

**HD Renewable Energy Co., Ltd.and Subsidiaries**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2023 and 2022**

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

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## **Representation Letter**

The entities that are required to be included in the combined financial statements of HD Renewable Energy Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" as endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, HD Renewable Energy Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: HD Renewable Energy Co., Ltd.  
Chairman: Yuan-Yi Xie  
Date: March 7, 2024



安侯建業聯合會計師事務所  
KPMG

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## Independent Auditors' Report

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

### Opinion

We have audited the consolidated financial statements of HD Renewable Energy Co., Ltd.(the “Company”) and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission (“FSC”) of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing of Financial Statement Audit and Attestation Engagements of Certified Public Accountant 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

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

The revenue recognition from construction projects

Please refer to note 4(17) “Revenue recognition” for accounting policy on revenue recognition, note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and note 6(25) “Revenues from contracts with customers” for relevant explanation.



#### Description of key audit matter:

The Group recognize its construction revenue by using the percentage of completion method. The completion level is based on the cost for each contract at year-end. The management will re-evaluate the cost if the total budget had significantly increased or decreased, and will recalculate the percentage of completion in accordance with the adjusted cost. The accuracy of the construction contract revenue may be affected by the completion level and appropriateness of the estimation of total budget cost. Thus, we considered the recognition of revenue as the key matters of our audit.

#### How the matter was addressed in our audit:

Our principal audit procedures included: Understanding and testing the internal control procedures for the operating revenue and receipt cycle to assess whether there are any defects and irregularities of internal control systems; reviewing material contracts to understand the specific terms and risks of each contract; comparing the actual construction costs and the estimated construction costs to evaluate rationality of the estimation method used; sampling relevant vouchers and supporting documentation of selected cases for confirming that the amount of inputs used to calculate the degree of completion of the project in the current period has been properly accounted for; to assess whether the revenue recognition policy is in compliance with the requirements of the statement; and to assess whether the Group's revenue recognition policy is in compliance with the related accounting standard and revenue information is properly disclosed.

#### Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

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

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

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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



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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 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 Chun-Yuan, Wu and Hai-Ning Huang.

KPMG

Taipei, Taiwan (Republic of China)  
March 7, 2024

#### **Notes to Readers**

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

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

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

## HD RENEWABLE ENERGY CO., LTD.AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 3,985,167	30	1,964,028	32	2100	Short-term borrowings (note 6(13))	\$ 1,124,211	9	287,671	5
1110	Current financial assets at fair value through profit or loss (notes 6(2) and (16))	1,000	-	-	-	2119	Short-term notes and bills payable (note 6(14))	400,872	3	29,932	-
						2130	Current contract liabilities (notes 6(25) and 7))	645,924	5	566,984	9
1140	Current contract assets (notes 6(25) and 7)	3,439,976	26	636,983	11	2151	Notes and accounts payable	729,835	6	583,409	10
1170	Notes and accounts receivable, net (note 6(4))	113,580	1	35,931	1	2180	Accounts payable to related parties (note 7)	655,111	5	469,235	8
1180	Accounts receivable due from related parties, net (notes 6(4) and 7)	21,530	-	16,296	-	2201	Salaries and bonus payable	119,647	1	114,603	2
1210	Other receivables due from related parties, net (note 7)	25	-	8,031	-	2220	Other payables to related parties (note 7)	4,636	-	48,045	1
130X	Inventories (note 6(5))	307,465	3	196,675	3	2230	Current tax liabilities	136,503	1	205,423	3
1401	Current consumable biological assets	9,359	-	1,823	-	2280	Current lease liabilities (notes 6(18) and 7)	32,129	-	17,599	-
1421	Prepayments to suppliers (note 7)	819,461	6	250,445	4	2300	Other current liabilities (note 6(19))	308,574	2	101,970	2
1470	Other current assets (notes 6(12), 7 and 8)	1,093,758	9	1,278,291	21	2322	Long-term borrowings, current portion (notes 6(15) and 8)	36,683	-	13,543	-
		9,791,321	75	4,388,503	72			4,194,125	32	2,438,414	40
Non-current assets:						Non-current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))	-	-	35,000	1	2500	Non-current financial liabilities at fair value through profit or loss (notes 6(2) and (16))	6,700	-	-	-
1550	Investments accounted for using equity method (notes 6(6) and (7))	177,641	1	529,757	9	2530	Bonds payable (note 6(16))	873,583	7	-	-
1600	Property, plant and equipment (notes 6(9) and 8)	2,061,910	16	692,583	11	2540	Long-term borrowings (notes 6(15) and 8)	885,445	7	185,106	3
1755	Right-of-use assets (note 6(10), 7 and 8)	130,095	1	66,792	1	2570	Deferred tax liabilities (note 6(21))	638	-	-	-
1780	Intangible assets (note 6(11))	86,594	1	23,014	-	2580	Non-current lease liabilities (notes 6(18) and 7)	97,396	1	45,303	1
1840	Deferred tax assets (note 6(21))	118,490	1	64,510	1	2635	Preference share liabilities - non-current (note 6(17))	1,125,729	8	-	-
1990	Other non-current assets (notes 6(12), 7 and 8)	718,602	5	300,708	5	2670	Other non-current liabilities (notes 6(19) and 7)	50,400	-	37,338	-
		3,293,332	25	1,712,364	28			3,039,891	23	267,747	4
								7,234,016	55	2,706,161	44
						Total liabilities					
						Equity (notes 6(8), (16), (22) and (23)):					
						Equity attributable to owners of parent:					
					3100	Ordinary shares	1,000,000	8	850,000	14	
					3200	Capital surplus	3,376,493	26	1,745,474	29	
					3300	Retained earnings	1,153,095	9	758,482	12	
					3400	Other equity interest	(96)	-	-	-	
						Total equity attributable to owners of parent:	5,529,492	43	3,353,956	55	
					36XX	Non-controlling interests	321,145	2	40,750	1	
						Total equity	5,850,637	45	3,394,706	56	
Total assets		\$ 13,084,653	100	6,100,867	100	Total liabilities and equity		\$ 13,084,653	100	6,100,867	100

See accompanying notes to consolidated financial statements.



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

# HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	<b>Operating revenue</b> (notes 6(25) and 7)	\$ 5,839,009	100	5,060,371	100
5000	<b>Operating costs</b> (notes 6(5), (26), 7 and 12)	4,331,600	74	3,718,799	73
	<b>Gross profit</b>	1,507,409	26	1,341,572	27
5910	<b>Unrealized profit from sales</b>	(57,237)	(1)	(195,038)	(4)
	<b>Realized gross operating profit</b>	1,450,172	25	1,146,534	23
6000	<b>Operating expenses</b> (notes 6(26), 7 and 12):				
6100	Selling expenses	92,840	2	42,242	1
6200	Administrative expenses	311,001	5	243,511	5
6300	Research and development expenses	55,158	1	15,463	-
	<b>Total operating expenses</b>	458,999	8	301,216	6
	<b>Net operating income</b>	991,173	17	845,318	17
	<b>Non-operating income and expenses:</b>				
7100	Interest income (notes 6(27) and 7)	18,385	-	2,640	-
7010	Other income (notes 6(28) and 7)	8,295	-	10,346	-
7020	Other gains and losses, net (notes 6(7), (11), (16) and (29))	13,856	-	(39,519)	(1)
7050	Finance costs (notes 6(16), (17), and (30))	(56,743)	-	(14,372)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (note 6(6))	27,767	-	8,082	-
	<b>Total non-operating income and expenses</b>	11,560	-	(32,823)	(1)
	<b>Profit before tax</b>	1,002,733	17	812,495	16
7951	<b>Less: Income tax expense</b> (note 6(21))	184,321	3	164,343	3
	<b>Profit for the year</b>	818,412	14	648,152	13
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (note 6(3))	(20,589)	-	-	-
	<b>Total items that will not be reclassified subsequently to profit or loss</b>	(20,589)	-	-	-
8360	<b>Items that will be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(120)	-	-	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss (note 6(21))	(24)	-	-	-
	<b>Total items that will be reclassified subsequently to profit or loss</b>	(96)	-	-	-
8300	<b>Other comprehensive income</b>	(20,685)	-	-	-
	<b>Total comprehensive income</b>	\$ 797,727	14	648,152	13
	<b>Profit (loss) attributable to:</b>				
	Owners of parent	\$ 815,411	14	650,106	13
	Non-controlling interests	3,001	-	(1,954)	-
		\$ 818,412	14	648,152	13
	<b>Comprehensive income attributable to:</b>				
	Owners of parent	\$ 794,726	14	650,106	13
	Non-controlling interests	3,001	-	(1,954)	-
		\$ 797,727	14	648,152	13
	<b>Earnings per share (NT dollar)</b> (note 6(24))				
	Basic earnings per share	\$ 8.36		8.18	
	Diluted earnings per share	\$ 8.20		7.99	

See accompanying notes to consolidated financial statements.

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

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

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent										
	Retained earnings					Other equity interest			Total equity attributable to owners of parent	Non-controlling interests	Total equity
						Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total						
<b>Balance at January 1, 2022</b>	\$ 700,000	660,619	44,560	237,011	281,571	-	-	-	1,642,190	400	1,642,590
Profit for the year	-	-	-	650,106	650,106	-	-	-	650,106	(1,954)	648,152
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	650,106	650,106	-	-	-	650,106	(1,954)	648,152
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	16,481	(16,481)	-	-	-	-	-	-	-
Cash dividends distributed to ordinary shareholders	-	-	-	(170,000)	(170,000)	-	-	-	(170,000)	-	(170,000)
Capital increase by cash and compensation costs recognized for reserve of employee subscription	150,000	1,084,653	-	-	-	-	-	-	1,234,653	-	1,234,653
Effect of long-term equity investment recognized in disproportionate shareholding	-	202	-	(3,195)	(3,195)	-	-	-	(2,993)	2,264	(729)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	40,040	40,040
<b>Balance at December 31, 2022</b>	<u>850,000</u>	<u>1,745,474</u>	<u>61,041</u>	<u>697,441</u>	<u>758,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,353,956</u>	<u>40,750</u>	<u>3,394,706</u>
Profit for the year	-	-	-	815,411	815,411	-	-	-	815,411	3,001	818,412
Other comprehensive income for the year	-	-	-	-	-	(96)	(20,589)	(20,685)	(20,685)	-	(20,685)
Total comprehensive income	-	-	-	815,411	815,411	(96)	(20,589)	(20,685)	794,726	3,001	797,727
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	64,691	(64,691)	-	-	-	-	-	-	-
Cash dividends distributed to ordinary shareholders	-	-	-	(400,000)	(400,000)	-	-	-	(400,000)	-	(400,000)
Capital increase by cash and compensation costs recognized for reserve of employee subscription	150,000	1,501,993	-	-	-	-	-	-	1,651,993	-	1,651,993
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	1,215	-	(26)	(26)	-	-	-	1,189	(1,189)	-
Effect of long-term equity investment recognized in disproportionate shareholding	-	(202)	-	(183)	(183)	-	-	-	(385)	385	-
Conversion of convertible bonds	-	128,013	-	-	-	-	-	-	128,013	-	128,013
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(20,589)	(20,589)	-	20,589	20,589	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	278,198	278,198
<b>Balance at December 31, 2023</b>	<u>\$ 1,000,000</u>	<u>3,376,493</u>	<u>125,732</u>	<u>1,027,363</u>	<u>1,153,095</u>	<u>(96)</u>	<u>-</u>	<u>(96)</u>	<u>5,529,492</u>	<u>321,145</u>	<u>5,850,637</u>

See accompanying notes to consolidated financial statements.

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

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

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ <u>1,002,733</u>	<u>812,495</u>
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	65,868	35,750
Amortizations expense	12,391	3,547
Net gain on financial assets or liabilities at fair value through profit or loss	(3,168)	-
Interest expense	56,743	14,372
Interest income	(18,385)	(2,640)
Impairment loss on intangible assets	-	28,985
Impairment loss on biological assets	2,716	-
Share-based payment transactions	1,993	4,653
Share of profit of associates and joint ventures accounted for using equity method	(27,767)	(8,082)
Loss allowance for write-down of inventories (reversal gain)	(109)	392
Gains on disposal of investments	(2,249)	(1,837)
Gain on lease modification	-	(6)
Gain recognized on bargain purchase transaction	(555)	-
Unrealized profit from inter-company sale transactions	57,237	195,038
Others	160	-
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable (including related parties)	(80,126)	112,553
Contract assets	(2,694,754)	83,911
Other receivables (including related parties)	22,365	(26,856)
Inventories	(109,696)	(167,810)
Prepayments to suppliers	(569,016)	(207,127)
Other operating assets	135,163	(464,212)
Contract liabilities	78,940	250,753
Notes and accounts payable (including related parties)	377,479	547,570
Other payables to related parties	(2,872)	4,600
Other operating liabilities	216,247	166,777
<b>Total adjustments</b>	<u>(2,481,395)</u>	<u>570,331</u>
Cash inflow (outflow) generated from operations	(1,478,662)	1,382,826
Interest received	18,385	2,635
Dividends received	8,183	1,083
Interest paid	(24,934)	(14,152)
Income taxes paid	<u>(300,123)</u>	<u>(130,161)</u>
<b>Net cash flows from (used in) operating activities</b>	<u>(1,777,151)</u>	<u>1,242,231</u>

**(Continued)**

See accompanying notes to consolidated financial statements.

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

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

**Consolidated Statements of Cash Flows (Continued)**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(35,000)
Acquisition of equity-accounted investments	(72,000)	(709,903)
Proceeds from disposal of equity-accounted investments	-	175,771
Inward remittance of prepayments for investments	-	20,000
Acquisition of subsidiaries (including cash from subsidiaries)	(52,072)	(102,752)
Proceeds from disposal of subsidiaries (excluding cash from subsidiaries)	22,124	264,312
Proceeds from capital reduction of investments accounted for using equity method	378,837	532
Acquisition of property, plant and equipment	(1,563,876)	(559,083)
Proceeds from disposal of property, plant and equipment	17,756	2,476
Increase in refundable deposits	(216,506)	(138,615)
Acquisition of intangible assets	(13,538)	(19,637)
Decrease (increase) in restricted bank deposits	18,582	(103,520)
Increase in other non-current assets	(173,340)	(9,850)
<b>Net cash flows used in investing activities</b>	<b>(1,654,033)</b>	<b>(1,215,269)</b>
<b>Cash flows from (used in) financing activities:</b>		
Proceeds from short-term borrowings	2,036,285	1,771,515
Repayments of short-term borrowings	(1,216,245)	(1,765,395)
Increase in short-term notes and bills payable	369,650	29,712
Proceeds from issuance of bonds (net of issuance costs)	999,750	-
Proceeds from long-term borrowings	758,057	115,836
Repayments of long-term borrowings	(22,382)	(45,934)
Decrease in other payables to related parties	-	(76,288)
Payments of lease liabilities	(21,632)	(15,346)
Increase in preference share liabilities	1,105,000	-
Cash dividends paid	(400,000)	(170,000)
Capital increase by cash	1,650,000	1,230,000
Change in non-controlling interests	193,960	39,949
<b>Net cash inflows from financing activities</b>	<b>5,452,443</b>	<b>1,114,049</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(120)</b>	<b>-</b>
<b>Increase in cash and cash equivalent</b>	<b>2,021,139</b>	<b>1,141,011</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,964,028</b>	<b>823,017</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 3,985,167</b>	<b>1,964,028</b>

See accompanying notes to consolidated financial statements.

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

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

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2023 and 2022**

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

**1. Company history:**

HD Renewable Energy Co., Ltd. (“HD” or the “Company”) was incorporated in May 16, 2016 under the approval of Ministry of Economic Affairs, Republic of China (R.O.C). The address of the Company’s registered office is F5, No. 35, Dexing West Road, Shilin District, Taipei City 111. The shares of the Company were first publicly issued through Taipei Exchange in R.O.C on November 3, 2021 and were approved for trading over the emerging stock board of the Center on December 28, 2021. The company's share have been listed and traded on the Taiwan Innovation Board (“TIB”) since March 6, 2023.

The main activities of the Company and its subsidiaries (together referred to as the “Group”) are the development, design, engineering and maintenance services of various solar power stations, asset management services, aquaculture management and intelligent energy services.

**2. Approval date and procedures of the consolidated financial statements:**

These consolidated financial statements were authorized for issue by the Board of Directors on March 7, 2024.

**3. New standards, amendments and interpretations adopted:**

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

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

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

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

- 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”
- (3) The impact of IFRS issued by International Accounting Standards Board (the “IASB”) but not yet endorsed by the FSC

The Group 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 consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

**4. Summary of material accounting policies:**

The material accounting policies applied in the preparation of these consolidated financial statements are summarized as below. Except for those specifically indicated, the accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(1) Statement of compliance

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

(2) Basis of preparation

A. Basis of measurement

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

- (i) Financial instruments at fair value through profit or loss are measured at fair value;
- (ii) Financial assets at fair value through other comprehensive income are measured at fair value;
- (iii) Biological assets are measured at fair value less costs to sell.

