ltd. (“ThinTech”)	Other related party (Note 3)
Phanes Holding Inc	Other related party

Note 1: Lianxi Energy Power Ltd. Co. has changed its name to Success Energy Co., Ltd on October 20, 2023.

Note 2: The Company disposed Best Power and JRC in 2022.

Note 3: The Company has no significant influence on the company in the third quarter of 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,	
	2023	2022
Subsidiaries	\$ 138,137	142,848
Associates	7,644	45,437
	<u>\$ 145,781</u>	<u>188,285</u>

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, 2023	December 31, 2022
Subsidiaries		
Si Two	\$ 26	-
Zhongyang	16	-
Yong liang	-	3,733
	<u>\$ 42</u>	<u>3,733</u>

(Continued)

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

(ii) Purchases, accounts payable

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

	For the years ended	
	December 31,	
	2023	2022
Subsidiaries	<u>\$ 197,527</u>	<u>621,039</u>

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

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Subsidiaries		
Yong liang	\$ 46,103	-
Utech	17,598	97,764
Gintech (“Thailand”)	-	135,460
	<u>\$ 63,701</u>	<u>233,224</u>

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

	Other receivables	
	(classified as other financial	
	assets and	
	other non-current assets)	
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Subsidiaries		
GES ME	\$ 571,695	635,404
DelSolar US	452,291	739,870
NSP System	104,928	144,361
NSP NEVADA	-	416,071
Others	151,901	112,698
Associates	<u>398</u>	<u>381</u>
	<u>\$ 1,281,213</u>	<u>2,048,785</u>
	Other current liabilities	
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Subsidiaries	<u>\$ -</u>	<u>7,650</u>

(Continued)

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

- (iv) Purchase of property, plant and equipment

	For the years ended		Payables on equipment	
	December 31,		(classified as other current	
	2023	2022	December 31,	December 31,
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ <u>-</u>	<u>98,933</u>	<u>14,604</u>	<u>73,233</u>

- (v) Loaning from related parties

	For the years ended	
	December 31,	
	2023	2022
	<u>2023</u>	<u>2022</u>
Gintech (“Thailand”)	\$ <u>246,120</u>	<u>-</u>

The Company's unsecured loan from its related party, Gintech (“Thailand”), was based on the average interest rate of short-term borrowing, in which the interest expense and interest payable incurred each amounted to \$7,320 thousand, recognized as other current liabilities, as of December 31, 2023. There was no such transaction in 2022.

- (c) Key management personnel compensation

	For the years ended	
	December 31,	
	2023	2022
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 51,666	62,681
Post-employment benefits	977	1,235
Share-based payments	<u>-</u>	<u>151</u>
Total	\$ <u>52,643</u>	<u>64,067</u>

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

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	December 31,	December 31,
	2023	2022
Property, plant and equipment	\$ 2,502,313	2,398,444
Investment property	2,367,281	2,468,628
Restricted bank deposit (accounted for as other financial assets and other non-current assets)	2,176,685	789,849
Financial assets at fair value through other comprehensive income	629,096	504,755
Refundable deposit	<u>146,538</u>	<u>140,646</u>
	\$ <u>7,821,913</u>	<u>6,302,322</u>

(Continued)

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

(9) Significant contingent liabilities and unrecognized commitments:

(a) Unrecognized contract commitments

(i) Unrecognized contract commitments

	December 31, 2023	December 31, 2022
Unused letter of credit (in EUR thousand)	<u>\$ 213</u>	<u>7,961</u>
Bank guarantee (Note 13(a))	<u>\$ 1,929,270</u>	<u>1,929,270</u>

(ii) The Company provides a performance guarantee for the sales of the solar power plant by the subsidiary, which has been approved by the board of directors in 2023. The guarantee includes the legality of the transactions and no tax arrears or other uncertainties. The guarantee amounts is equivalent to \$830,420 thousand.

(iii) 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, 2023	December 31, 2022
Unpaid amount	<u>\$ 723,900</u>	<u>1,071,930</u>

(iv) The Company agreed to have an obligation to sell the shares of the investees in the specific period, please refer to Note 6(b).