## HD RENEWABLE ENERGY CO., LTD.AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### B. Functional and presentation currency

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

#### (3) Basis of consolidation

##### A. Principles of preparation of the consolidated financial statements

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

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

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

##### B. List of subsidiaries included in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Percentage of Ownership	
			December 31, 2023	December 31, 2022
The Company	HB O&M Co., Ltd. (HB)	Energy technology service	100%	100%
The Company	He Shuo Agriculture Co., Ltd. (He Shuo)	Energy technology service	-	- Note 11
The Company	Daybreak Fishery Management Consultants Co., Ltd. (DFM)	Energy technology service	-	- Note 4
The Company	Dan Deng Green Co., Ltd. (Dan Deng)	Energy technology service	100%	100%
The Company	Yunn Deng Green Co., Ltd. (Yunn Deng)	Energy technology service	- Note 13	100%
The Company	Fang Deng Green Co., Ltd. (Fang Deng)	Energy technology service	-	- Note 2

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

<b>Name of investor</b>	<b>Name of subsidiary</b>	<b>Principal activity</b>	<b>Percentage of Ownership</b>	
			<b>December 31, 2023</b>	<b>December 31, 2022</b>
The Company	Titan Asset Management Co., Ltd. (Titan Asset)	Energy technology service	100%	100%
The Company	You Deng Green Co., Ltd. (You Deng)	Energy technology service	100%	100%
The Company	Wen Deng Green Co., Ltd. (Wen Deng)	Energy technology service	- Note 15	100%
The Company	Yun Deng Green Co., Ltd. (Yun Deng)	Energy technology service	-	- Note 10
The Company	Yin Deng Green Co., Ltd. (Yin Deng)	Energy technology service	100%	100%
The Company	Ri Chen Green Co., Ltd. (Ri Chen)	Energy technology service	100%	100%
The Company	Ri Lu Green Co., Ltd. (Ri Lu)	Energy technology service	100%	100%
The Company	Ri Wei Green Co., Ltd. (Ri Wei)	Energy technology service	- Note 12	100%
The Company	Ri Zhi Green Co., Ltd. (Ri Zhi)	Energy technology service	100%	100%
The Company	Ri Xi Green Co., Ltd. (Ri Xi)	Energy technology service	100%	100%
The Company	Ri Yu Green Co., Ltd. (Ri Yu)	Energy technology service	100%	100%
The Company	Ri Pu Green Co., Ltd. (Ri Pu)	Energy technology service	100%	100%
The Company	Ru Jing Green Co., Ltd. (Ru Jing)	Energy technology service	100%	100%
The Company	Ri Xun Green Co., Ltd. (Ri Xun)	Energy technology service	100%	100%
The Company	Ri Fa Green Co., Ltd. (Ri Fa)	Energy technology service	-	- Note 6
The Company	Ri Fu Green Co., Ltd. (Ri Fu)	Energy technology service	100%	100%
The Company	Star Exchange Co., Ltd. (Star Exchange)	Renewable energy electricity sales	100%	100%
The Company	Shin De Co., Ltd. (Shin De)	Energy technology service	-	- Note 11
The Company	Xiang Heng Green Co., Ltd. (Xiang Heng)	Energy technology service	100%	100%
The Company	Zhong Fang Green Co., Ltd. (Zhong Fang)	Energy technology service	-	- Note 2



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

<b>Name of investor</b>	<b>Name of subsidiary</b>	<b>Principal activity</b>	<b>Percentage of Ownership</b>	
			<b>December 31, 2023</b>	<b>December 31, 2022</b>
The Company	Ren Hua Green Co., Ltd. (Ren Hua)	Energy technology service	-	- Note 2
The Company	New Century Energy Co., Ltd. (New Century)	Energy technology service	100%	100%
The Company	Chang He Energy Co., Ltd. (Chang He)	Energy technology service	100%	100%
The Company	Star Energy Storage Solutions Co., Ltd. (ESS)	Energy technology service	80%	80% Note 9
The Company	Shin Yuan Energy Co., Ltd. (Shin Yuan)	Energy technology service	100%	100%
The Company	Xin Sheng Energy Develop Co., Ltd. (Xin Sheng)	Energy technology service	- Note 15	100%
The Company	Aquastar Energy Co., Ltd. (Aquastar)	Energy technology service	-	- Note 5
The Company	Star Charger Co., Ltd. (Star Charger)	Energy technology service	100%	100%
The Company	Star Network Data Co., Ltd. (Star Network)	Energy technology service	-	- Note 7
The Company	Tian Fang ChargeTech Co., Ltd. (Tian Fang)	Energy technology service	100%	100% Note 1
The Company	Tian Tai ChargeTech Co., Ltd. (Tian Tai)	Energy technology service	100%	100% Note 1
The Company	Tian Jie ChargeTech Co., Ltd. (Tian Jie)	Energy technology service	100%	100% Note 1
The Company	Tian Xi ChargeTech Co., Ltd. (Tian Xi)	Energy technology service	100%	100% Note 1
The Company	Tian Hui Energy Storage Co., Ltd. (Tian Hui)	Energy technology service	100%	100% Note 1
The Company	Tian Yi Energy Storage Co., Ltd. (Tian Yi)	Energy technology service	100%	100% Note 1
The Company	Tian Cheng Energy Storage Co., Ltd. (Tian Cheng)	Energy technology service	100%	100% Note 1
The Company	Tian Dong Energy Storage Co., Ltd. (Tian Dong)	Energy technology service	100%	100% Note 1
The Company	Tian Chang Energy Storage Co., Ltd. (Tian Chang)	Energy technology service	100%	100% Note 1
The Company	Tian Yong Green Co., Ltd. (Tian Yong)	Energy technology service	100%	100% Note 1
The Company	Tian Hong Green Co., Ltd. (Tian Hong)	Energy technology service	100%	100% Note 1

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

<b>Name of investor</b>	<b>Name of subsidiary</b>	<b>Principal activity</b>	<b>Percentage of Ownership</b>	
			<b>December 31, 2023</b>	<b>December 31, 2022</b>
The Company	Tian Sheng Green Co., Ltd. (Tian Sheng)	Energy technology service	100%	100% Note 1
The Company	Tian Yu Green Co., Ltd. (Tian Yu)	Energy technology service	100%	100% Note 1
The Company	Tian Hua ChargeTech Co., Ltd. (Tian Hua)	Energy technology service	100%	100% Note 1
The Company	Star Energy Storage Co., Ltd. (SES) (formerly known as Hongyuan Technology Co., Ltd.)	Energy technology service	67.23% Note 16	100% Note 1
The Company	Star Aquaculture Co., Ltd. (Star Aquaculture)	Aquaculture	98.31% Note 8	90% Notes 1 and 8
The Company	Huiju Energy Co., Ltd. (Huiju)	Energy technology service	- Note 3	99% Note 3
The Company	Daybreak FisheryTech Co., Ltd. (DFC)	Energy technology service	100%	100% Note 4
The Company	Ying Fa Energy Co., Ltd. (Ying Fa)	Energy technology service	99%	99% Note 1
The Company	Beseye Cloud Security (BESEYE)	Energy technology service	100% Note 14	-
The Company	Ju Wang Energy Co., Ltd. (Ju Wang)	Energy technology service	100% Note 14	-
The Company	Shin Bei Charger Co., Ltd. (Shin Bei)	Energy technology service	100% Note 1	-
The Company	Shin Chen Charger Co., Ltd. (Shin Chen)	Energy technology service	100% Note 1	-
The Company	Shin He Charger Co., Ltd. (Shin He)	Energy technology service	100% Note 1	-
The Company	Shin Duo Charger Co., Ltd. (Shin Duo)	Energy technology service	100% Note 1	-
The Company	Shin Ting Charger Co., Ltd. (Shin Ting)	Energy technology service	100% Note 1	-
The Company	Shin Jian Charger Co., Ltd. (Shin Jian)	Energy technology service	100% Note 1	-
The Company	Rui Yang Optronics Co., Ltd. (Rui Yang)	Energy technology service	70% Note 17	-
The Company	Ri Chu Energy Co., Ltd. (Ri Chu)	Energy technology service	100% Note 18	-
The Company	Lanjing Volt Co., Ltd. (Lanjing)	Energy technology service	100% Note 18	-
The Company	Landian Solar Energy Co., Ltd. (Landian)	Energy technology service	100% Note 18	-

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

<b>Name of investor</b>	<b>Name of subsidiary</b>	<b>Principal activity</b>	<b>Percentage of Ownership</b>	
			<b>December 31, 2023</b>	<b>December 31, 2022</b>
The Company	Li Tong Management Consulting Ltd. (Li Tong)	Energy technology service	100% Note 19	-
The Company	HD Renewable Energy Japan Co., Ltd. (HD Japan)	Energy technology service	100% Note 19	-
SES	Huiju	Energy technology service	100% Note 3	-

Note 1: The Company established Tian Fang, Tian Tai, Tian Jie, Tian Xi, Tian Hui, Tian Yi, Tian Cheng, Tian Dong, Tian Chang, Tian Yong, Tian Hong, Tian Sheng, Tian Yu, Tian Hua, SES, Star Aquaculture, and Ying Fa in 2022; In addition, the Company established Shin Bei, Shin Chen, Shin He, Shin Duo, Shin Ting, and Shin Jian in May 2023.

Note 2: The Company disposed of Fang Deng, Zhong Fang and Ren Hua in March 2022; therefore Fang Deng, Zhong Fang and Ren Hua have not been consolidated entities of the Group since April 2022.

Note 3: The Company acquired 50% and 49% of equity interest in Huiju in May and June 2022, respectively. Huiju became a consolidated entity of the Group after the Company obtained approval from more than half of the director seats in June 2022; The Company acquired the remaining of 1% share from shareholders of Huiju in April 2023, and subsequently sold its 100% of equity interest in Huiju to SES in September 2023. The difference between the disposal price and the book value of the investment of \$1,215 thousand was recognized as an addition of the capital surplus.

Note 4: In December 2021, the Company engaged in capital reduction due to spin-off its investment in DFM and proposed to establish DFC. The Company acquired the remaining 40% of equity interest of the two companies above from shareholders in June 2022. The registrations of capital reduction in the DFM and the spin-off of the DFC were completed on July 13, 2022. The Company disposed all of its equity interest in DFM in September 2022. DFM has not been a consolidated entity of the Group since October 2022.

Note 5: The Company subscribed for the cash capital increase of Aquastar in June 2022 not in proportion to its shareholding, resulting in a reduction of its shareholding from 100% to 10%; therefore Aquastar has not been a consolidated entity of the Group since July 2022.

Note 6: The Company subscribed for the cash capital increase of Ri Fa in August 2022 not in proportion to its shareholding, resulting in a reduction of its shareholding from 100% to 40%; therefore Ri Fa has not been a consolidated entity of the Group since September 2022.

Note 7: The Company subscribed for the cash capital increase of Star Network in September 2022 not in proportion to its shareholding, resulting in a reduction of its shareholding from 100% to 49%; therefore Star Network has not been a consolidated entity of the Group since October 2022.

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

- Note 8: The Company subscribed for the cash capital increase of Star Aquaculture in November 2022 not in proportion to its shareholding, resulting in a reduction of its shareholding from 100% to 90%; The Company subscribed for the cash capital increase of Star Aquaculture in March and September 2023 not in proportion to its shareholding, resulting in increase of its shareholding from from 90% to 97.78% and 97.78% to 98.31%, respectively.
- Note 9: The Company subscribed for the cash capital increase of ESS in December 2022 not in proportion to its shareholding, resulting in a reduction of its shareholding from 100% to 80%.
- Note 10: The Company did not subscribed for the cash capital increase of Yun Deng in December 2022, resulting in a reduction of its shareholding from 100% to 40%; therefore Yun Deng has not been a consolidated entity of the Group since January 2023.
- Note 11: The Company disposed all of its equity interests in He Shuo and Shin De in December 2022; therefore He Shuo and Shin De has have been consolidated entities of the Group since January 2023.
- Note 12: The Company disposed all of its equity interests in Ri Wei in March 2023; therefore Ri Wei has not been consolidated entity of the Group since April 2023.
- Note 13: The Company disposed all of its equity interests in Yunn Deng in April 2023; therefore Yunn Deng has not been consolidated entity of the Group since May 2023.
- Note 14: The Company acquired 100% of equity interest in Ju Wang in May 2023; the Company also acquired all the remaining shares of BESEYE and became 100% owner of BESEYE. Refer to Note 6(7) for details.
- Note 15: The Company disposed all of its equity interests in Wen Deng and Xin Sheng in September 2023; therefore Wen Deng and Xin Sheng have not been consolidated entities of the Group since October 2023.
- Note 16: The Company subscribed for the capital increase of SES in September 2023 not in proportion to its shareholding, resulting in a reduction of its shareholding from 100% to 67.23%.
- Note 17: The Company acquired 70% of equity interest in Rui Yang in September 2023.
- Note 18: The Company acquired 100% of equity interest in Ri Chu, Landian and Lanjing in November 2023.
- Note 19: The Company acquired 100% of equity interest in Li Tong and HD Japan in December 2023.
- C. List of subsidiaries excluded in the consolidated financial statements: None

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

(4) Foreign currencies

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. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting 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. Non-monetary 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 of monetary items are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

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

The assets and liabilities relating to the project contract are classified as current or non-current on the basis of a business cycle (usually one to two years), with the remaining assets and liabilities divided by the following sub-criteria:

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

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within twelve months after the reporting date; or
- D. 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.

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

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

(6) 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.

(7) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A. Financial 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. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) 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 fair value through profit or loss (FVTPL);

- i. It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii. 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 and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

## **HD RENEWABLE ENERGY CO., LTD.AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

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

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

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

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

#### **(c) 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. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

#### **(d) Impairment of financial assets**

The Group recognizes loss allowances for expected credit losses on financial assets at amortized cost, including cash and cash equivalents, receivables, other receivables, refundable deposits and other financial assets, etc., and contract assets.

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

## **HD RENEWABLE ENERGY CO., LTD.AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

The Group considers a financial asset to be in default when the financial asset is more than 360 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 360 days past due;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of assets. The recognition or reversal of the loss allowance is recognized in profit or loss.

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

#### **(e) Derecognition of financial assets**

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



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The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risk and rewards of the transferred asset. In these causes, the transferred assets are not recognized.

**B. Financial liabilities and equity instruments**

**(a) Classification of debt or equity**

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

**(b) 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.

**(c) Preference shares**

The Group's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognized as interest expense in profit or loss as accrued.

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

**(d) Compound financial instruments**

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

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

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

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

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(e) 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.

(f) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

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.

(g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using 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.

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

The cost of inventories transferred from biological assets is its fair value less costs to sell at the date of harvest.

(9) Biological assets

Biological assets are measured at their fair value less cost to sell at the original recognition and subsequent financial reporting dates, except where fair value cannot be reliably measured. Cost to sell represents the incremental cost directly attributable to the disposal of assets, in addition to financial costs and income tax. Gains or losses arising from original recognition and subsequent changes in fair value less cost to sell of biological assets, shall be included in profit or loss in the current period in which they occur. Biological assets whose fair value cannot be reliably measured are measured at their cost less accumulated depreciation and accumulated impairment.

Biological assets are transferred to inventories at their fair value less cost to sell on the harvest date.

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(10) Investment in associates

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

Joint venture is a joint arrangement whereby the Group and other parties agreed to share the control of the arrangement, and The Group has rights to the net assets of the arrangement. Also, unanimous consent from the parties sharing control is required when making decisions for the relevant activities of the arrangement.

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

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

Unrealized gains and losses resulting from transactions between the Group and an associate or joint venture are recognized in the financial statement only to the extent of unrelated Group's interests in the associate and joint venture.

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

(11) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, 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.

B. Subsequent expenditure

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

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C. 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.

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

- (a) Buildings: 50 years
- (b) Machinery and equipment: 3~20 years
- (c) Transportation equipment: 5~8 years
- (d) Office equipment: 3~6 years
- (e) Other equipment: 3~5 years

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

(12) Intangible assets

A. Research and development

Expenditure arising from research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete the development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, capitalized development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

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

B. Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

C. 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 is recognized in profit or loss as incurred.

D. Amortization

The amortized amount of an intangible asset is the cost less its residual value.

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Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives listed below from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Computer software: 1 to 10 years

Power supply contract: 20 years

Core technology: 10 years

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

**(13) Leases**

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

**A. As a lessee**

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

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

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

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

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

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

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- (c) 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
- (d) there is a change of its assessment on whether it will exercise an extension or termination option; or
- (e) there is any lease modification

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

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of dormitory and others that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**B. As a lessor**

Lease income from operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense on the straight-line basis over the lease term.

**(14) Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and 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 from other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

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

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

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

**(15) Provisions**

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

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

The Group is subject to decommissioning obligations related to certain items of property, plant and equipment. Such decommissioning obligations are primarily attributable to clean-up costs, including deconstruction, transportation, module recover and recover costs. The unwinding of the discount based on original discount rate is recognized in profit or loss as interest expense over the periods with corresponding increase in the carrying amounts of the accrued decommissioning costs. The carrying amount of the accruals at the end of the assets' useful lives is the same as the estimated decommissioning costs.

**(16) Employee benefits**

**A. Defined contribution plans**

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

**B. Short-term employee benefits**

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

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(17) Revenue recognition

A. Revenue from contracts with customers

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

(a) Construction contracts

The Group enters into construction contracts to build solar power plants and site development. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. The Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

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

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

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.

(b) Revenue from service rendered

The Group provides advisory and maintenance services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the rendered services to date as a proportion of the total estimated rendered services of the transaction. In cases of fixed price contracts, the customer pays the fixed amount based on a payment schedule.



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(c) Sales of goods

Revenue is recognized when the control over a product has been transferred to the customer. The transfer of control refers to the product has been delivered to and accepted by the customer without remaining performance obligations from the Group. Delivery occurs when the product has been shipped to the specified location and the risk of loss over the product has been transferred to the customer, as well as when the product has been accepted by the customer according to the terms of sales contract, or when the Group has objective evidence that all criteria for acceptance have been satisfied.

(d) Revenue from power generation

Revenue from the sale of electricity is recognized after the transmission of electricity through the power grid and calculated at the rates agreed with Taiwan Power Company.

(e) Revenue from sales of power wheeling

Revenue from sales of power wheeling is recognized after the purchase of electricity is delivered to customers via the grid and is recognized as revenue at the net rate agreed between the electricity purchases and the sales made to customers.

(f) Financing components

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

**B. Contract costs**

(a) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred, regardless of whether the contract was obtained, shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized one year or less.

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(b) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- (i) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- (ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (iii) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(18) 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 of the compensation cost recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense 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.

Grant date of a share-based payment award is the date which the Group and employees reach a consensus in the subscription price and number of shares.

The grant date of options for employees to subscribe new shares for a cash capital injection is the date when the Board of Directors approves the exercise price and the number of shares employees can subscribe.

(19) Income taxes

Income taxes comprise both 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 shall be recognized in profit or loss.

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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. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

- A. 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;
- B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

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.

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

- A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (a) the same taxable entity; or
  - (b) 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.

Temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

**(20) Earnings per share**

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 potential dilutive ordinary shares, such as convertible bonds and employee compensation.

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(21) Business combination

The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(22) Operating segments

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

**5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

The revenue recognition of construction projects

The profit or loss incurred is recognized based on construction stage of a contract completion measured based on the proportion of the contract cost incurred for work performed to date relative to the estimated total contract costs. The Group regularly review the reasonableness of their estimates and are affected by changes in the industrial environment and construction conditions, which may result in changes in the estimated total cost of completion, which in turn affects the amount recognized by the Group's revenue and the Group contractual assets and contractual liabilities at the end of the period. Changes in these estimates might affect the calculation of the percentage of completion and related profits from construction contracts.

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

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

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

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

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(31) for assumptions used in measuring fair value.

#### 6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 1,245	985
Demand deposits	3,982,629	1,962,677
Checking account deposits	870	103
Foreign currency deposits	423	263
	<u>\$ 3,985,167</u>	<u>1,964,028</u>

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Please refer to note 6(31) for the disclosure of credit risk and interest rate risk of the financial assets and liabilities of the financial instruments of the Group.

As of December 31, 2023 and 2022, no cash and cash equivalents were pledged with banks as collaterals.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial liabilities designed at fair value through profit or loss - current:		
Unsecured convertible corporate bonds - call options	\$ <u><u>1,000</u></u>	<u><u>-</u></u>
Financial liabilities designed at fair value through profit or loss - non-current:		
Unsecured convertible corporate bonds - put options	\$ <u><u>6,700</u></u>	<u><u>-</u></u>

Please refer to note 6(16) for the amount measured at fair value through profit and loss.

(3) Financial assets at fair value other comprehensive income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equity investments at fair value through other comprehensive income:		
Unlisted common shares	\$ <u><u>-</u></u>	<u><u>35,000</u></u>

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long term strategic purposes.

Due to operational planning, the Group acquired all the remaining shares of BESEYE and became 100% owner of BESEYE. The Group treated this transaction as a disposal of an investment and transferred its fair value to investments accounted for using the equity method. Therefore, the accumulated unrealized losses on financial assets measured at fair value through other comprehensive income of \$20,589 thousand has been transferred from other equity to retained earnings.

The above mentioned investments in equity instruments designated at fair value through other comprehensive income were not pledged as collateral.

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(4) Notes and accounts receivable, net (including related parties)

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Notes receivable	\$ -	14,490
Accounts receivable	114,227	22,088
Accounts receivable from related parties	21,530	16,296
Less: Loss allowance	(647)	(647)
	<b><u>\$ 135,110</u></b>	<b><u>52,227</u></b>

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

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 132,687	0.00%	-
1 to 30 days past due	2,423	0.00%	-
	<b><u>\$ 135,110</u></b>		<b><u>-</u></b>

  

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 40,015	0.00%	-
1 to 30 days past due	12,212	0.00%	-
	<b><u>\$ 52,227</u></b>		<b><u>-</u></b>

In addition, there was objective evidence indicating that, under reasonable expectation, some of the notes and accounts receivable would not be recovered in total; therefore the loss allowance recognized by the Group for the years ended December 31, 2023 and 2022 were both \$647 thousand.

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The movements in the allowance for notes and accounts receivable for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1 (Balance at December 31)	<b>\$ 647</b>	<b>647</b>

As of December 31, 2023 and 2022, the notes and accounts receivable of the Group were not pledged as collateral.

(5) Inventories

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Module pending for construction	\$ 124,329	85,497
Power cables pending for construction	33,344	56,373
Steel structure pending for construction	130,732	14,582
Raw materials and merchandise inventory	13,422	40,223
Agricultural products and work in progress	5,638	-
	<b>\$ 307,465</b>	<b>196,675</b>

For the year ended December 31, 2023 and 2022, the cost of inventory recognized as the cost of goods sold and expenses amounted to \$4,331,600 thousand and \$3,718,799 thousand, respectively. During the year ended December 31, 2023, the reversal of write-down of inventories amounted to \$109 thousand. During the year ended December 31, 2022, the write-down of inventories amounted to \$392 thousand. The write-down and reversal amounts are included in cost of goods sold.

As of December 31, 2023 and 2022, the inventories of the Group were not pledged as collateral.

(6) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the report date is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Associates	\$ 140,238	78,642
Joint ventures	351,084	699,934
Less: Unrealized gains from inter-company transactions	(313,681)	(248,819)
	<b>\$ 177,641</b>	<b>529,757</b>



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A. Associates

Name of Associates	Business Activity	Main operating location/ Registered Country of the Company	December 31, 2023		December 31, 2022	
			Amount	Percentage %	Amount	Percentage %
Ri Qing Green Co., Ltd. (Ri Qing)	Energy technology service	Taiwan ROC	3,020	34	3,043	34
Ri Fa Green Co., Ltd. (Ri Fa)	Energy technology service	Taiwan ROC	63,685	40	55,799	40
Yun Deng Green Co., Ltd. (Yun Deng)	Energy technology service	Taiwan ROC	33,737	40	19,800	40
Stellar Energy Technology Inc. (Stellar)	Energy technology service	Taiwan ROC	39,796	30	-	-
			<u>\$ 140,238</u>		<u>78,642</u>	

The Group acquired 30% shares of Stellar for \$36,000 thousand in cash, resulting in the Group to have significant influence over Stellar.

Ri Fa engaged in the cash capital increase in August 2022, and the Group invested \$47,300 thousand, but the Group did not subscribe in proportion to its shareholding, resulting in the reduction of shareholding ratio from 100% to 40%, thereby losing control over Ri Fa. The shareholding previously held was deemed to be a disposal of investment. The gain on disposal was \$60 thousand. At the same time, the Group's 40% of equity interest in Ri Fa was transferred to investment accounted for under equity method at a loss of control fair value, amounting to \$47,960 thousand.

Yun Deng engaged in the cash capital increase in December 2022, but the Group did not subscribe in proportion to its shareholding and make a disposal of \$8,000 thousand, resulting in the reduction of shareholding ratio from 100% to 40%, thereby losing control over Yun Deng. The shareholding previously held was deemed to be a disposal of investment. The gain on disposal was \$219 thousand. At the same time, the Group's 40% of equity interest in Yun Deng was transferred to investment accounted for under equity method at a loss of control fair value, amounting to \$19,854 thousand.

The liquidations of Ri Jie Green Co., Ltd. and Ri Da Green Co., Ltd. were completed in August 2022, with the recovered investment amounting to \$532 thousand. The remaining was recognized as losses on disposals of investments amounting to \$661 thousand, and recognized in the statement of comprehensive income.

The Group disposed its entire equity interest in AcTek Energy Co., Ltd. (AcTek) in December 2022. The disposal price was \$68,000 thousand and the gain on disposal was \$591 thousand, which was recognized in the other comprehensive income.

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The Group holds 30% to 40% of the voting rights in associates for the years ended December 31, 2023 and 2022. The remaining shares are concentrated within certain shareholders and the Group was not able to obtain more than half of the total number of directors of these associates, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group does not have de facto influence on these associates.

The Group's consolidated financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	<u>2023</u>	<u>2022</u>
Attributable to the Group:		
Net income (loss)	\$ <u>11,687</u>	<u>(817)</u>

**B. Joint ventures**

<u>Name of Investor</u>	<u>Business Activity</u>	<u>Main operating location/ Registered Country of the Company</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
			<u>Amount</u>	<u>Percentage %</u>	<u>Amount</u>	<u>Percentage %</u>
Star Power Energy Corporation (Star Power)	Energy technology service	Taiwan ROC	292,508	20	261,000	20
Aquastar Energy Co., Ltd. (Aquastar)	Energy technology service	Taiwan ROC	58,576	10	59,951	10
Star Network Data Co., Ltd. (Star Network)	Energy technology service	Taiwan ROC	-	-	378,883	49
			<u>\$ 351,084</u>		<u>699,834</u>	

The Group acquired the remaining 60% equity interest from the other shareholders of Ri Yun Green Co., Ltd ("Ri Yun") on June 17, 2022, at a total investment price of \$96,600 thousand, resulting in an increase in the Company's shareholding ratio from 40% to 100%, and a change in ownership that offset retained earnings amounting to \$(748) thousand. The Group sold all of its shares of Ri Yun to the Company's related party, Aquastar at a disposal price of \$161,000 thousand and recognized gain on disposal of investment of \$1,247 thousand on June 29, 2022.

The Group acquired 49% of shares in Ankang Data Co., Ltd. ("Ankang") in August 2022 at \$107,800 thousand. The joint venture of Ankang was involved in the cash capital increase of the Company's subsidiary, Star Network, and acquired 51% of shares in Star Network in September 2022. As a result of the operational strategy, both parties reached an agreement for Star Network to acquire all the shares in Ankang. Thus, the Group disposed all its equity interest in Ankang to Star Network at the book value of \$107,772 thousand.

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The Group subscribed for the cash capital increase of Star Network in September 2022, at \$107,700 thousand. However, the Group did not subscribe in proportion to its shareholding, resulting in the reduction of its shareholding ratio from 100% to 49%, thereby losing control over Star Network. The shareholding previously held was deemed to be a disposal of investment and the gain of disposal was \$14 thousand. At the same time, the Group's 49% of equity interest in Star Network was transferred to investments accounted for using the equity method, at the loss of control fair value of \$107,787 thousand. In addition, the Group subscribed the capital increase of Star Network amounting to \$205,800 thousand and \$65,303 thousand in October and November 2022, respectively.

Ankang, a subsidiary of Star Network planned to collaborate with other companies on the construction of the data center. Nevertheless, the planning concept did not align with the expectations of the Group and other companies were anticipating to establish new partnership. Therefore, the refund of the Group's capital increase in Star Network amounting to \$373,870 thousand was processed by Ankang and transferred the refund amount to Star Network. Subsequently, Star Network refunded the amount to the Group in year 2023.

The liquidation of Star Network was completed in May 2023, with the recovered investment and losses on disposals of investment amounting to \$4,967 thousand and \$1 thousand, respectively.

The consolidated financial information of significant joint ventures were as follows:

The summary of financial information of Star Power:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current assets	\$ 137,722	158,898
Non-current assets	1,397,714	1,221,430
Current liabilities	(7,450)	(50,348)
Non-current liabilities	(65,448)	(24,482)
Net assets	<u><u>\$ 1,462,538</u></u>	<u><u>1,305,498</u></u>
Net assets attributable to non-controlling interests	<u><u>\$ 1,170,030</u></u>	<u><u>1,044,398</u></u>
Net assets attributable to the owner of the investee	<u><u>\$ 292,508</u></u>	<u><u>261,000</u></u>
	<b>For the years ended December 31,</b>	<b>2022</b>
	<b>2023</b>	<b>2022</b>
Operating revenue	<u><u>\$ 6,942</u></u>	<u><u>2,148</u></u>
Profit	\$ 87,498	44,953
Other comprehensive income (loss)	-	-
Total comprehensive income	<u><u>\$ 87,498</u></u>	<u><u>44,953</u></u>
Comprehensive income attributable to non-controlling interests	<u><u>\$ 69,998</u></u>	<u><u>35,962</u></u>
Comprehensive income attributable to owner of the investee	<u><u>\$ 17,500</u></u>	<u><u>8,991</u></u>

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	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Share of net assets of joint venture as of January 1	\$ 261,100	201,090
Individual acquisition	22,000	52,000
Dividends received during the period	(8,092)	(981)
Comprehensive income attributable to the Group	17,500	8,991
Share of net assets of joint venture as of December 31	292,508	261,100
Carrying amounts of interests in joint venture as of December 31	<b>\$ 292,508</b>	<b>261,100</b>

The Group's financial information for investments accounted for using equity method that charges are individually insignificant was as follows:

	<b>2023</b>	<b>2022</b>
Attributable to the Group		
Loss	<b>\$ (1,420)</b>	<b>(92)</b>

As of December 31, 2023 and 2022, the investments accounted for using equity method were not pledged as collateral.

**C. Prepayments for investments**

The Group paid an investment of \$20,000 thousand in the acquisition of Apollo Aquatic Product Co., Ltd. ("Apollo Aquatic") in year 2020. After receiving the permission on this proposal from both parties, the Group will make application to competent authority for the approval of the legal transfer of Apollo Aquatic. However, both parties have terminated their co-operation and the invested funds have been fully recovered in June 29, 2022.

**(7) Loss control or acquisition of subsidiaries**

**A. Acquisition of subsidiaries**

The Group acquired all the remaining shares of BESEYE from other shareholders in May 2023, at investment amount of \$85,589 thousand, resulting in an increase in the shareholding ratio from 14.41% to 100%. Please refer to note 6(3) for details.

The Group acquired 100% of equity interest in Ju Wang in May 2023, at investment amount of \$24,400 thousand. The Group further increased its investment in Ju Wang in May and July 2023, the investments amounting to \$13,600 thousand and \$12,000 thousand, respectively.

The Group acquired 70% of equity interest in Rui Yang in September 2023, at investment amount of \$196,000 thousand. The gain on bargain purchase from this acquisition was \$555 thousand.

The Group acquired 100% of equity interest in Ri Chu, Lanjing and Landian in November 2023, at investment amount of \$42,674 thousand. In addition, the Group increased in investment in Ri Chu in December 2023, at investment amount of \$58,000 thousand.

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The Group acquired 100% equity interest in Li Tong and HD Japan in December 2023, at investment amount of \$1,086 thousand. At the same time, the Group increased its investment in Li Tong and HD Japan in December 2023, at investment amount of \$41,000 thousand and \$43,342 thousand, respectively.

The Group acquired 100% equity interest in NFC I and II Green C Ltd. ("NFC") in January 2022, at investment amount of \$100 thousand.

The Group acquired 100% equity interest in Ri Fu in July 2022, at investment amount of \$100 thousand. At the same time, the Group increased its investment in Ri Fu in July 2022, at investment amount of \$2,500 thousand.

For business purposes, the Group acquired a total of 99% equity interest in Huiju at a cash consideration of \$5,100 thousand and \$4,998 thousand in May and June 2022, respectively, and the remaining 60% equity interest in Ri Yun at a cash consideration of \$96,600 thousand in June 2022.

The following table summarises the fair value of identifiable assets acquired on the above acquisition date and liabilities assumed recognized at the acquisition date:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 297,677	4,146
Notes and accounts receivable, net	3,581	46,628
Other receivables due from related parties	-	11,959
Inventories	985	-
Other current assets	4,395	40,857
Property, plant and equipment	64,899	37,163
Intangible assets	62,513	1,106
Deferred tax assets	6,255	-
Other non-current assets	37,414	121,574
Notes and accounts payables	(55)	(70)
Other payables to related parties	-	(80,955)
Short-term borrowings	(16,500)	(2,440)
Other current liabilities	(9,280)	(2,516)
Long-term borrowings (including current portion)	(2,931)	-
Long-term notes payable (including current portion)	-	(7,482)
Non-controlling interests	(84,238)	(90)
	<u><u>\$ 364,715</u></u>	<u><u>169,880</u></u>

The Company subscribed for the cash capital increase of Star Aquaculture in March and September 2023 not in proportion to its shareholding, at investment amount of \$35,000 thousand and \$14,000 thousand, respectively. The shareholding ratio increased from 90% to 97.78% in March 2023 and 97.78% to 98.31% in September 2023. The changes in ownership resulted in an offset of capital surplus of \$(252) thousand and offset of retained earnings of \$(50) thousand.

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The Group acquired the remaining of 1% share from shareholders of Huiju in April 2023, at investment amount of \$1,340. The change in ownership resulted in an offset of retained earnings of \$(26) thousand.

The Group subscribed for the cash capital increase of SES in September 2023 not in proportion to its shareholding, at investment amount of \$398,980 thousand, resulting in a reduction of its shareholding ratio from 100% to 67.23%. The change in ownership resulted in the recognition of a capital surplus amounting to \$50 thousand.

The Group acquired 40% equity interest in DFM from other shareholders in June 2022, at investment amount of \$2,000 thousand, resulting in an increase in its shareholding ratio from 60% to 100%. The change in ownership resulted in an offset of retained earnings of \$(2,467) thousand.

The Group subscribed for the cash capital increase of Star Aquaculture in November 2022 not in proportion to its shareholding, at investment amount of \$9,000 thousand, which reduced its shareholding ratio from 100% to 90%. The change in ownership resulted in the recognition of capital surplus of \$95 thousand.

The Group subscribed for the cash capital increase of ESS in December 2022 not in proportion to its shareholding, at investment amount of \$159,900 thousand, which reduced its shareholding ratio from 100% to 80%. The change in ownership resulted in the recognition of capital surplus of \$107 thousand.

**B. Loss control of subsidiaries**

The Group had sold all of its shares in Ri Wei to its related party, Star Power with a consideration of \$26,450 thousand in March 2023. The unrealized construction profit of \$7,625 has been realized, resulting in an increase in book value of the long term investment to \$27,101 thousand, and recognized loss on disposal of investment of \$651 thousand.

The Group had sold all of its shares in Yunn Deng to its related party, Aquastar with a consideration of \$15,000 thousand in April 2023, and recognized a gain on disposal of \$840 thousand.