(v) Due to power plant installations, the Company signed non-fixed lease payment agreements with others, please refer to Note 6(r).

(vi) 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 of long-term purchase agreements, according to the suppliers' operations as follows:

	December 31, 2023	December 31, 2022
Advance payment	<u>\$ 2,007,444</u>	<u>2,091,757</u>
Accumulated impairment loss	<u>\$ 909,648</u>	<u>164,853</u>

(vii) As of December 31, 2023 and 2022, the Company issued guarantee for Directorate General of Customs and sales project, amounting to \$740,014 thousand and \$804,976 thousand, respectively.

(Continued)

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

(b) Contingencies

- (i) The Company leased its plants to DU then a fire broke out in October 2017, and DU was affected and requested damages from the Company. The two parties reached a settlement in May 2019 that offset the money DU owed to the Company. However, EZ bank, the mortgagee of DU's equipment, had objections to the settlement, and requested the Company to pay damage to DU claim that the creditor's rights of DU and DU's right to claim damages against the Company are legally offset, so EZ bank's request has no basis. In this case, on July 1, 2021, the court judged that the Company should pay EZ bank \$159,335 thousand. The Company has appointed a lawyer to file an appeal on the grounds that the judgment was unreasonably flawed.
- (ii) The Company, FP and FQ Co. claimed for the arbitration due to a dispute over the maintenance contract. The Company has recognized estimated losses and will make necessary adjustments in the future.
- (iii) The Company's supplier, G Co. had the dispute with CE Co., and CE Co. filed a garnishment and transfer order to the Company, and requested \$70,480 thousand with 5% interest annually. In this case, CE Co. was ruled in favor of the first instance, and the Company has assessed and recognized possible losses. However, the Company appealed for the inaccuracies in the judgment. In 2021, the second instance ruled that the Company won the case, and the Supreme Court has now remanded it for retrial due to doubts about the application of laws and regulations.
- (iv) FV Co., one of the Company's clients, claimed that the Company failed to deliver the goods according to the purchase order schedule, hence, filed a lawsuit against the Company and for the compensation of \$58,405 thousand (USD1,898 thousand), which the Company disagreed to and engaged a lawyer to handle the case.

(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, 2023			For the years ended December 31, 2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Nature						
Employee benefit expense						
Salaries	717,460	324,854	1,042,314	913,672	344,161	1,257,833
Labor and health insurance	82,417	28,635	111,052	93,883	25,598	119,481
Pension	33,205	15,785	48,990	39,866	15,315	55,181
Remuneration of directors	-	8,280	8,280	-	12,266	12,266
Others	74,172	13,711	87,883	125,673	13,695	139,368
Depreciation expense (Note)	596,237	40,610	636,847	632,508	42,763	675,271
Amortization expense	-	2,268	2,268	-	2,065	2,065

(Continued)

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

Note: Exclude the depreciation expense of investment property \$104,036 thousand and \$104,039 thousand during 2023 and 2022 , respectively.

The additional information of headcount and employee benefit are follows:

	<u>2023</u>	<u>2022</u>
Headcount	<u>1,458</u>	<u>1,765</u>
The number of non-employee director	<u>8</u>	<u>8</u>
Average cost of employee benefits	<u>\$ 890</u>	<u>895</u>
Average cost of salaries	<u>\$ 719</u>	<u>716</u>
Average of salaries expense variation	<u>0.42 %</u>	<u>1.13 %</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, 2023:

- (i) Lending to other parties: Please see Table 1 attached.
- (ii) Guarantee and Endorsement for other parties: Please see Table 2 attached.
- (iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included): Please see Table 3 attached.
- (iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital: Please see Table 4 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 5 attached.
- (viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital: Please see Table 6 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, 2023: Please see Table 7 attached.
- (c) Information on investment in Mainland China : Please see Table 8 attached.
- (d) Major shareholders:

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

Note 1: This Table provides the information of number of ordinary shares and special shares which were delivered through non-physical registration (including treasury shares) owned by major shareholders with ownership of 5% or greater and was calculated by Taiwan Depository & Clearing Corporation using the last business day at the end of the quarter. There might be a difference between the share capital listed on the 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, 2023.