The Group had sold all of its shares in Wen Deng and Xin Sheng to its related party, Aquastar with a consideration of \$5,000 thousand in September 2023, and recognized a gain on disposal of \$2,061 thousand.

The Group had sold all of its shares in Ren Hua, Zhong Fang and Fang Deng in March 2022, and all of its shares in DFM in September 2022, to its related party, Star Power with a total consideration of \$14,690 thousand, and no gain or loss on disposal to be recognized.

The Group had sold all of its shares in NFC in March 2022, and all of its shares in He Shuo and Shin De in December 2022, to third party with a total consideration of \$91,751 thousand, and recognized a gain on disposal of \$367 thousand.

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The Group subscribed for the cash capital increase of Aquastar in June 2022 not in proportion to its shareholding, which reduced its shareholding ratio from 100% to 10%. The shareholding previously held was deemed to be a disposal of investment. The fair value at the date of disposal was \$76 thousand and no gain or loss on disposal to be recognized. The change in ownership resulted in an offset of retained earnings of \$20 thousand.

The Group had sold all of its shares in Ri Yun to its related party, Aquastar with a consideration of \$161,000 thousand in June 2022, and recognized a gain on disposal of \$1,247 thousand in the statement of comprehensive income.

The Group subscribed for the cash capital increase of Ri Fa in August 2022 not in proportion to its shareholding, which reduced its shareholding ratio from 100% to 40%. The shareholding previously held was deemed to be a disposal of investment. The fair value at the date of disposal was \$47,960 thousand and recognized a gain on disposal of \$60 thousand.

The Group subscribed for the cash capital increase of Star Network in September 2022 not in proportion to its shareholding, which reduced its shareholding ratio from 100% to 49%. The shareholding previously held was deemed to be a disposal of investment. The fair value at the date of disposal was \$107,787 thousand and recognized a gain on disposal of \$14 thousand.

The Group subscribed for the cash capital increase of Yun Deng in December 2022 not in proportion to its shareholding, which reduced its shareholding ratio from 100% to 40%. The shareholding previously held was deemed to be a disposal of investment. The fair value at the date of disposal was \$19,854 thousand and recognized a gain on disposal of \$219 thousand. The investment amount has been transferred to investments accounted for using equity method.

The above gain on disposal is recognized under statement of comprehensive income.

The total carrying amount of assets and liabilities of the above-mentioned disposed subsidiaries was as follow:

	<u>2023</u>	<u>2023</u>
Cash and cash equivalents	\$ 24,326	11,129
Accounts receivable	824	-
Other receivables from related parties	6,009	11,959
Other current assets	2,980	5,506
Intangible assets	-	60
Property, plant and equipment	62,597	182,614
Right-of-use assets	3,479	3,692
Refundable deposits	13,225	12,130
Deferred tax assets	-	1,000
Other non-current assets	-	117,025
Notes and accounts payable to related parties	(45,232)	(42,482)
Other current liabilities	(11,803)	(3,853)
Long-term borrowings (including current portion)	(15,127)	-
Lease liabilities-current and non-current	(3,547)	(3,757)
Other non-current liabilities	(1,156)	(814)
	<u>\$ 36,575</u>	<u>294,209</u>

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(8) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests December 31, 2023</u>
SES	Taiwan	32.77 %

SES and its subsidiaries's collective financial information:

	<u>December 31, 2023</u>
Current assets	\$ 1,467,689
Non-current assets	961,422
Current liabilities	(295,207)
Non-current liabilities	(1,558,498)
Net assets	<u>\$ 575,406</u>
Non-controlling interests	<u>\$ 188,578</u>
	<u>2023</u>
Sales revenue	<u>\$ 224</u>
Net loss	\$ (15,852)
Other comprehensive income	-
Comprehensive income	<u>\$ (15,852)</u>
Net loss attributable to non-controlling interests	<u>\$ (5,157)</u>
Comprehensive income attributable to non-controlling interests	<u>\$ (5,157)</u>
Cash flows from operations activities	\$ (44,470)
Cash flows from investing activities	(736,781)
Cash flows from financing activities	2,193,573
Net increase in cash and cash equivalents	<u>\$ 1,412,322</u>



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### (9) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group were as follows:

		Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Costs:									
Balance at January 1, 2023	\$	134,554	76,758	253,517	27,515	47,359	17,149	187,712	744,564
Additions		287,500	114,530	22,640	3,971	54,496	36,561	1,016,332	1,536,030
Acquisition through business combination		-	-	-	-	41	395	64,463	64,899
Disposal		-	-	(9,632)	-	(877)	(155)	(8,863)	(19,527)
Reclassification		-	-	5,462	-	1,456	3,655	(118,892)	(108,319)
Amount transferred out from subsidiaries of the Group		-	-	(62,481)	-	-	-	(5,795)	(68,276)
Balance at December 31, 2023	\$	<u>422,054</u>	<u>191,288</u>	<u>209,506</u>	<u>31,486</u>	<u>102,475</u>	<u>57,605</u>	<u>1,134,957</u>	<u>2,149,371</u>
Balance at January 1, 2022	\$	-	-	120,903	27,059	19,498	5,999	124,868	298,327
Additions		134,342	76,758	110,350	839	9,528	11,943	253,312	597,072
Acquisition through business combination		-	-	9,632	-	-	-	27,531	37,163
Disposal		-	-	-	(383)	-	(82)	(2,255)	(2,720)
Reclassification		212	-	56,009	-	18,333	(711)	(75,952)	(2,109)
Amount transferred out from subsidiaries of the Group		-	-	(43,377)	-	-	-	(139,792)	(183,169)
Balance at December 31, 2022	\$	<u>134,554</u>	<u>76,758</u>	<u>253,517</u>	<u>27,515</u>	<u>47,359</u>	<u>17,149</u>	<u>187,712</u>	<u>744,564</u>
Depreciation:									
Balance at January 1, 2023	\$	-	847	21,049	13,061	11,384	5,640	-	51,981
Depreciation for the year		-	1,799	13,241	5,879	14,142	7,869	-	42,930
Disposal		-	-	(750)	-	(878)	(143)	-	(1,771)
Amount transferred out from subsidiaries of the Group		-	-	(5,679)	-	-	-	-	(5,679)
Balance at December 31, 2023		<u>-</u>	<u>2,646</u>	<u>27,861</u>	<u>18,940</u>	<u>24,648</u>	<u>13,366</u>	<u>-</u>	<u>87,461</u>
Balance at January 1, 2022	\$	-	-	11,712	7,857	5,961	2,726	-	28,256
Depreciation for the year		-	847	9,892	5,366	5,423	2,996	-	24,524
Disposal		-	-	-	(162)	-	(82)	-	(244)
Amount transferred out from subsidiaries of the Group		-	-	(555)	-	-	-	-	(555)
Balance at December 31, 2022	\$	<u>-</u>	<u>847</u>	<u>21,049</u>	<u>13,061</u>	<u>11,384</u>	<u>5,640</u>	<u>-</u>	<u>51,981</u>
Carrying amounts:									
Balance at December 31, 2023	\$	<u>422,054</u>	<u>188,642</u>	<u>181,645</u>	<u>12,546</u>	<u>77,827</u>	<u>44,239</u>	<u>1,134,957</u>	<u>2,061,910</u>
Balance at December 31, 2022	\$	<u>134,554</u>	<u>75,911</u>	<u>232,468</u>	<u>14,454</u>	<u>35,975</u>	<u>11,509</u>	<u>187,712</u>	<u>692,583</u>
Balance at January 1, 2022	\$	<u>-</u>	<u>-</u>	<u>109,191</u>	<u>19,202</u>	<u>13,537</u>	<u>3,273</u>	<u>124,868</u>	<u>270,071</u>

During the year 2023 and 2022, \$2,082 thousand and \$90 thousand out of the depreciation amount have been transferred to biological assets.

In November 2023, the Company entered into a contract to acquire an office building in Taichung. The purchase price (before tax) of the office building was \$26,046 thousand. The registration of ownership was completed in November 2023 and the above payment had been fully paid in November 2023.

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In August 2023, the Company entered into a contract to acquire plant and land in Tainan for the Group's operational development purposes. This proposal has been reported to the Board of Directors in August 2023. The purchase price (net of tax) of the land and plant were \$268,000 thousand and \$88,483 thousand, respectively. The registration of ownership was completed in October 2023 and the above payment had been fully paid in November 2023.

In March 2022, the Company entered into a contract to acquire office building in Taichung for the Group's operational development purposes. This proposal has been reported to the Board of Directors in May 2022. The purchase price (net of tax) of the land and office building were \$35,420 thousand and \$68,370 thousand, respectively. The registration of ownership was completed in June 2022 and the above payment had been fully paid in June 2022.

The Group acquired a piece of land with a cost of \$9,762 thousand in Hualien on June 30, 2022. However, this land cannot be registered under the name of the Group due to the current legal restrictions. In order to protect the Group's rights to this land, the Group had held the land ownership certificate and signed a deed of trust with those individuals, under the ownership certificate, in which they are obliged to surrender their rights to the Group. Please refer to note 7(2) for further explanation.

In July 2022, the Company entered into a contract to acquire part of the land in Xinsheng Section of Cigu District, Tainan City for the future development and construction of the Group's project purposes. The purchase price of the land was \$44,482 thousand. The registration of ownership was completed in July 2022 and the above payment had been fully paid in July 2022.

In August 2022, the Company entered into a contract to acquire office building in Penghu for business development office purposes. The purchase price (before tax) of the land and office building were \$44,890 thousand and \$8,295 thousand and the purchases were paid in full.

With the intention of constructing a energy storage project, the Group entered into the contracts with two manufacturers in November and December 2022 to acquire energy storage cabinets, PCS and energy management systems for electrical and civil engineering works for the construction of power grids and high voltage energy storage systems. The total contract price is \$4,109,456 thousand (before tax). The costs incurred up to December 31, 2023 totaled \$242,500 thousand and are accounted for as construction in progress.

The following table summarized the Group's capitalized borrowing costs and the interest rate range applied for the capitalization:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Capitalized borrowing costs	\$ <u><u>5,974</u></u>	<u><u>-</u></u>
Range of interest rates	<b>1.36%~ 2.90%</b>	<b>-</b>

As of December 31, 2023 and 2022, the property, plant, and equipment were pledged as collateral. Please refer to note 8.

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(10) Right-of-use assets

The Group leases many assets such as land, buildings and transportation equipment. Costs and accumulated depreciation movement about leases for which the Group as a lessee is presented below:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Software platform</u>	<u>Others</u>	<u>Total</u>
Cost:						
Balance at January 1, 2023	\$ 10,452	49,686	15,926	10,332	-	86,396
Additions	36,637	43,161	9,328	-	2,676	91,802
Disposal	-	(2,162)	(3,617)	-	-	(5,779)
Amount transferred out from subsidiaries of the Group	(3,895)	-	-	-	-	(3,895)
Balance at December 31, 2023	<u>\$ 43,194</u>	<u>90,685</u>	<u>21,637</u>	<u>10,332</u>	<u>2,676</u>	<u>168,524</u>
Balance at January 1, 2022	\$ 7,975	20,693	5,142	-	-	33,810
Additions	6,557	30,112	10,784	10,332	-	57,785
Disposal	-	(1,119)	-	-	-	(1,119)
Amount transferred out from subsidiaries of the Group	(4,080)	-	-	-	-	(4,080)
Balance at December 31, 2022	<u>\$ 10,452</u>	<u>49,686</u>	<u>15,926</u>	<u>10,332</u>	<u>-</u>	<u>86,396</u>
Depreciation:						
Balance at January 1, 2023	\$ 698	10,982	6,202	1,722	-	19,604
Depreciation for the year	1,104	12,518	5,915	5,166	317	25,020
Disposal	-	(2,162)	(3,617)	-	-	(5,779)
Amount transferred out from subsidiaries of the Group	(416)	-	-	-	-	(416)
Balance at December 31, 2023	<u>\$ 1,386</u>	<u>21,338</u>	<u>8,500</u>	<u>6,888</u>	<u>317</u>	<u>38,429</u>
Balance at January 1, 2022	\$ 410	5,801	3,301	-	-	9,512
Depreciation for the year	676	5,927	2,901	1,722	-	11,226
Disposal	-	(746)	-	-	-	(746)
Amount transferred out from subsidiaries of the Group	(388)	-	-	-	-	(388)
Balance at December 31, 2022	<u>\$ 698</u>	<u>10,982</u>	<u>6,202</u>	<u>1,722</u>	<u>-</u>	<u>19,604</u>
Carrying amounts:						
Balance at December 31, 2023	<u>\$ 41,808</u>	<u>69,347</u>	<u>13,137</u>	<u>3,444</u>	<u>2,359</u>	<u>130,095</u>
Balance at December 31, 2022	<u>\$ 9,754</u>	<u>38,704</u>	<u>9,724</u>	<u>8,610</u>	<u>-</u>	<u>66,792</u>
Balance at January 1, 2022	<u>\$ 7,565</u>	<u>14,892</u>	<u>1,841</u>	<u>-</u>	<u>-</u>	<u>24,298</u>

As of December 31, 2023 and 2022, there was no right-of-use assets pledged as collateral.

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(11) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2023 and 2022 were as follows:

	<b>Computer software</b>	<b>Power supply contract</b>	<b>Core technology</b>	<b>Other</b>	<b>Total</b>
Cost:					
Balance at January 1, 2023	\$ 27,927	30,031	-	-	57,958
Additions	13,278	-	-	260	13,538
Disposals	(120)	(28,985)	-	-	(29,105)
Acquisition through business combination	-	865	61,427	221	62,513
Balance at December 31, 2023	<u>\$ 41,085</u>	<u>1,911</u>	<u>61,427</u>	<u>481</u>	<u>104,904</u>
Balance at January 1, 2022	\$ 8,339	28,985	-	-	37,324
Additions	19,637	-	-	-	19,637
Amount transferred out from subsidiaries of the Group	(49)	(60)	-	-	(109)
Acquisition through business combination	-	1,106	-	-	1,106
Balance at December 31, 2022	<u>\$ 27,927</u>	<u>30,031</u>	<u>-</u>	<u>-</u>	<u>57,958</u>
Amortization:					
Balance at January 1, 2023	\$ 5,959	28,985	-	-	34,944
Amortization	9,204	-	3,105	82	12,391
Disposals	(40)	(28,985)	-	-	(29,025)
Balance at December 31, 2023	<u>\$ 15,123</u>	<u>-</u>	<u>3,105</u>	<u>82</u>	<u>18,310</u>
Balance at January 1, 2022	\$ 2,461	-	-	-	2,461
Amortization	3,547	-	-	-	3,547
Impairment loss	-	28,985	-	-	28,985
Amount transferred out from subsidiaries of the Group	(49)	-	-	-	(49)
Balance at December 31, 2022	<u>\$ 5,959</u>	<u>28,985</u>	<u>-</u>	<u>-</u>	<u>34,944</u>
Carrying amounts:					
Balance at December 31, 2023	<u>\$ 25,962</u>	<u>1,911</u>	<u>58,322</u>	<u>399</u>	<u>86,594</u>
Balance at December 31, 2022	<u>\$ 21,968</u>	<u>1,046</u>	<u>-</u>	<u>-</u>	<u>23,014</u>
Balance at January 1, 2022	<u>\$ 5,878</u>	<u>28,985</u>	<u>-</u>	<u>-</u>	<u>34,863</u>

An intangible asset - power supply contract of \$28,985 thousand was arising from the acquisition of Xiang Heng Green Energy Co., Ltd. ("Xiang Heng") (previously known as Yuan Chuang Green Energy Co., Ltd.) in March 2020. This power supply contract was mainly attributable to the fact that Xiang Heng own the right to a fishery and electricity symbiosis plant. Although its electricity preparation permit has been renewed, the Group assessed that this project would not be completed in time. Therefore, full impairment loss was recognized by the Group for the year ended December 31, 2022.

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As of December 31, 2023 and 2022, the intangible assets of the Group were not pledged as collateral.

(12) Other current assets and other non-current assets

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Prepayments for projects	\$ 712,523	1,029,928
Guarantee deposits paid	452,118	177,456
Restricted deposits— non-current (note 8)	267,056	285,638
Input tax and tax overpaid retained for offsetting the future tax payable	127,372	11,913
Purchase discount receivables	124,084	-
Prepayments for software development fees	50,560	19,027
Prepayments for equipment and land purchases	26,289	16,781
Others	52,358	38,256
Less: classified as other current assets	1,812,360	1,578,999
Other non-current assets	(1,093,758)	(1,278,291)
	<b>\$ 718,602</b>	<b>300,708</b>

(13) Short-term borrowings

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Unsecured bank loans	\$ 924,642	185,000
Secured bank loans	199,569	81,230
Letters of credit	-	21,441
	<b>\$ 1,124,211</b>	<b>287,671</b>
Range of interest rates at the year end	<b>2.40%~2.89%</b>	<b>2.20%~2.60%</b>

The short-term secured bank borrowings as of December 31, 2023 and 2022 were guaranteed by credit guarantee fund and as loans for materials purchases.

Please refer to note 6(31) for the disclosure of interest risk and liquidity risk.

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(14) Short-term notes and bills payable

<b>December 31, 2023</b>			
	<b>Guarantee or acceptance institution</b>	<b>Range of interest rate (%)</b>	<b>Amount</b>
Commercial papers payable	Mega Bills	1.83%~2.01%	\$ 106,400
	China Bills	1.36%	118,000
	Dah Chung Bills	2.03%	50,000
	International Bills	1.91%	101,900
	Taiwan Cooperative Bills	1.70%	25,500
Less: discount			(928)
Total			<u><u>\$ 400,872</u></u>

<b>December 31, 2022</b>			
	<b>Guarantee or acceptance institution</b>	<b>Range of interest rate (%)</b>	<b>Amount</b>
Commercial paper payable	Mega Bills	2.01%	\$ 30,000
Less: discount			(68)
Total			<u><u>\$ 29,932</u></u>

As of December 31, 2023 and 2022, there was no short-term notes and bills payable pledged as collateral.