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
LENDING TO OTHER PARTIES
FOR THE YEAR ENDED December 31, 2023

TABLE 1

(In Thousands of New Taiwan Dollars)

No.	Name of the company providing loans to others	Party to transactions	Account classification	Related Party	Maximum balance of the period	Ending Balance	Amount actually drawn	Interest Rate Range (%)	Type of Loans (Note 2)	Amount of transaction	Purposes of the borrowers prepared	Allowance for bad debts	Collateral		Limit on loans to a single business	Limit on the amount of loans
													Name	Value		
1	Gintech ("Thailand") Limited	The Company	Other receivables	Y	259,480	246,120	246,120	6.82%	2	-	Operations	-		-	957,210 (Note 4)	957,210 (Note 4)

Note 1: Fill in of numbers:

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

Note 2: 1. Where an inter-company or inter-firm business transaction calls for a loan arrangement.

2. Where a short-term financing facility is necessary.

Note 3: According to the Company's Regulations Governing Loaning of Funds : the total amount of the loaning should not exceed 40% of the company's net worth.

Note 4: According to the Company's Regulations Governing Loaning of Funds : the company lending to the parent company or overseas subsidiaries wholly-owned directly or indirectly by the parent company, should not exceed three years and the total amount of financing and the financing for a counterparty should not exceed 100% of its net worth.

UNITED RENEWABLE ENERGY CO., LTD.
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED December 31, 2023

TABLE 2 (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	Yong Liang	(2)	2,550,201	1,810,000	1,810,000	746,770	-	14.19	6,375,504	Y	N	N
0	The Company	UREE	(6)	2,550,201	119,270	119,270	119,270	-	0.94	6,375,504	N	N	N
0	The Company	GES Energy Middle East FZE	(2)	2,550,201	875,497	830,420	-	-	6.51	6,375,504	Y	N	N

Note 1 : The relation between guarantor and guarantee :

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

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

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.
MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED December 31, 2023

TABLE 3

(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	2023.12.31				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Shares</u>							
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income- current	3,003	126,576	0.37%	126,576	
	GIGA SOLAR MATERIALS CORPORATION	-	Financial assets at fair value through other comprehensive income- current	266	24,100	0.29%	24,100	
	ThinTech Materials Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income- non-current	7,000	232,050	9.52%	232,050	1
	Taiwan Speciality Chemicals Corporation	-	Financial assets at fair value through other comprehensive income- non-current	2,226	137,101	1.61%	137,101	
	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	0	-	26.09%	-	
	FICUS CAPITAL CORPORATION	-	Financial assets at fair value through other comprehensive income- non-current	0	-	28.07%	-	
	EVERGREEN AVIATION TECHNOLOGIES CORPORATION	-	Financial assets at fair value through other comprehensive income- non-current	750	81,375	0.20%	81,375	
	DS Energy Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income- non-current	1,450	5,616	12.14%	5,616	
	GaN Power Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income- non-current	1,110	11,100	2.44%	11,100	
	United Renewable Energy Engineering Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income- non-current	57,300	133,495	60.00%	133,495	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 4

(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 (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares (thousands)	Amount
The Company	Shares Shares-Utech	Investment accounted for using the equity method	Utech (Note1)	Subsidiary	41,096	(701,038)	38,000	380,000	(24,291)	-	-	(102,232) (Note2)	54,805	(423,270)

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

Note 2 : Included share of gain (loss) of associates accounted for using equity method and difference between the price that has not been increased in proportion to shareholding and net value.

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, 2023

TABLE 5

(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	197,527	3%	OA 14 days after receipt	-	-	(17,598)	(3.08%)	

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, 2023

TABLE 6

(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	GES ME	Subsidiary	571,695	-	571,695	Receivable according to the financial situation	-	-
The Company	DelSolar US	Subsidiary	452,291	-	452,291	Receivable according to the financial situation	-	-
The Company	NSP System	Subsidiary	104,928	-	-	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.
 INVESTEES(EXCLUDING INFORMATION ON INVESTEES IN MAINLAND CHINA)
 FOR THE YEAR ENDED December 31, 2023

TABLE 7

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

Investor Company	Investee Company	Investment Amount		Balance as of December 31, 2023			Investee recognized		Note
		December 31, 2023	December 31, 2022	Shares (Thousands)	% of Ownership	Carrying Value	Net Income (Loss) of the Investee	Investment Gain (Loss)	
The Company	UES	NTD 1,918,131	NTD 1,918,131	62,188	100%	964,815	65,551	65,551	
	DelSolar Cayman	NTD 5,187,602	NTD 4,906,789	164,266	100%	30,234	(579,047)	(579,047)	Note 1
	NSP BVI	NTD 164,294	NTD 164,294	2,301	100%	117,920	25	25	
	GES ME	NTD 418,805	NTD 418,805	4	100%	0	4,478	4,478	Note 3
	NSP UK	NTD 28,165	NTD 28,165	580	100%	52,186	(5,791)	(5,791)	
	NSP System	NTD 144,200	NTD 144,200	14,420	100%	0	(59,857)	(52,746)	Note 3
	Zhongyang	NTD 24,121	NTD 24,121	3,500	100%	33,331	(1,461)	(1,461)	
	DelSolar Singapore	NTD 29,743	NTD 29,743	1,250	100%	17,336	8	8	
	SMC	NTD 9,720	NTD 9,720	1,000	100%	10,048	101	101	
	Utech	NTD 1,857,049	NTD 1,477,049	54,805	99.99%	(423,270)	(250,693)	(103,268)	Note 1、2
	Yong Liang	NTD 249,000	NTD 249,000	24,900	19.94%	207,852	20,028	4,709	
	Yong Zhou	NTD 59,000	NTD 59,000	-	100%	-	(4,659)	(4,659)	Note 3
	GES UK	NTD 2,747,371	NTD 2,747,371	89,133	100%	355,800	(1,012,160)	(1,012,160)	
	TSST	NTD 417,692	NTD 417,692	97,701	42.12%	79,147	15,046	6,337	
	V5 Technology	NTD 114,084	NTD 114,084	7,789	21.22%	83,797	5,903	1,095	
	Gintung	NTD 34,341	NTD 34,341	13,460	36.38%	-	9,535	-	
	Shanshang	NTD 20,100	NTD 20,100	2,010	100%	-	(19,852)	(19,852)	Note 3
	United Intelligence	NTD 2,100	NTD 2,100	210	100%	583	3	3	
	Solarbright	NTD 30,000	NTD 30,000	9,000	30%	93,358	9,810	3,900	

Note 1 : The change in the investment amount is due to the company's capital increase in cash during 2023.

Note 2 : In 2023, the company conducted a cash capital increase of \$380,000 thousand. On the other hand, it also reduced its capital to cover for its losses of \$242,927 thousand.

Note 3 : It is the offset of long-term equity investment loan balance to other receivables from related parties.

UNITED RENEWABLE ENERGY CO., LTD.
 INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE YEAR ENDED December 31, 2023

TABLE 8

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outflow	Inflow						
DelSolar Wu Jiang	Solar related business	USD 120,000 \$ 3,691,800	Note 1	USD 120,000 \$ 3,691,800	-	-	USD 120,000 \$ 3,691,800	8,778	100%	8,778	211,550	-
NSP Nanchang	Solar related business	USD 0 \$ -	Note 1	USD 5,000 \$ 153,825	-	-	USD 5,000 \$ 153,825	-	-	-	-	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023 (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 4,413,239	USD 149,618 4,602,998	7,650,604

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 : Subsidiaries mentioned above were recognized on the basis of audited financial statements as December 31, 2023.

Note 3 : The exchange rate used is the rate on December 31, 2023.

United Renewable Energy Co., Ltd.
Statement of cash and cash equivalents
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash	Petty cash and cash on hand	\$ 151
Bank deposits	Check deposits	19,520
	Demand deposits	1,986,603
	Time deposits	738
	Cash equivalent-repurchase agreement (collateralized by bonds)	933,812
	Foreign currency deposit (USD:4,006 thousand; CNY:1 thousand; EUR:845 thousand; GBP:8 thousand)	<u>152,332</u>
Total		<u><u>\$ 3,093,156</u></u>

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

USD dollar currency:30.765

CNY dollar currency:4.333

EUR dollar currency:34.05

GBP dollar currency:39.20

United Renewable Energy Co., Ltd.