Please refer to note 6(31) for the disclosure of liquidity risk and interest risk.

For the Huiju's short-term notes and bills payable of \$271,032 thousand as of December 31, 2023, please refer to note 6(15) for details of endorsement and provision of guarantee.

(15) Long-term borrowings

	<b>Loan period</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Taichung Bank, etc. Syndicated Loans	2023.11~2025.11	\$ 425,100	-
Secured bank loans	2018.12~2042.06	455,883	150,939
Unsecured bank loans	2018.12~ 2042.06	41,145	47,710
		922,128	198,649
Less: current portion		(36,683)	(13,543)
Total		<u><u>\$ 885,445</u></u>	<u><u>185,106</u></u>
Range of interest rates at the year end		<b>2.25%~3.00%</b>	<b>2.18%~2.58%</b>

Please refer to note 6(31) for the disclosure of liquidity risk and interest risk. Refer to note 8 for assets pledged as collateral to secure the aforementioned long-term borrowings.

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Huiju has signed a joint credit agreement with nine financial institutions, including Taichung Commercial Bank, as of December 31, 2023. The total amount of the line of credit was \$4,100,000 thousand, comprising \$1,600,000 thousand in commercial papers and \$2,500,000 thousand in bank loans. It was endorsed and guaranteed by SES, and SES has additionally provided the shares of Huiju as collateral. SES will also furnish the energy storage facility and its ancillary equipment as collateral to the financial institutions upon the completion of the aforementioned facility and equipment. In addition, the Company provided a sum of \$330,000 thousand for endorsement and guarantee, and committed to hold not less than 51% of the shares of Huiju.

As per the terms of the loan agreement, Huiju is required to maintain a specific financial ratio, such as the interest coverage rate, throughout the loan duration by referring to the annual audited financial statements. There was no default on the loan as of December 31, 2023.

(16) Bonds payable

The details of unsecured convertible bonds were as follows:

	<b>December 31, 2023</b>
Total convertible corporate bonds issued	\$ 1,000,000
Unamortized discounted corporate bonds payable	(126,417)
Corporate bonds issued balance at year-end	<u>\$ 873,583</u>
Embedded derivative - call options included in financial assets at fair value through profit or loss	<u>\$ 1,000</u>
Embedded derivative - call options included in financial liabilities at fair value through profit or loss	<u>\$ 6,700</u>
Equity component - conversion options, included in capital surplus - stock options	<u>\$ 128,013</u>
	<b>2023</b>
Embedded derivative instruments – call and put rights, included in financial assets (liabilities) at fair value through profit or loss	<u>\$ 3,168</u>
Interest expense	<u>\$ 10,668</u>

The Company issued 10,000 unsecured 3-year zero coupon convertible bonds in Taiwan on September 26, 2023, which totaled \$1,000,000 thousand. The bonds were issued at 100.5%, which totaled \$1,005,000 thousand, with the effective interest rate of 4.925%.

The conversion price was set at \$120 at the time of issue. When the Company's ordinary shares qualify for conversion price adjustment in accordance to the terms of issue, such adjustment will be made based on a formula in accordance with the terms of issue.

From the day following the 3 months after the bond has been issued (December 29, 2023) until the maturity date (August 19, 2026), if the closing price of the Company's ordinary shares listed on the stock exchange exceeds or equals 30% of the conversion price for 30 consecutive days, or if the outstanding of the bonds is less than or equals 10% of the face value, then the Company will redeem the bonds in cash from the bondholders at face value within 5 business days from the base date.

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After 2 years from the issue date (September 26, 2024), the bondholders will be able to redeem the bonds at 102.01% of the face value in cash. The Company shall reimburse the bondholders in cash within a period of 5 business day from the base date.

(17) Preference share liabilities

	December 31, 2023
Preference share liabilities	\$ 1,105,000
Interest payable on preference share liabilities	<u>20,729</u>
	<u><u>\$ 1,125,729</u></u>

The subsidiary of the Company, SES, issued 110,500 thousand Class A Preference Shares as approved at the board meeting on June 13, 2023. The preference shares were issued at \$10 per share, which totaled \$1,105,000 thousand. This raising of capital has been completed on September 1, 2023, and recognized as preference share liabilities.

The preference shares issued by SES bear the following rights and obligations:

- A. The preference shares pay dividends at 6.2% per annum, which is calculated pursuant to issue price per share. The dividends will be distributed once per year in cash. The Board of Directors or the Chairman of the Board shall be authorized to set the payment date for the distribution of the payable preference share dividends for the previous year. Dividend distribution for the years of issuance and redemption shall be calculated pursuant to actual issued days of the given year.
- B. Dividends will be paid to the preference shareholders before the dividends distributed to the ordinary shareholders are paid out.
- C. SES has discretion over the dividend distribution of preference shares. The Board may decide not to distribute dividends of preference shares if there are no earnings in a fiscal year or the earnings are insufficient to distribute dividends of preference shares. The cancellation of dividend payment shall not constitute an event of default. The preference shares are cumulative, and the preference shareholders have the right to claim any of the unpaid or omitted dividends in the future.
- D. Except for receipt of dividends at the aforementioned dividend rate, preference shareholders cannot participate in distribution of cash or stock dividends to holders of ordinary shares from profit or additional paid-in capital.
- E. The order of claim for distribution of property is prior to ordinary shares, and the claims of all series of preference shares issued by SES are equal, but subordinated to general creditors. The claims shall be capped at the issue amount of the preference shares.
- F. Preference shareholders have no voting right and cannot elect directors at the shareholders meeting. However, the preference shareholders have voting rights at shareholders meetings of Class A Preference Share.
- G. Preference shares cannot be converted to common shares.



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- H. Class A Preference Shares are perpetual. SES intends to redeem all preference shares within six years at the issue price, starting from the activation date of its first energy storage site investment project (Huiju Energy). The annual redemption amount of preference shares will be adjusted regularly based on the annual capacity fee charged to Taiwan Power Company. Unredeemed preferred shares shall continue to have the rights and obligations of issuance terms prescribed as above. If the Board decides to declare a dividend during the redemption period, the dividend distribution for the year will be calculated according to the actual number of days in the given year before the date of redemption.

The Group recognized \$20,729 thousand of interest expense for the year ended December 31, 2023. The interest expense was calculated based on the estimated discounted future cash payments over the expected life, with an effective interest rate of 5.59%.

(18) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current	<u>\$ 32,129</u>	<u>17,599</u>
Non-current	<u>\$ 97,396</u>	<u>45,303</u>

For the maturity analysis, please refer to note 6(31).

The amounts of leases recognized in profit or loss were as follows:

	<b>For the years ended December 31, 2023</b>	<b>2022</b>
Interest expense on lease liabilities	<u>\$ 1,604</u>	<u>773</u>
Expenses relating to short-term leases	<u>\$ 14,368</u>	<u>20,894</u>

The amounts recognized in the statement of cash flows by the Group were as follows:

	<b>For the years ended December 31, 2023</b>	<b>2022</b>
Total cash outflow for leases	<u>\$ 37,604</u>	<u>37,013</u>

A. Land, buildings and construction, and transportation equipment leases

The Group leases buildings and construction as office premises and leases transportation equipment for terms typically run for 1 to 3 years for the years ended December 31, 2023 and 2022, and the Group leases land as power generation site for a term of 20 years.

B. Other leases

The Group's leases on dormitory and other leases are with contract terms of 1 year or less. These leases qualify as short-term leases and low value asset leases. The Group has elected not to recognize the right-of-use assets and lease liabilities for these leases.

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(19) Other current liabilities and other non-current liabilities

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Development service fees payable	\$ 193,200	-
Warranty provisions	41,480	28,405
Labor fees payable	19,109	38,987
Payable on machinery and equipment	9,585	322
Long-term notes payable (including current portion)	6,820	7,241
Provision for decommissioning, restoration and rehabilitation costs	3,875	3,501
Others	84,905	60,852
Less: classified as other-current liabilities	(308,574)	(101,970)
	<b><u>\$ 50,400</u></b>	<b><u>37,338</u></b>

Provision for warranty liabilities is recognized for future maintenance costs of project that may arise in future event based on their historical experience and risks that are less predictable in the future.

Provision for decommissioning, restoration and rehabilitation costs is intended to provide for the recovery cost of the power station modules as estimated in accordance with the Regulations for the Management of Setting up Renewable Energy Power Generation Equipment by the Bureau of Energy, Ministry of Economic Affairs. These amounts are based on the scale of the power station and are recognized as a provision for liabilities based on the present value of the estimated decommissioning costs.

(20) Employee benefits

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$11,165 thousand and \$6,730 thousand for the years ended December 31, 2023 and 2022, respectively.

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(21) Income taxes

A. Income tax expenses

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Current tax expense		
Current period	\$ 225,197	208,747
Additional tax on undistributed earnings	9,275	-
Adjustment for prior years	<u>(3,085)</u>	<u>(1,892)</u>
	231,387	206,855
Deferred tax expense (benefit)		
Temporary differences	<u>(47,066)</u>	<u>(42,512)</u>
Income tax expense	<b><u>\$ 184,321</u></b>	<b><u>164,343</u></b>

The amount of income tax recognized in other comprehensive income for 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<b><u>\$ 24</u></b>	<b><u>-</u></b>

Reconciliation of income tax and profit before tax for 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Profit before income tax	\$ 1,002,733	812,495
Income tax using the Company's domestic tax rate	200,547	162,499
Tax effect of permanent differences	(14,334)	4,667
Changes in unused tax losses for which no deferred tax assets were recognized, net of temporary difference	(8,082)	(931)
Adjustment for prior years	(3,085)	(1,892)
Additional tax on undistributed earnings	<u>9,275</u>	<u>-</u>
Income tax expense	<b><u>\$ 184,321</u></b>	<b><u>164,343</u></b>

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**B. Recognized deferred tax assets**

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

**Deferred Tax Assets:**

	January 1, 2022	Amount transferred out from subsidiaries of the Group	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022	Amount transferred out from subsidiaries of the Group	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Unrealized profit from sales	\$ 11,112	-	40,882	-	51,994	-	17,034	-	69,028
Unused tax losses carryforwards	7,755	(1,000)	-	-	6,755	6,250	23,814	-	36,819
Unrealized interest expense	-	-	-	-	-	-	4,146	-	4,146
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	24	24
Others	4,131	-	1,630	-	5,761	5	2,707	-	8,473
	<u>\$ 22,998</u>	<u>(1,000)</u>	<u>42,512</u>	<u>-</u>	<u>64,510</u>	<u>6,255</u>	<u>47,701</u>	<u>24</u>	<u>118,490</u>

**Deferred Tax Liabilities:**

	January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022	Amount transferred out from subsidiaries of the Group	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Unrealized exchange profit	\$ -	-	-	-	(3)	(2)	-	(5)
Valuation profit from convertible bonds	-	-	-	-	-	(633)	-	(633)
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(635)</u>	<u>-</u>	<u>(638)</u>

**C. Unrecognized deferred tax assets**

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

	December 31, 2023	December 31, 2022
Unused tax losses carryforwards	\$ 8,082	-
Inventories write-down	137	-
	<u>\$ 8,219</u>	<u>-</u>

The R.O.C Income Tax Act allows tax losses, as assessed by the tax authorities, to offset taxable income over current year for local tax reporting purposes.

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As of December 31, 2023, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

<u>Year of loss</u>	<u>Unused tax losses</u>	<u>Expiry date</u>
2018 (approved)	\$ 6,793	2028
2019 (approved)	8,072	2029
2020 (approved)	5,455	2030
2021 (approved)	9,369	2031
2022 (declared)	7,312	2032
2023 (estimated)	3,409	2033
	<u>\$ 40,410</u>	

**D. Assessment of tax**

The Company's tax returns for the years through 2021 were assessed by the Taipei National Tax Administration.

**(22) Capital and other equity**

**A. Common stock**

As of December 31, 2023 and 2022, the Company's total value of authorized ordinary shares both amounted to \$2,000,000 thousand with par value of \$10 per share. As of December 31, 2023, 100,000 thousand (2022: 85,000 thousand) of ordinary shares were issued.

A resolution was passed during the meeting of Board of Directors held on March 28, 2022 for the issuance of 15,000 thousand ordinary shares for cash, at a price of \$82 per share, with May 16, 2022 as the date of capital increase. In addition, the Company is required to recognize the remuneration cost of the cash capital increase to reserve the shares for employee subscription. Please note 6(33) for details.

A resolution was passed during the meeting of Board of Directors held on December 28, 2022 for the issuance of 15,000 thousand ordinary shares for cash, at a par value of \$10 per share. The issuance of ordinary shares was for the initial listing on the Taiwan Innovation Board. On February 22, 2023, part of the shares were decided to issue at premium price of \$110 by referring to the public underwriting price. The base date for the cash capital increase is on March 2, 2023. The relevant statutory registration procedures have since been completed. In addition, the Company is required to recognize the remuneration cost of the cash capital increase to reserve the shares for employee subscription. Please note 6(33) for details.

Reconciliation of shares outstanding for the years ended December 31, 2023 and 2022, were as follows:

	<u>Ordinary share (in thousand)</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	85,000	70,000
Issued for cash	15,000	15,000
Balance at December 31	<u>100,000</u>	<u>85,000</u>

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**B. Capital surplus**

The components of capital surplus were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Share capital	\$ 3,247,265	1,745,272
Convertible bond options	128,013	-
Difference arising from subsidiary's share price and its carrying value	1,215	-
Effect of disproportionate subscription to long-term equity investment	-	202
	<u><b>\$ 3,376,493</b></u>	<u><b>1,745,474</b></u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

**C. Retained earnings**

A resolution was passed during the extraordinary shareholders meeting held on September 28, 2022 to amend the Company's article of incorporation. The amendment to the articles of association stipulated that the cash distribution of earnings shall be made in accordance with the distribution plan approved by the Board of Directors and reported to the stockholders' meeting.

The Company's article of incorporation stipulate that Company's net earnings should first be used for paying taxes and offset the prior years' deficits, if any. Of the remaining balance, 10% is to be appropriated as legal reserve until the accumulated legal reserve equals the paid in capital. The remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

The Company is in a growth phase. Before the distribution of dividends, the Company shall first take into consideration its operating environment, business expansion needs, and financial planning for sustainable development, as well as its capital expenditure budget and capital requirements in determining the stock or cash dividends to be paid. The distribution of dividends to shareholders should not be less than 10% of the distributable earnings. Distribution of cash dividends should not be less than 10% of the total dividends. In the event that the Company has a material investment plan and is unable to obtain other funds, the Board may, on the proposal of the Board and pursuant to a resolution by a shareholders' meeting, not issue cash dividends.

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(a) Legal reserve

When a Company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Earnings distribution

The amounts of cash dividends on the 2022 earnings distribution had been approved during the board meeting on May 10, 2023, as well as the shareholders' meeting on June 30, 2023. The amounts of cash dividends on the 2021 earnings distribution had been approved during the shareholders' meeting on June 30, 2022. The relevant dividend distributions to shareholders were as follows:

	<b>2022</b>		<b>2021</b>	
	<b>Earnings distribution</b>	<b>Price per share (NTD)</b>	<b>Earnings distribution</b>	<b>Price per share (NTD)</b>
Legal reserve	\$ 64,691		16,481	
Cash dividends to shareholders	<u>400,000</u>	4.00	<u>170,000</u>	2.00
	<b><u>\$ 464,691</u></b>		<b><u>186,481</u></b>	

The 2023 earnings distribution had been approved and proposed during the board meeting on March 7, 2024, as follows:

	<b>2023</b>	
	<b>Earnings distribution</b>	<b>Price per share (NTD)</b>
Legal reserve	\$ 79,461	-
Special reserve	96	-
Cash dividends to shareholders	408,000	4.08 (note 1)
Shares dividends to shareholders	<u>25,500</u>	0.25 (note 2)
Total	<b><u>\$ 513,057</u></b>	

note 1: The dividend per share may be affected by the number of outstanding shares on the market, and the actual amount per share can be accessed through Market Observation Post System website.

note 2: The above legal reserve, special reserve and share dividends are subject to the resolution of the shareholders' meeting to be held on June 7, 2024.

The above-mentioned relevant information is available on the Market Observation Post System website.

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D. Non-controlling interests

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 40,750	400
Equity attributable to non-controlling interests:		
Net profit (loss)	3,001	(1,954)
Difference arising from subsidiary's share price and its carrying value	(1,189)	-
The effect of not subscribing in proportion to the shareholding	385	2,264
Non-controlling interests cash capital increase	195,300	41,949
Acquisition through business combination	84,238	91
Purchase of share equity held by the non-controlling interests	(1,340)	(2,000)
Balance at December 31	<b>\$ 321,145</b>	<b>40,750</b>

(23) Share-based payment

A. Cash capital increase reserved for employee subscription

Resolutions for cash capital increase were passed during the meeting of the Board of Directors held on December 28, 2022 and March 28, 2022, both amounted to 15,000 thousand shares. According to article 267 of the R.O.C Company Act, the Company reserves 15% and 10% of the cash capital increase, which consists of 2,250 thousand and 1,500 thousand shares, respectively, for priority subscription by employees of the Company. The Chairman of the Company will be authorized to contact a specific person to subscribe the remaining shares at the issue price if the employees abandon the subscription or fail to subscribe the full amount of shares.

For the years ended December 31, 2023 and 2022, the number of shares subscribed by the employees of the Company were 717 thousand shares and 922 thousand shares, respectively. The fair value of the awarded equity interest on the grant date shall be measured in accordance with the provisions of the IFRS 2 "Share-Based Payment" at \$2.78 per share and \$5.05 per share, respectively. The remuneration costs recognized at the grant date for the years ended December 31, 2023 and 2022, were \$1,993 thousand and \$4,653 thousand, respectively.



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The Company used Black-Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	<b>Cash capital increase reserved for employee subscription</b>	
	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Fair value at the grant date	2.78	5.05
Share price at the grant date	111.97	83.90
Number of shares granted	717 thousand shares (note)	922 thousand shares (note)
Exercise price	110	82
Risk-free interest rate (%)	0.86 %	0.40 %

Note: Employees have declared a total of 1,533 thousand shares and 578 thousand shares to be abandoned prior to the grant date.

(24) Earnings per share

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Basic earnings per share:		
Net profit attributable to ordinary shareholders of the Company	\$ <u>815,411</u>	<u>650,106</u>
Weighted-average number of ordinary shares (in thousands)	<u>97,534</u>	<u>79,452</u>
Basic earnings per share (in dollars)	\$ <u>8.36</u>	<u>8.18</u>
Diluted earnings per share:		
Net profit	815,411	650,106
Interest expense and other income or expense on convertible bonds, net of tax	<u>5,999</u>	<u>-</u>
Net profit attributable to ordinary shareholders of the Company	\$ <u>821,410</u>	<u>650,106</u>
Weighted-average number of ordinary shares (in thousands)	97,534	79,452
Add: Effect of employee remuneration paid in stock (in thousands)	520	1,933
Effect of conversion of convertible bonds (in thousands)	<u>2,169</u>	<u>-</u>
	<u>100,223</u>	<u>81,385</u>
Diluted earnings per share (in dollars)	\$ <u>8.20</u>	<u>7.99</u>

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(25) Revenue from contracts with customers

A. Primary geographical market:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Taiwan	<b>\$ 5,839,009</b>	<b>5,060,371</b>

B. Major products/services lines:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Construction revenue	\$ 5,619,525	4,850,552
Service revenue	157,955	181,765
Sales of goods	16,520	84
Power electric revenue and others	45,009	27,970
	<b>\$ 5,839,009</b>	<b>5,060,371</b>
Timing of revenue recognition:		
Revenue transferred at a point in time	\$ 198,566	142,749
Revenue transferred over time	5,640,443	4,917,622
	<b>5,839,009</b>	<b>5,060,371</b>

C. Contract balances:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Contract assets - construction and equipment	<b>\$ 3,439,976</b>	<b>636,983</b>	<b>720,894</b>
Contract liabilities - construction and equipment	<b>\$ 645,924</b>	<b>566,984</b>	<b>316,231</b>

The contract liabilities primarily relate to the advance consideration received from customers for construction contracts before the construction begins, for which revenue is recognized progressively during the construction period.

The contract liability balance as at January 1, 2023 was \$566,984 thousand. The amounts of revenue recognized for the year ended December 31, 2023 was included in the contract liability balance at the beginning of the period was \$802 thousand.

The contract liability balance as at January 1, 2022 was \$316,231 thousand. The amounts of revenue recognized for the year ended December 31, 2022 was included in the contract liability balance at the beginning of the period was \$208,377 thousand.

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The contract assets primarily relate to the amount of revenue that has been recognized for construction contract but has not yet billed at the reporting date. The contract assets are transferred to receivables when the rights to consideration become unconditional.

For details on notes and accounts receivable and its impairment, please refer to note 6(4).

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied by transferring ownership to the customer and the payment to be received. For the years ended December 31, 2023 and 2022, there is no significant changes.

The Group entered into a sales contract with a customer on December 2, 2022 to for the sales of energy storage cabinets, PCS and energy management systems. The total sales contract price is \$2,752,108 thousand (before tax). As of December 31, 2023 and 2022, the payment received in advance from the customer both amounted to \$476,115 thousand.

**D. The transaction price allocated to the remaining performance obligations**

As of December 31, 2023 and 2022, amount allocated to the remaining performance obligations were \$27,693,194 thousand and \$4,923,512 thousand, respectively. The revenue is recognized progressively based on the progress towards the completion of contract, which is expected to be completed in the next one to three years.

All consideration from contracts with customers is included in the transaction price presented above.

**(26) Remuneration to employees and directors**

In accordance with the articles of incorporation, the Company should contribute 5% to 10% of the profit as employee compensation and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of remuneration include the employees of the Company's affiliated companies who meet certain conditions.

The Company estimated its remuneration to employees amounting to \$53,688 thousand and \$71,481 thousand and directors' remuneration amounting to \$10,737 thousand and \$8,935 thousand for the years ended December 31, 2023 and 2022, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of the remuneration to employees and directors, as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. The differences between the actual distribution of remuneration to employees and directors, and the amounts estimated in the financial statements, if any, will be accounted for as changes in accounting estimates and will be recognized as profit or loss in the following year.

For the year ended December 31, 2022, the remunerations to employees and directors amounted to \$71,481 thousand and \$8,935 thousand, respectively. The aforementioned remuneration was no difference between the actual amounts and the amounts accrued. The related information is available on the Market Observation Post System website.

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(27) Interest income

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest income from bank deposits	\$ 18,067	2,170
Other interest income	318	470
	<b>\$ 18,385</b>	<b>2,640</b>

(28) Other Income

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Rent income	2,419	-
Unpaid accounts beyond the limit for the right to claim	3,685	-
Net gain from settlement of acquisition of power plant (note 7)	-	6,399
Recovery of write off accounts	-	3,000
Compensation	1,036	-
Other income	1,155	947
	<b>\$ 8,295</b>	<b>10,346</b>

(29) Other gains and losses

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Losses on disposals of intangible assets (note 6(11))	\$ -	(28,985)
Foreign exchange gains (losses)	13,144	(12,167)
Gain on disposals of investments	2,249	1,837
Impairment loss on biological assets	(2,716)	-
Gains on financial assets (liabilities) at fair value through profit of loss (note 6(16))	3,168	-
Gain recognized in bargain purchase (note 6(7))	555	-
Miscellaneous disbursements	(2,544)	(204)
	<b>\$ 13,856</b>	<b>(39,519)</b>

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(30) Finance Costs

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest expense on bank loans	\$ 21,869	11,976
Interest expense on lease liabilities	1,604	773
Discount on short-term notes and bills payable	1,221	220
Interest expense on bonds payable	10,668	-
Interest expense on preference share liabilities	20,729	-
Interest expense on decommissioning liabilities and others	652	1,403
	<b>\$ 56,743</b>	<b>14,372</b>

(31) Financial instruments

A. Credit risk

(a) Exposure to credit risk

The carrying amount of financial assets represent the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The Group's potential credit risk is derived primarily from cash and cash equivalents restricted bank deposits and accounts receivable. Also, the Group deposits cash and restricted bank deposits in good credit financial institutions. The Group manages credit risk exposure related to each financial institution and believes that there is no significant concentration of credit risk on cash and restricted bank deposits.

The Group's potential credit risk is derived primarily from accounts receivable. The major customers of the Group are centralized in renewable energy power generation industry. To reduce the credit risk of the accounts receivable, the Group has adopted a policy assessing the financial status of the customers and the possibility of collection of receivables on a regular basis. The Group also deal only with reputable parties and, where necessary, obtain collateral to mitigate the risk of financial losses arising from default.

(c) Credit risk of receivables

For credit risk exposure of accounts receivable, please refer to note 6(4).

All of financial assets excluding the above-mentioned accounts receivable are considered to be low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7).) Please refer to note 6(4) for the movement in loss allowance provision for the years ended December 31, 2023 and 2022.

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B. Liquidity risk

The following table shows the contractual maturities of financial liabilities:

	<u>Carrying value</u>	<u>Contractual Cash flows</u>	<u>Within a year</u>	<u>Over 1 year</u>
<b>Balance at December 31, 2023</b>				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,124,211	1,134,964	1,134,964	-
Short-term notes payable	400,872	401,800	401,800	-
Notes and accounts payable (including related parties)	1,384,946	1,384,964	1,384,964	-
Salary and bonus payable	119,647	119,647	119,647	-
Other payables to related parties	4,636	4,636	4,636	-
Preference share liabilities— non-current	1,125,729	1,125,729	-	1,125,729
Bonds payable	873,583	1,020,100	-	1,020,100
Lease liabilities—current and non-current	129,525	139,920	35,024	104,896
Long-term borrowings (including current portion)	<u>922,128</u>	<u>992,477</u>	<u>58,055</u>	<u>934,422</u>
	<u><b>\$ 6,085,277</b></u>	<u><b>6,324,237</b></u>	<u><b>3,139,090</b></u>	<u><b>3,185,147</b></u>
<b>Balance at December 31, 2022</b>				
Non-derivative financial liabilities				
Short-term borrowings	\$ 287,671	289,248	289,248	-
Short-term notes payable	29,932	30,000	30,000	-
Notes and accounts payable (including related parties)	1,052,644	1,052,644	1,052,644	-
Salary and bonus payable	114,603	114,603	114,603	-
Other payables to related parties	48,045	48,045	48,045	-
Lease liabilities—current and non-current	62,902	67,558	18,968	48,590
Long-term borrowings (including current portion)	<u>198,649</u>	<u>235,069</u>	<u>18,181</u>	<u>216,888</u>
	<u><b>\$ 1,794,446</b></u>	<u><b>1,837,167</b></u>	<u><b>1,571,689</b></u>	<u><b>265,478</b></u>

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C. Interest rate risk

The Group's interest risk arises from the Group's short term and long-term borrowings that bear floating interest rates. The fluctuation of the interest rate will influence the Group's future cash flow due to the changes in effective interest rate of short-term and long-term borrowings. The following sensitivity analysis is based on the exposure to the interest rate risk. 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.

For the Group's short-term and long-term borrowings that bear the floating interest rates, if the interest rate had increased or decreased by 0.25%, the Group's net income would have decreased or increased by \$5,116 thousand and \$1,216 thousand for the years ended December 31, 2023 and 2022, respectively, assuming all other variable factors remain constant.

D. Fair value of financial instruments

(a) Fair value hierarchy

The carrying amount and fair value of the Group's 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:

		December 31, 2023				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Current financial assests at FVTPL		<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Financial assets measured at amortized cost						
Cash and cash equivalents	\$ 3,985,167	-	-	-	-	-
Notes and accounts receivable, net (including related parties)	135,110	-	-	-	-	-
Other receivables due from related parties	25	-	-	-	-	-
Refundable deposits	452,118	-	-	-	-	-
Restricted deposits	<u>267,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,839,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current financial liabilities at FVTPL						
	\$ <u>6,700</u>	<u>-</u>	<u>6,700</u>	<u>-</u>	<u>-</u>	<u>6,700</u>

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		December 31, 2023				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost						
Short-term borrowings	\$ 1,124,211	-	-	-	-	-
Short-term notes payable	400,872	-	-	-	-	-
Notes and accounts payable, net (including related parties)	1,384,946	-	-	-	-	-
Salary and bonus payable	119,647	-	-	-	-	-
Other payables to related parties	4,636	-	-	-	-	-
Lease liabilities - current and non-current	129,525	-	-	-	-	-
Bonds payable	873,583	-	873,583	-	-	873,583
Preference share liabilities	1,125,729	-	-	-	-	-
Long-term borrowings (including current portion)	922,128	-	-	-	-	-
	<u>\$ 6,085,277</u>	<u>-</u>	<u>873,583</u>	<u>-</u>	<u>-</u>	<u>873,583</u>
December 31, 2022						
		Carrying amount	Fair value			Total
			Level 1	Level 2	Level 3	
Financial assets measured at amortized cost						
Cash and cash equivalents	\$ 1,964,028	-	-	-	-	-
Notes and accounts receivable, net (including related parties)	52,227	-	-	-	-	-
Other receivables due from related parties	8,031	-	-	-	-	-
Refundable deposits	177,456	-	-	-	-	-
Restricted deposits	285,638	-	-	-	-	-
	<u>\$ 2,487,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current financial liabilities at FVOCI						
	\$ 35,000	-	-	35,000	-	35,000



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		December 31, 2022				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	287,671	-	-	-	-
Short-term notes payable		29,932	-	-	-	-
Notes and accounts payable, net (including related parties)		1,052,644	-	-	-	-
Salary and bonus payable		114,603	-	-	-	-
Other payables to related parties		48,045	-	-	-	-
Lease liabilities - current and non-current		62,902	-	-	-	-
Long-term borrowings (including current portion)		198,649	-	-	-	-
		\$ 1,794,446	-	-	-	-

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

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

For financial assets and 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.

The fair value of refundable deposits are based on carrying amount as there is no fixed maturity date.

(c) The reconciliation of Level 3 fair values

	2023	2022
Financial assets at fair value through other comprehensive income—equity investments without an active market		
Balance at January 1	\$ 35,000	-
Net losses recognized in other comprehensive income	(20,589)	-
Purchased	-	35,000
Disposals	(14,411)	-
Balance at December 31	<b>\$ -</b>	<b>35,000</b>

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

The Group's financial instruments that use Level 3 inputs to measure fair value is financial assets at FVOCI – equity investments.

Most of the fair value measurements categorized within Level 3 use the single and significant unobservable input. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

Quantified information regarding significant unobservable inputs are as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at FVOCI - equity investments without an active market	Price-to-book (P/B) method	<ul style="list-style-type: none"> <li>· The P/B ratio of the peer companies is 4.8 times at December 31, 2022</li> <li>· The liquidity discount at December 31, 2022 is 20%</li> </ul>	<ul style="list-style-type: none"> <li>· The higher the P/B ratio, the higher the fair value</li> </ul>

There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2023 and 2022.

(32) Financial risk management

A. Overview

The Group have exposures to the following risks from its financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

The following likewise discusses the Group's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

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#### B. Structure of risk management

The Group's finance department provides services for various business units, planning and coordinating financial market operations, as well as monitors and manages the financial risks associated with the operations by analyzing the internal risk report.

#### C. Credit risk

The credit risk of the Group is mainly due to cash and cash equivalents and receivables, these financial instruments arising from operating activities, as explained in the Group financial statements note 6(31).

#### D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Group has sufficient capital and working capital to fulfill the contract obligations.

#### E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. The Group's bank deposits, long-term and short-term bank borrowings bear the floating rate and are financial assets and liabilities. The fluctuation in the market interest rate will affect the effective interest rate of bank deposits, long-term and short-term bank borrowings and then influence the Group's future cash flow.

#### (33) Capital management

The Group effectively manages its capital structure to ensure that it has adequate financial resources to sustain proper liquidity, invest in capital expenditures, repay debts, and distribute dividends in accordance with its plan by acquiring a comprehensive understanding and effectively managing significant changes in the external environment, related industry characteristics, and corporate growth plan. The management pursues the most suitable capital structure by monitoring and maintaining proper financial ratios as below. The Group enhances the returns of its shareholders by achieving an optimized debt-to-equity ratio from time to time.

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total liabilities	\$ 7,234,016	2,706,161
Total equity	5,850,637	3,394,706
Interest-bearing liabilities	4,446,523	516,252
Debt-to-equity ratio	124 %	80 %
Interest-bearing debt-to-equity ratio	76 %	15 %

The increase in short-term borrowings, long-term borrowings, issuance of corporate bonds and preference share liabilities resulted in the total liabilities and debt-to-equity ratio to increase as of December 31, 2023.