Statement of trade receivables

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Customer Name</u>	<u>Description</u>	<u>Amount</u>
Non-related parties		
Client FA	Operating	\$ 151,449
Client FS	//	109,631
Others (less than 10% for each customer)	//	<u>715,441</u>
Subtotal		976,521
Less: Loss allowance		<u>18,182</u>
Total		<u><u>\$ 958,339</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, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable value
Finished goods	\$ 1,508,815	1,020,823
Work in progress	28,772	42,841
Raw materials	364,389	319,053
Subtotal	1,901,976	1,382,717
Less: Allowance for reduction of inventory to market	(770,935)	
Total	\$ 1,131,041	

Statement of other current assets

Item	Description	Amount
Tax Overpaid Retained for Offsetting the Future Tax Payable		\$ 291,199
Others (individual amount does not exceed 5%)		7,437
		\$ 298,636

United Renewable Energy Co., Ltd.
Statement of changes in investments accounted for using the equity method
For the year ended December 31, 2023
(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	Changes in equity of investement in associates and joint ventures accounted for using equity method	Dividends income from subsidiary	Adjustments from unrealized gain	Other	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																	
GES UK	89,133	\$ 1,201,833	-	-	-	-	166,127	(1,012,160)	-	-	-	-	89,133	100.00 %	355,800	360,816	
UES	62,188	892,543	-	-	-	-	6,721	65,551	-	-	-	-	62,188	100.00 %	964,815	964,815	
NSP BVI	2,301	117,761	-	-	-	-	134	25	-	-	-	-	2,301	100.00 %	117,920	117,920	
DelSolar Cayman	155,126	323,972	9,140	280,813	-	-	4,496	(579,047)	-	-	-	-	164,266	100.00 %	30,234	30,234	Note 1
GES ME	4	(68,773)	-	-	-	-	(137)	4,478	-	-	-	64,432	4	100.00 %	-	(64,432)	Note 5
Yong Liang Ltd.	24,900	206,417	-	-	-	-	-	4,709	(1,040)	(4,684)	2,450	-	24,900	19.94 %	207,852	1,274,959	Note 4
NSP UK	580	54,840	-	-	-	-	3,137	(5,791)	-	-	-	-	580	100.00 %	52,186	52,186	
NSP System Development Corp.	14,420	29,374	-	-	-	-	-	(52,746)	-	-	10,589	12,783	14,420	100.00 %	-	23,478	Notes 3, 5
Zhongyang Corporation	3,500	34,792	-	-	-	-	-	(1,461)	-	-	-	-	3,500	100.00 %	33,331	33,331	
Delsolar Singapore	1,250	17,308	-	-	-	-	20	8	-	-	-	-	1,250	100.00 %	17,336	17,336	
Solartech Materials Corporation	1,000	9,947	-	-	-	-	-	101	-	-	-	-	1,000	100.00 %	10,048	10,048	
Yong Zhou Ltd.	-	1,095	-	-	-	-	-	(4,659)	-	-	-	3,564	-	100.00 %	-	(3,564)	Note 5
Shanshang Energy Power Ltd. Co.	2,010	17,024	-	-	-	-	-	(19,852)	-	-	-	2,828	2,010	100.00 %	-	(2,828)	Note 5
United intelligence Co., Ltd.	210	580	-	-	-	-	-	3	-	-	-	-	210	100.00 %	583	583	
Utech Solar Corporation	41,096	(701,038)	38,000	380,000	(24,291)	-	-	(103,268)	1,036	-	-	-	54,805	99.99 %	(423,270)	280,365	Note 2
		<u>2,137,675</u>		<u>660,813</u>			<u>180,498</u>	<u>(1,704,109)</u>	<u>(4)</u>	<u>(4,684)</u>	<u>13,039</u>	<u>83,607</u>			<u>1,366,835</u>	<u>3,095,247</u>	
Investment in associates																	
TSST	97,701	80,960	-	-	-	-	(8,150)	6,337	-	-	-	-	97,701	42.12 %	79,147	195,625	
V5 Technologies Co., Ltd.	7,789	59,142	-	-	-	-	-	1,095	23,560	-	-	-	7,789	21.22 %	83,797	395,231	
Gintung energy Corporation	13,460	-	-	-	-	-	-	-	-	-	-	-	13,460	36.38 %	-	(63,851)	
Solarbright energy Co., Ltd.	9,000	91,584	-	-	-	-	-	3,900	-	(2,126)	-	-	9,000	30.00 %	93,358	311,191	
		<u>231,686</u>		<u>-</u>			<u>(8,150)</u>	<u>11,332</u>	<u>23,560</u>	<u>(2,126)</u>	<u>-</u>	<u>-</u>			<u>256,302</u>	<u>838,196</u>	
		<u>2,369,361</u>		<u>660,813</u>			<u>172,348</u>	<u>(1,692,777)</u>	<u>23,556</u>	<u>(6,810)</u>	<u>13,039</u>	<u>83,607</u>			<u>1,623,137</u>	<u>3,933,443</u>	
Credit balance of investments accounted for using the equity method		<u>769,811</u>													<u>423,270</u>		
Cash dividend paid to subsidiaries								<u>(107)</u>									
		<u>\$ 3,139,172</u>						<u>(1,692,884)</u>							<u>2,046,407</u>		

Note 1: This year increase due to capital increase by cash in 2023.

Note 2: This year increase and decrease due to capital increase, capital reduction, and amortization of asset impairment.

Note 3: This year increase due to deferred unrealized gain (loss) adjustment.

Note 4: This year increase and decrease due to capital increase and deferred unrealized gain(loss) adjustment.

Note 5: It is the offset of long-term equity investment loan balance to other receivables from related parties.

United Renewable Energy Co., Ltd.

Statement of financial assets at fair value through other comprehensive income

December 31, 2023

(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	\$ 125,675	-	-	-	-	901	3,003	126,576	N/A	Yes	
GIGA SOLAR MATERIALS CORPORATION.	266	26,496	-	-	-	-	(2,396)	266	24,100	N/A	None	
		<u>152,171</u>					<u>(1,495)</u>		<u>150,676</u>			
Non-Current:												
Domestic listed ordinary shares												
ThinTech Materials Technology Co., Ltd.	7,000	181,370	-	-	-	-	50,680	7,000	232,050	N/A	Yes	Note 1
EVERGREEN AVIATION TECHNOLOGIES CORPORATION	1,500	68,108	-	-	(750)	(47,250)	60,517	750	81,375	N/A	None	Note 2
Domestic unlisted ordinary shares												
Taiwan Speciality Chemicals Corporation	2,226	121,848	-	-	-	-	15,253	2,226	137,101	N/A	Yes	
NTNU Innovation Investment Holding Company	200	2,000	-	-	-	-	-	200	2,000	N/A	None	
United Renewable Energy Engineering Co., Ltd.	57,300	133,429	-	-	-	-	66	57,300	133,495	N/A	Yes	
DS Energy Technology Co., Ltd.	1,450	5,616	-	-	-	-	-	1,450	5,616	N/A	None	
GaN Power Technology Co., Ltd.	-	-	1,110	11,100	-	-	-	1,110	11,100	N/A	None	Note 3
		<u>512,371</u>		<u>11,100</u>		<u>(47,250)</u>	<u>126,516</u>		<u>602,737</u>			
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	
		<u>8,188</u>		<u>-</u>		<u>-</u>	<u>-</u>		<u>8,188</u>			
		<u>\$ 672,730</u>		<u>11,100</u>		<u>(47,250)</u>	<u>125,021</u>		<u>761,601</u>			

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

Note 2: During the year ended December 31, 2023, the Company sold financial assets measured at fair value through other comprehensive gains and losses. The fair value at the time of disposal was \$72,283 thousand, and the accumulated disposal proceeds amounted to \$25,033 thousand, transferred from other equity to retained earnings.

Note 3: Due to the requirement of the business development, the Company increase its investment in GaN Power Technology Co., Ltd. through ordinary shares, at the amount of \$11,100 thousand, in the third quarter of 2023.