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(34) Financing activities not affecting current cash flow

	<b>Short-term borrowings</b>	<b>Short-term notes payable</b>	<b>Long-term borrowings (including current portion)</b>	<b>Preference share liabilities</b>	<b>Bonds payable</b>	<b>Lease liabilities</b>	<b>Total liabilities from financing activities</b>
Balance on January 1, 2023	\$ 287,671	29,932	198,649	-	-	62,902	579,154
Cash flows	820,040	371,469	735,675	1,105,000	999,750	(21,632)	4,010,302
Acquisition through business combination	16,500	-	2,931	-	-	-	19,431
Amount transferred out from subsidiaries of the Group	-	-	(15,127)	-	-	(3,547)	(18,674)
Non-cash changes:							
Addition of leases	-	-	-	-	-	91,802	91,802
Interest expense	-	1,221	-	20,729	-	-	21,950
Others	-	(1,750)	-	-	(126,167)	-	(127,917)
Balance on December 31, 2023	<u>\$ 1,124,211</u>	<u>400,872</u>	<u>922,128</u>	<u>1,125,729</u>	<u>873,583</u>	<u>129,525</u>	<u>4,576,048</u>

  

	<b>Short-term borrowings</b>	<b>Short-term notes payable</b>	<b>Long-term borrowings (including current portion)</b>	<b>Lease liabilities</b>	<b>Other payables to related parties</b>	<b>Total liabilities from financing activities</b>
Balance on January 1, 2022	\$ 279,111	-	128,747	24,599	-	432,457
Cash flows	6,120	29,712	69,902	(15,346)	(76,288)	14,100
Acquisition through business combination	2,440	-	-	-	76,288	78,728
Amount transferred out from subsidiaries of the Group	-	-	-	(3,757)	-	(3,757)
Non-cash changes:						
Addition of leases	-	-	-	57,406	-	57,406
Interest expense	-	220	-	-	-	220
Balance on December 31, 2022	<u>\$ 287,671</u>	<u>29,932</u>	<u>198,649</u>	<u>62,902</u>	<u>-</u>	<u>579,154</u>

**7. Related-party transactions:**

(1) Names and relationship with related parties

<b>Name of related parties</b>	<b>Relationship with the Group</b>
Star Power Energy Corporation (Star Power)	Joint venture of the Group
Aquastar Energy Co., Ltd. (Aquastar)	Joint venture of the Group (Note 6)
Star Network Data Co., Ltd. (Star Network)	Joint venture of the Group (Note 6)
Daytime Solar Energy Co., Ltd. (Daytime)	Subsidiary of Star Power
Motech Power Alpha Co., Ltd. (MPA)	Subsidiary of Star Power
Sunny Go Solar Co., Ltd. (Sunny Go)	Subsidiary of Star Power

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<b><u>Name of related parties</u></b>	<b><u>Relationship with the Group</u></b>
Da Fu Energy Co., Ltd. (Da Fu)	Subsidiary of Star Power
Fang Deng Green Co., Ltd. (Fang Deng)	Subsidiary of Star Power (Note 4)
Zhong Fang Green Co., Ltd. (Zhong Fang)	Subsidiary of Star Power (Note 4)
Ren Hua Green Co., Ltd. (Ren Hua)	Subsidiary of Star Power (Note 4)
Daybreak Fishery Management Consultants Co., Ltd. (DFM)	Subsidiary of Star Power (Note 10)
Ri Wei Green Co., Ltd. (Ri Wei)	Subsidiary of Star Power (Note 12)
Ri Yun Green Co., Ltd. (Ri Yun)	Subsidiary of Aquastar (Note 1)
Yunn Deng Green Co., Ltd. (Yunn Deng)	Subsidiary of Aquastar (Note 1)
Wen Deng Green Co., Ltd. (Wen Deng)	Subsidiary of Aquastar (Note 13)
Xin Sheng Energy Develop Co., Ltd. (Xin Sheng)	Subsidiary of Aquastar (Note 13)
AcTek Energy Co., Ltd. (AcTek)	Associate of the Group (Note 2)
Ri Fa Green Co., Ltd. (Ri Fa)	Associate of the Group (Note 9)
Yun Deng Green Co., Ltd. (Yun Deng)	Associate of the Group (Note 9)
Stellar Energy Technology Inc. (Stellar)	Associate of the Group
Titan Solar Co., Ltd. (Titan Solar)	Corporate director of the Group
Feng Yuan Co., Ltd. (Feng Yuan)	Same Chairman with the Group
AcBel Polytech Inc. (AcBel)	Substantive related party of the Group (Note 2)
AcSacca Solar Energy Co., Ltd. (AcSacca)	Substantive related party of the Group (Note 2)
Kang Yang New Energy Co., Ltd. (Kang Yang New)	Substantive related party of the Group (Note 2)
Solarflex Trading Co., Ltd. (Solarflex)	Substantive related party of the Group (Note 3)
Ding Li Power Technology Co., Ltd. (Ding Li)	Substantive related party of the Group (Note 3)
Ding Li Alloy Co., Ltd. (Ding Li Alloy)	Substantive related party of the Group (Note 3)
GreenRock Energy Co., Ltd. (GreenRock)	Substantive related party of the Group (Note 5)
Ri Dong Technology Fisheries Co., Ltd. (Ri Dong)	Substantive related party of the Group (Note 7)
Firstera International Co., Ltd. (Firstera)	Substantive related party of the Group (Note 8)
Gigastorage Corporation (Gigastorage)	Substantive related party of the Group (Note 9)
Union Hospitality Management Co. Ltd.(Union Hospitality)	Substantive related party of the Group (Note 11)

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<u><b>Name of related parties</b></u>	<u><b>Relationship with the Group</b></u>
Yuan Ruyi Co., Ltd. (Yuan Ruyi)	Substantive related party of the Group
TPK Touch Solutions Inc. (TPK)	Substantive related party of the Group (Note 14)
Note 1: The Group sold all the shares of its subsidiary, Ri Yun and Yunn Deng to Aquastar in June 2022 and April 2023, respectively.	
Note 2: The Group invested in and served as a director of AcTek in April 2021. Subsequently, the Group resigned as a director of AcTek since March 2022. AcBel is the parent company of AcTek, AcSacca and Kang Yang New. Therefore, since March 18, 2022, Kang Yang New, AcBel and AcSacca have been disassociated from the Group as related parties. The Group disposed of all its shares in AcTek in December 2022; therefore, AcTek has not been considered a related party of the Group since that date.	
Note 3: Dingli, Dingli Alloy and Solarflex are associates of Titan Solar.	
Note 4: The Group sold all of its shares in Fang Deng, Zhong Fang and Ren Hua to Star Power in March 2022, please refer to note 6(7) for details.	
Note 5: GreenRock was a director of Huiju, a subsidiary of The Group acquired in June 2022 and GreenRock resigned as a director of Huiju in November 2022. Therefore, GreenRock has not been considered a related party of the Group since that date.	
Note 6: Aquastar and Star Network were originally subsidiaries of the Group. Nonetheless, in June and September 2022, the shareholding ratio of Aquastar and Star Network decreased to 10% and 49%, respectively, as a result of the Group's subscription for the cash capital increase in both companies not being proportional to its shareholding. Therefore, Aquastar and Star Network have become joint ventures of the Group. In addition, the liquidation of Star Network has been completed in May 2023.	
Note 7: Ri Dong was originally a director of DFM, a subsidiary of the Group. The Group sold DFM to Star Power, a joint venture of the Group on September 30, 2022, therefore, Ri Dong is no longer a related party of the Group.	
Note 8: Firstera was originally a director of DFM, a subsidiary of the Group. The Group sold DFM to Star Power, a joint venture of the Group on September 30, 2022, therefore, Firstera is no longer a related party of the Group.	
Note 9: In August 2022, the Group subscribed for the cash capital increase of Ri Fa and Yun Deng, which was not proportional to its shareholding. Therefore, the shareholding ratio of Ri Fa and Yun Deng were both reduced to 40% and they became associates of the Group. In addition, Gigastorage is the parent company of Ri Fa and is thus a related party of The Group.	
Note 10: The Group disposed all of its equity interest in DFM to Star Power in September 2022 and it became a subsidiary of Star Power. Please refer to note 6(7) for details.	
Note 11: Union Hospitality has served as a Chairman of Yun Deng since January 2023, an associate of the Group.	

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Note 12: The Group disposed all of its shares in Ri Wei to Star Power in March 2023. Please refer to note 6(7) for details.

Note 13: The Group disposed all of its shares in Wen Deng and Xin Sheng to Aquastar in September 2023. Please refer to note 6(7) for details.

Note 14: The Group acquired 30% equity interest in Stellar in October 2023, and Stellar became an associate of the Group. In addition, TPK is the parent company of Stellar and is thus a related party of the Group.

(2) The Group's significant related party transactions and balances were as follows:

A. Operating revenue and receivables from related parties

		<b>Operating revenue</b>	
		<b>For the years ended December 31,</b>	
		<b>2023</b>	<b>2022</b>
Subsidiaries of the joint venture			
Ri Yun	\$	1,252,979	1,278,843
Xin Sheng		613,260	-
Ren Hua		34,533	507,986
Da Fu		10,112	1,182,628
Fang Deng		1,689	540,928
Zhong Fang		1,624	542,891
Others		457,120	31,248
Associates		-	198,419
Joint ventures		6,475	57,647
Other related parties		(5,116)	699
	\$	<b>2,372,676</b>	<b>4,341,289</b>

		<b>Receivables from related parties</b>	
		<b>December 31,</b>	<b>December 31,</b>
		<b>2023</b>	<b>2022</b>
Subsidiaries of the joint venture			
Da Fu	\$	9,908	-
Ri Yun		-	12,212
MPA		2,859	3,066
Others		6,875	1,018
Other related parties		1,888	-
	\$	<b>21,530</b>	<b>16,296</b>

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	<b>Construction receivables from related parties (recognized as contract assets)</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Subsidiaries of the joint venture		
Xin Sheng	\$ 613,260	-
Ri Yun	420,065	34,801
Da Fu	61,608	184,808
Fang Deng	54,381	79,988
Ren Hua	54,120	46,604
Zhong Fang	52,461	77,974
Others	443,276	42,483
Joint ventures	<u>2,737</u>	<u>2,737</u>
	<b><u>\$ 1,701,908</u></b>	<b><u>469,395</u></b>

	<b>Advances of construction from related parties (recognized as contract liabilities)</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Subsidiaries of the joint venture	\$ 10,504	-
Other related parties:		
TPK	476,115	-
Gigastorage	<u>1,235</u>	<u>37,874</u>
	<b><u>\$ 487,854</u></b>	<b><u>37,874</u></b>

The selling price and payment terms for sales to related parties and contractual constructions undertaken for the related parties by the Group were negotiated between both parties, and were not materially different from those with third parties.

**B. Purchases, costs of engineering and payables to related parties**

	<b>Purchases, cost of engineering For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Associates:		
Stellar	\$ 745,889	-
Other related party:		
Gigastorage	<u>-</u>	<u>476,323</u>
	<b><u>\$ 745,889</u></b>	<b><u>476,323</u></b>



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	<b>Payables to related parties</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Associates:		
Stellar	\$ 645,722	-
Other related party:		
Gigastorage	-	469,235
Subsidiary of the joint venture	4	-
	<b>\$ 645,726</b>	<b>469,235</b>

The purchase price and payment terms for equipment, parts, and procurement of construction contracts from related parties are negotiated between both parties and the payment period is pursuant to the contract terms. There were not materially different from those with third parties.

**C. Power contract**

The Group entered into a contract with MPA in August 2022 to purchase electricity for a period of three years. The Group expects to purchase 80% of power production capacity from its solar power site with 100% of power wheeling ratio. The electricity charges are paid at the agreed base rate for the sales of electricity (the base price for profit distribution) and at the rate agreed by the Group for selling electricity to consumers, if that exceeds or falls below the base price of profit distribution, the profit shall be distributed at the percentage stipulated in the contract.

The costs of electricity purchases for the year ended December 31, 2023 and 2022 were \$125,623 thousand and \$17,863 thousand, respectively. The revenue from the sales of power wheeling was recognized as revenue at the net rate. As of December 31, 2023 and 2022, the balances of payables to related party arising from such transactions amounted to \$9,385 thousand and \$0 thousand, respectively.

**D. Property transactions**

The Group purchased of machine equipment from Titan Solar in 2022 amounting to \$58,653 thousand (before tax). As of December 31, 2023 and 2022, the amount payables to Titan Solar arising from the above transactions were \$0 thousand and \$39,576 thousand (recognized as other payables to related parties). The sales revenue and related expenses arising from the prior acquisition of parallel power generation as required by the contract should be settled by the Group and it resulted in other income of \$6,399 thousand. For the years ended December 31, 2023 and 2022, the above transaction resulted in receivables of \$0 thousand and \$6,719 thousand, respectively. (recognized as other receivables from related parties).

The Group disposed of 100% equity interest in Ren Hua, Zhong Fang and Fang Deng to Star Power in March 2022, at a disposal price of \$951 thousand, \$935 thousand and \$8,346 thousand, respectively.

The Group acquired 40% of equity interest from DFM's shareholders in which Ri Dong is a director of DFM, and Firstera is the supervisor of DFM for \$2,000 thousand in June 2022.

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The Group sold all of its equity interest in Ri Yun to Aquastar, at a disposal price of \$161,000 thousand and recognized a gain on disposal of \$1,247 thousand in June 29, 2022.

The Company invested \$107,800 thousand in August 2022 to acquire 49% of the equity interest in Ankang Data Co., Ltd. (Ankang). In September 2022, the joint venture partner of Ankang participated in a cash capital increase of the Company's subsidiary, Star Network, acquiring 51% of the equity interest. Based on strategic management considerations, both parties agreed to an arrangement of Star Network purchasing 100% equity interest of Ankang. Consequently, the company sold its entire equity stake in Ankang at a book value of \$107,772.

The Group disposed 100% of its shares in DFM to Star Power in September 2022 at a disposal price of \$4,459 thousand and recognized a gain on disposal amounting to \$0 thousand.

The Group disposed all equity interest in Ri Wei to Star Power in March 2023 at a disposal price of \$26,450 thousand and recognized a loss on disposal amounting to \$651 thousand.

The Group disposed all equity interest in Yunn Deng to Aquastar in April 2023 at a disposal price of \$15,000 thousand and recognized a gain on disposal amounting to \$840 thousand.

The Group disposed all equity interest in Wen Deng and Xin Sheng to Aquastar in September 2023 at a disposal price of \$5,000 thousand and recognized a gain on disposal amounting to \$2,061 thousand.

E. Loans to related parties

The details on loans to the related parties for working capital requirements are as follows (recognized as other receivables due from related parties):

<b>For the years ended December 31, 2023</b>				
<b>Name of related party</b>	<b>Highest balance of financing to related parties (note)</b>	<b>Ending balance of actual usage amount</b>	<b>Interest income</b>	<b>Interest receivable</b>
Subsidiaries of joint venture	\$ 11,000	-	46	-
Associates	3,000	-	6	-
	<b>\$ 14,000</b>	<b>-</b>	<b>52</b>	<b>-</b>
<b>For the years ended December 31, 2022</b>				
<b>Name of related party</b>	<b>Highest balance of financing to related parties (note)</b>	<b>Ending balance of actual usage amount</b>	<b>Interest income</b>	<b>Interest receivable</b>
Subsidiaries of joint venture	\$ 57,500	-	-	-
Associates	20,000	1,000	-	5
	<b>\$ 77,500</b>	<b>1,000</b>	<b>-</b>	<b>5</b>

Note: The highest balance approved by the Board of Directors.

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The details on the loans to the Group from related party arising from the acquisition of a subsidiary, Huiju are as follows:

<b>Name of related party</b>	<b>2022</b>			
	<b>Highest balance of financing from related party</b>	<b>Balance at December 31, 2022</b>	<b>Interest expense</b>	<b>Interest payables</b>
Other related party	\$ <u>76,288</u>	<u>-</u>	<u>-</u>	<u>-</u>

**F. Refundable deposits**

As of December 31, 2023 and 2022, the bid bond paid to other related parties by the Group due to construction project were \$0 thousand and \$2,400 thousand, and classified as refundable deposits.

As of December 31, 2023 and 2022, the deposits paid to other related parties by Group for rental of right-of-use assets were \$238 thousand and \$0 thousand, and classified as refundable deposits.

**G. Various advances**

As of December 31, 2023 and 2022, the amounts due from (to) related parties from the collection and payment on behalf of another party are as follows (classified as other receivables from related parties and other payables to related parties):

Other receivable to related party:

<b>Name of related party</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Subsidiary of the joint venture	\$ <u>-</u>	<u>307</u>

Other payables to related party:

<b>Name of related party</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Subsidiary of the joint venture	\$ <u>231</u>	<u>3,528</u>

**H. Rental expenses**

The Group entered into office lease contracts with other related parties in May 2021 for the term from May 1, 2021 to July 31, 2025 at an annual rent of \$1,800 thousand, and payable on a monthly basis. Depreciation charges recognized for the years ended December 31, 2023 and 2022 were both \$1,638 thousand and interest expenses amounting to \$75 thousand and \$111 thousand. The balance of the right-to-use assets as of December 31, 2023 and 2022 were \$2,594 thousand and \$4,232 thousand, respectively. The balances of the lease liabilities were \$2,670 thousand and \$4,309 thousand, respectively. The payables arising from the above transactions were \$150 thousand as of December 31, 2023 and 2022 (classified as other payables to related parties).

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The Group entered into office lease contracts with other related parties in January 2023 for the term from January 1, 2023 to December 31, 2025 at an annual rent of \$1,426 thousand, and payable on a monthly basis. Depreciation charges recognized for the years ended December 31, 2023 was \$1,381 thousand and interest expenses amounting to \$75 thousand. The balance of the right-to-use assets as of December 31, 2023 was \$2,762 thousand and the lease liabilities was \$2,792 thousand.

#### I. Rental income

The Company leased its plant, ancillary equipment and land to its associate for the period from November 1, 2023 to June 30, 2024 at a monthly rental of \$1,200 thousand, and payable monthly. Guarantee deposits of \$2,400 thousand was received from the associate. As of December 31, 2023, all rental income has been received from the associate.

For the year ended December 31, 2023, the electricity expenses generated from the mentioned plant were charged to the associate. As of December 31, 2023, the receivables amount due from the associate was \$25 thousand (recorded as other receivables due from related parties).

#### J. Borrowing other's name for land registration

The subsidiary of the Group, Ri Xun purchased the agricultural land located in Fenglin Township, Hualien County, for a total price amounting to \$9,762 thousand, for development and implementation of the solar power system project in 2021. However, the land is not directly held by Ri Xun due to the statutory restrictions. Consequently, Ri Xun entered into an agreement with the Chairman of the Group, Mr. Xie Yuan-Yi, to acquire the land from a third party and registered the land title under his name on behalf of Ri Xun until the date on which Ri Xun decided to dispose of or request the transfer of the land title (the completion date for the land transfer procedures).

According to the above contract, the land title certificate will be kept by Ri Xun, and it is agreed that Ri Xun is the actual owner of the land. Xie Yuan-Yi was appointed to apply for financing from the bank on behalf of Ri Xun. Then, the interest expense and principal amount of the loan will be paid to the bank by Ri Xun through Xie Yuan-Yi in installments. For the years ended December 31, 2023 and 2022, the balance of outstanding bank loan amounted to \$4,255 thousand and \$4,791 thousand, respectively, which is classified as other payable to a related party.

#### (3) Key management personnel compensation

Key management personnel compensation are as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 48,218	23,170
Post-employment benefits	437	434
	<b>\$ 48,655</b>	<b>23,604</b>

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**8. Assets pledged as security:**

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investments accounted for using equity method	Collateral for long-term bank loans	\$ 1,496,910	-
Restricted time deposits (note)	Long-term borrowings and guarantee for engineering projects	267,056	285,638
Machinery and equipment	Collateral for long-term bank loans	132,458	109,770
Land	Collateral for long-term bank loans	80,310	80,310
Buildings and construction	Collateral for long-term bank loans	74,292	75,826
Total		<u>\$ 2,051,026</u>	<u>551,544</u>

Note: Classified under other current assets and other non-current assets.