United Renewable Energy Co., Ltd.
Statement of changes in property, plant and equipment
For the year ended December 31, 2023
(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, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Supplier Name</u>	<u>Description</u>	<u>Amount</u>
Non-related parties:		
FP Co.	Operation	\$ 57,931
FR Co.	"	56,117
BN Co.	"	53,402
Others (individual amount does not exceed 10%)	"	<u>340,462</u>
Total		<u><u>\$ 507,912</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>
Payables and estimated payables on equipment		\$ 545,278
Other payables-related parties		246,120
Salaries payable and bonuses		196,452
Others (individual amount does not exceed 5%)	Payables for labor and health insurance, and utilities	<u>536,766</u>
		<u><u>\$ 1,524,616</u></u>

United Renewable Energy Co., Ltd.

Statement of lease liabilities

December 31, 2023

(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%	\$ 243,626
Buildings	Office and power station	2021.06~2044.08	2.02%~2.65%	801,889
Equipment	Business machine	2021.05~2026.04	2.11 %	1,092
Other assets	Company car	2021.08~2026.11	2.02%~2.65%	11,455
				<u>1,058,062</u>
Less: Lease liabilities due within one year				<u>58,576</u>
				<u>\$ 999,486</u>

Statement of short-term borrowings

<u>Bank</u>	<u>Description</u>	<u>Balance end of year</u>	<u>Contract Period</u>	<u>Mortgage or guarantee</u>
Bank FT	Unsecured bank loans	\$ 154,000	112.03.09-113.03.08	No collateral
Bank FU	Unsecured bank loans	50,000	112.11.13-113.05.10	No collateral
Total		<u>\$ 204,000</u>		

United Renewable Energy Co., Ltd.

Statement of long-term borrowings

December 31, 2023

(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	\$ 1,955,533	2023.09.22-2026.09.22	Please refer Note8
Bank FK	Power Plant Project loans	112,388	2022.11.09-2032.03.29	//
Bank FL	Secured bank loans	631,363	2022.12.28-2026.08.28	//
Bank FI	Secured bank loans	67,000	2023.12.22-2026.12.22	//
Bank FL	Unsecured bank loans	134,000	2022.12.28-2025.12.28	No collateral
Bank FJ	Unsecured bank loans	622,000	2023.12.28-2038.12.28	No collateral
Less: Current Protion		<u>(586,013)</u>		
Total		<u><u>\$ 2,936,271</u></u>		

Statement of operating revenue

For the year ended December 31, 2023

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Solar cells and modules	17,929 thousand pieces	\$ 9,934,753
Others (Note)		439,424
Sales returns and allowance		<u>(223,874)</u>
		<u><u>\$ 10,150,303</u></u>

Note: Construction revenue and sale of electricity.

United Renewable Energy Co., Ltd.
Statement of operating costs
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Raw materials	
Raw materials, beginning of year	\$ 707,758
Add: Purchases	2,221,373
Less: Raw materials, end of year	(111,938)
Transfer to expense	<u>(210,195)</u>
Raw materials used for the year	2,606,998
Direct labor	395,803
Manufacturing expenses	<u>1,094,800</u>
Manufacturing cost	4,097,601
Add: Beginning WIP goods (including construction in progress)	140,546
Transfer to expense and others (including construction in progress)	(557)
Less: Ending WIP goods (including construction in progress)	<u>(28,772)</u>
Costs of finished goods	4,208,818
Add: Beginning finished goods	2,073,784
Purchases	3,974,163
Less: Finished goods at end of period	(990,331)
Transfer to expense, disposal, and others	<u>(41,111)</u>
Cost of goods sold	9,225,323
Add: Unamortized fixed manufacturing expense	482,272
System cost	316,840
Other operating cost	<u>854,452</u>
Operating cost	<u>\$ 10,878,887</u>

United Renewable Energy Co., Ltd.
Statement of operating expense
For the year ended December 31, 2023
(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	\$ 54,540	247,118	31,476
Freight expenses	180,028	957	416
Indirect materials	1,403	1,571	23,045
Others (individual amount does not exceed 10%)	<u>107,494</u>	<u>286,708</u>	<u>33,211</u>
	<u>\$ 343,465</u>	<u>536,354</u>	<u>88,148</u>