**9. Commitments and contingencies:**

- (1) As of December 31, 2023 and 2022, the Group provided performance guarantee and warranty guarantee totaling \$687,617 thousand and \$388,944 thousand, respectively, for undertaking a solar power generation system project.
- (2) For the guarantees endorsements provided by the Group to its subsidiaries and associates, please refer to note 13(1) - Table 2.
- (3) Please refer to note 6(25) for the contracts of outstanding major contractual works that have been entered into by the Group.
- (4) With the intention of constructing a energy storage project, the Group entered into the contracts with two manufacturers in November and December 2022 to acquire energy storage cabinets, PCS and energy management systems for electrical and civil engineering works for the construction of power grids and high voltage energy storage systems. The total contract price is \$4,109,456 thousand (before tax). As of December 31, 2023 and 2022, the outstanding commitments for the construction project amounted to \$3,866,956 thousand and \$4,048,831 thousand, respectively.
- (5) The Group procured solar photovoltaic system equipment, wire chase hangers, booster station supports, and commissioned solar photovoltaic system steel structures, solar photovoltaic modules installation and reinforcement works from LEADERTECH GLOBAL CO., LTD. ("Leadertech"). In 2022, Leadertech requested payment for the construction work and late penalty from the Group, totaling \$19,363 thousand, along with statutory interest. The Group claimed that due to significant concealed cracks and scratches on the modules in the field during its construction period, the Group had the right to defer the payment of penalty based on the clauses as stipulated in the contract. Additionally, the Group had the right to offset the payment with the module damages. At present, the matter is being handled by a lawyer. The Group assessed that the above events will not have a material impact on the Group's operations.

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10. Losses due to major disasters: None.

11. Subsequent events:None.

12. Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function For the years ended December 31, 2023			For the years ended December 31, 2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	75,671	217,850	293,521	62,645	167,046	229,691
Labor and health insurance	2,609	14,657	17,266	3,582	8,605	12,187
Pension	3,162	8,003	11,165	2,290	4,440	6,730
Other employee benefits expense	4,220	11,585	15,805	2,614	5,466	8,080
Depreciation	26,307	39,561	65,868	19,210	16,540	35,750
Amortization	2,153	10,238	12,391	1,227	2,320	3,547

Note: During the year 2023 and 2022, \$2,082 thousand and \$90 thousand out of the depreciation amount have been transferred to biological assets.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group in 2023:

- A. Loans to other parties: Please refer to Table 1.
- B. Guarantees endorsements provided: Please refer to Table 2.
- C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): None.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 3.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 4.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock : None.

# HD RENEWABLE ENERGY CO., LTD.AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 5.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- I. Trading in derivative instruments: None.
- J. Business relationships and significant intercompany transactions: None
- (2) Information on investees (excluding information on investees in Mainland China): Please refer to Table 6.
- (3) Information on investment in Mainland China: None
- (4) Major shareholders:

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
Titan Solar		11,326,144	11.32 %
Fubon Financial Holding Venture Capital Co., Ltd.		7,441,177	7.44 %
Yuan Ruyi Co., Ltd.		7,177,448	7.17 %
Hong Cheng Investment Co., Ltd.		5,888,792	5.88 %

Note: A. Information about the substantial shareholders of this form is provided by the Taiwan Depository & Clearing Corporation on the last business day of each quarter. It calculated the total number of shares held by shareholders owing ordinary shares and special shares have been delivered without physical media (including treasury shares) more than 5%. As to the difference of the basis of the calculation, the number of shares recorded in the Company's financial reports and shares not physically registered as delivered by the Company may vary.

B. The above information, in the case of a shareholder's delivery of shares to a trust, is disclosed by the individual sub-account of the principal who opened the trust in favor of the trustee. As to the declaration of the shareholders' shareholding of an insider in excess of 10% by virtue of the Securities Trading Act, the shareholding of the shareholders includes the addition of the shares of the shareholders in trust and the shareholder have right in the decision regarding the use of these kind of trust properties, and so on. For information on the declaration of the equity interest of the insider, please refer to the Public Information Observatory.

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

**14. Segment information:**

(1) General Information

The Group mainly engaged in the development of solar power generation systems, engineering construction and maintenances, and is a single industry segment. The segment financial information can be found in the consolidated financial statements. For sales (from external customers) and segment profit and loss, please refer to the consolidated statements of comprehensive income. For segment assets and liabilities, please see the consolidated balance sheets.

(2) Products and services information

Please refer to note 6(25) on information regarding products and services for the year ended December 31, 2023 and 2022.

(3) Geographic information

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

A. Please refer to note 6(25) for the revenues from external customers for the year ended December 31, 2023 and 2022.

B. Non-current assets:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Taiwan	<b>\$ 2,278,599</b>	<b>782,389</b>

Non-current assets included property, plant and equipment, right-of-use assets and intangible asset, not including financial instruments and deferred tax assets.

(4) Information about major customers

Sales to individual customers representing greater than 10% of net sales of the Group were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Customer A	\$ 2,135,617	-
Ri Yun	1,252,979	1,278,843
AcTek	1,052,761	198,419
Xin Sheng	613,260	-
Ren Hua	34,533	507,986
Customer B	14,987	553,633
Da Fu	10,112	1,182,628
Zhong Fang	1,624	542,891
Fang Deng	1,689	540,928
	<b>\$ 5,117,562</b>	<b>4,805,328</b>



# HD Renewable Energy Co., Ltd.and Subsidiaries

## Loans to other parties

For the year ended December 31, 2023

Table 1

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing
													Item	Value		
0	HD	Xiang Heng	Other receivables - related parties	Yes	2,000	2,000	-	2.741%-3.119%	2	-	Operating capital	-	None	-	552,949	2,211,797
0	HD	Wen Deng	Other receivables - related parties	Yes	10,000	-	-	2.741%-3.119%	2	-	Operating capital	-	None	-	552,949	2,211,797
0	HD	Yunn Deng	Other receivables - related parties	Yes	1,000	-	-	2.741%-3.119%	2	-	Operating capital	-	None	-	552,949	2,211,797
0	HD	Yun Deng	Other receivables - related parties	Yes	3,000	-	-	2.741%-3.119%	2	-	Operating capital	-	None	-	552,949	2,211,797
0	HD	Ri Chen	Other receivables - related parties	Yes	9,000	9,000	-	2.741%-3.119%	2	-	Operating capital	-	None	-	552,949	2,211,797
0	HD	Ri Xun	Other receivables - related parties	Yes	1,000	1,000	-	2.741%-3.119%	2	-	Operating capital	-	None	-	552,949	2,211,797
0	HD	Shin De	Other receivables - related parties	No	10,000	-	-	2.741%-3.119%	2	-	Operating capital	-	None	-	552,949	2,211,797
0	HD	Star Aquaculture	Other receivables - related parties	Yes	20,000	20,000	-	2.741%-3.119%	2	-	Operating capital	-	None	-	552,949	2,211,797

Note 1: The total amount of the capital loan shall not exceed 40% of the net worth of HD individual loans and limits are as follows:

(1) For those companies with business transactions with HD, the amount of each fund financing shall not exceed the amount of both parties business transaction.

(2) For those companies with short-term financing needs, the individual loan is limited to 10% of the net worth of HD.

Note 2: The nature of financing purposes: 1.Represents entities with business transaction with HD. 2.Represents where an inter-company or inter firm short-term financing facility is necessary.

Note 3: All inter-company transactions among the Group and its subsidiaries had been eliminated in the consolidated financial statements.

## HD Renewable Energy Co., Ltd.and Subsidiaries

### Guarantees endorsements provided

For the year ended December 31, 2023

Table 2

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	HD	Star Charger	Subsidiary	44,235,936	128,200	128,200	-	-	2.32 %	44,235,936	Y	N	N
0	HD	Huiju	Subsidiary of SES	44,235,936	330,000	330,000	330,000	-	5.97 %	44,235,936	Y	N	N
1	SES	Huiju	Subsidiary of SES	6,904,872	4,100,000	4,100,000	701,275	1,496,910	712.54 %	6,904,872	Y	N	N

Note 1 : The total amount of guarantees endorsements provided by HD shall not exceed 800% of the net worth of HD's latest financial statements. If the Companies engages in guarantees endorsements for business relationship, total amount of guarantees endorsements shall not exceed the latest signed total transaction amount (the transaction referring to the higher of sales or purchase amount), and is subject to the limitations of the total amount of the guarantees endorsements.

Note 2 : The total amount of guarantees endorsements provided by SES shall not exceed 12 times of its net worth. The total amount of guarantees endorsements provided by SES to any individual entity shall not exceed 12 times of SES's net worth.

**HD Renewable Energy Co., Ltd.and Subsidiaries**

**Individual securities acquired or disposed of with accumulated amounts exceeding the lower of than NT\$300 million or 20% of the capital stock  
For the year ended December 31, 2023**

Table 3

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
HD	SES	Investments accounted for using equity method	-	Parent and subsidiary	102	986	39,898	398,980	-	-	-	-	40,000	386,828

Note 1: The ending balance included the amount of investment gains and losses and other adjustments in the current period.

Note 2: Purchases during the period were issued for cash.

# **HD Renewable Energy Co., Ltd.and Subsidiaries**

## **Acquisition of individual real estate with amount exceeding the lower than NT\$300 million or 20% of the capital stock**

**For the year ended December 31, 2023**

Table 4

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
HD	Land and plant located in Tainan, Taiwan.	August 8, 2023	350,000 (before tax)	Fully paid up	Daikure Taiwan Co., Ltd.	Non-related party	-	-	-	-	Real estate appraiser's valuation report	For operational purpose	None

# **HD Renewable Energy Co., Ltd.and Subsidiaries**

## **Related-party transactions for purchases and sales with amounts exceeding the lower than NT\$100 million or 20% of the capital stock**

**For the year ended December 31, 2023**

Table 5

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
HD	Ri Yun	Subsidiary of joint venture	Sale	(1,252,979)	(22)%	Note 1	-	Note 1	-	-%	
HD	Xin Sheng	Subsidiary of joint venture	Sale	(613,260)	(11)%	Note 1	-	Note 1	-	-%	
HD	Wen Deng	Subsidiary of joint venture	Sale	(266,058)	(5) %	Note 1	-	Note 1	-	-%	
HD	Yunn Deng	Subsidiary of joint venture	Sale	(177,218)	(3) %	Note 1	-	Note 1	-	-%	
HD	Stellar	Associates	Purchase	745,889	23 %	Note 1	-	Note 1	(645,722)	(45)%	

Note 1: The purchase (sales) conditions of the products above are based on the product type, market price competition and other trading conditions, and the selling price are agreed by both parties. The payment period is also in accordance with the contract.

Note 2: A one-way representation is made only in respect of the companies that recognize revenue and assets.

**HD Renewable Energy Co., Ltd.and Subsidiaries**  
**Information on Investees (Excluding Information on Investees in Mainland China)**  
**For the year ended December 31, 2023**

Table 6

(In Thousands of New Taiwan Dollars/other currencies)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of Ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying value				
The Company	You Deng	Taiwan	Energy technology service	400	400	40	100.00 %	284	100.00 %	1	1	Subsidiaries
The Company	Ri Zhi	Taiwan	Energy technology service	8,000	8,000	800	100.00 %	7,418	100.00 %	(214)	(214)	Subsidiaries
The Company	Ri Wei	Taiwan	Energy technology service	-	10,000	-	-	-	100.00 %	1,499	1,499	Note 1
The Company	HB	Taiwan	Energy technology service	30,000	30,000	3,000	100.00 %	65,313	100.00 %	30,816	30,816	Subsidiaries
The Company	Xiang Heng	Taiwan	Energy technology service	67,125	67,125	3,900	100.00 %	36,025	100.00 %	(165)	(165)	Subsidiaries
The Company	Ri Yu	Taiwan	Energy technology service	11,000	5,300	1,100	100.00 %	10,847	100.00 %	(2)	(2)	Subsidiaries
The Company	Ri Xi	Taiwan	Energy technology service	50,000	400	5,000	100.00 %	49,730	100.00 %	(156)	(156)	Subsidiaries
The Company	Ru Jing	Taiwan	Energy technology service	2,000	2,000	200	100.00 %	1,560	100.00 %	7	7	Subsidiaries
The Company	Ri Lu	Taiwan	Energy technology service	2,500	2,500	250	100.00 %	3,023	100.00 %	419	419	Subsidiaries
The Company	Ri Pu	Taiwan	Energy technology service	400	400	40	100.00 %	282	100.00 %	1	1	Subsidiaries
The Company	Wen Deng	Taiwan	Energy technology service	-	50,000	-	-	-	100.00 %	(167)	(167)	Note 1
The Company	Yunn Deng	Taiwan	Energy technology service	-	15,000	-	-	-	100.00 %	(60)	(60)	Note 1
The Company	Titan Asset	Taiwan	Energy technology service	100	100	10	100.00 %	15	100.00 %	-	-	Subsidiaries
The Company	Yin Deng	Taiwan	Energy technology service	100	100	10	100.00 %	41	100.00 %	-	-	Subsidiaries
The Company	Dan Deng	Taiwan	Energy technology service	1,500	1,500	150	100.00 %	1,361	100.00 %	(7)	(7)	Subsidiaries
The Company	Ri Fu	Taiwan	Energy technology service	2,600	2,600	260	100.00 %	2,567	100.00 %	(7)	(7)	Subsidiaries
The Company	Ri Chen	Taiwan	Energy technology service	13,000	600	1,300	100.00 %	12,771	100.00 %	(26)	(26)	Subsidiaries
The Company	New Century	Taiwan	Energy technology service	10,000	10,000	-	100.00 %	9,563	100.00 %	(234)	(234)	Subsidiaries
The Company	Chang He	Taiwan	Energy technology service	16,000	5,100	1,600	100.00 %	8,368	100.00 %	744	542	Subsidiaries
The Company	Star Exchange	Taiwan	Renewable energy electricity sales	40,000	20,000	4,000	100.00 %	43,085	100.00 %	2,663	2,663	Subsidiaries
The Company	Ri Xun	Taiwan	Energy technology service	7,000	5,400	700	100.00 %	6,563	100.00 %	(102)	(102)	Subsidiaries
The Company	ESS	Taiwan	Energy technology service	160,000	160,000	16,000	80.00 %	189,107	80.00 %	41,451	33,161	Subsidiaries
The Company	Shin Yuan	Taiwan	Energy technology service	100	100	10	100.00 %	51	100.00 %	(8)	(8)	Subsidiaries

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of Ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying value				
The Company	Xin Sheng	Taiwan	Energy technology service	-	2,000	-	100.00 %	-	100.00 %	(256)	(256)	Note 1
The Company	DFC	Taiwan	Energy technology service	600	600	60	100.00 %	329	100.00 %	(68)	(68)	Subsidiaries
The Company	Star Charger	Taiwan	Energy technology service	50,000	10,000	5,000	100.00 %	33,901	100.00 %	(17,045)	(17,045)	Subsidiaries
The Company	Tian Hua	Taiwan	Energy technology service	8,000	100	800	100.00 %	5,281	100.00 %	(2,692)	(2,692)	Subsidiaries
The Company	Tian Fang	Taiwan	Energy technology service	4,000	100	400	100.00 %	3,290	100.00 %	(684)	(684)	Subsidiaries
The Company	Tian Tai	Taiwan	Energy technology service	100	100	10	100.00 %	56	100.00 %	(18)	(18)	Subsidiaries
The Company	Tian Jie	Taiwan	Energy technology service	100	100	10	100.00 %	64	100.00 %	(10)	(10)	Subsidiaries
The Company	Tian Xi	Taiwan	Energy technology service	3,500	100	350	100.00 %	3,468	100.00 %	(6)	(6)	Subsidiaries
The Company	Tian Hui	Taiwan	Energy technology service	100	100	10	100.00 %	64	100.00 %	(10)	(10)	Subsidiaries
The Company	Tian Yi	Taiwan	Energy technology service	100	100	10	100.00 %	56	100.00 %	(17)	(17)	Subsidiaries
The Company	Tian Cheng	Taiwan	Energy technology service	100	100	10	100.00 %	56	100.00 %	(18)	(18)	Subsidiaries
The Company	Tian Dong	Taiwan	Energy technology service	100	100	10	100.00 %	64	100.00 %	(10)	(10)	Subsidiaries
The Company	Tian Chang	Taiwan	Energy technology service	100	100	10	100.00 %	56	100.00 %	(17)	(17)	Subsidiaries
The Company	Tian Yu	Taiwan	Energy technology service	100	100	10	100.00 %	56	100.00 %	(18)	(18)	Subsidiaries
The Company	Tian Yong	Taiwan	Energy technology service	4,500	100	450	100.00 %	4,464	100.00 %	(10)	(10)	Subsidiaries
The Company	Tian Hong	Taiwan	Energy technology service	100	100	10	100.00 %	56	100.00 %	(17)	(17)	Subsidiaries
The Company	Tian Sheng	Taiwan	Energy technology service	100	100	10	100.00 %	64	100.00 %	(10)	(10)	Subsidiaries
The Company	SES	Taiwan	Energy technology service	400,000	1,020	40,000	67.23 %	386,828	100.00 %	(15,852)	(10,695)	Note 4
The Company	Star Aquaculture	Taiwan	Fisheries and aquaculture	58,000	9,000	5,800	98.31 %	59,294	98.31 %	1,046	1,197	Note 5
The Company	Huiju	Taiwan	Energy technology service	-	102,960	-	-	-	100.00 %	(2,621)	(2,265)	Note 1
The Company	Ying Fa	Taiwan	Energy technology service	990	990	99	99.00 %	733	99.00 %	(136)	(136)	Subsidiaries
The Company	BESEYE	Taiwan	Energy technology service	120,589	-	24,287	100.00 %	120,199	100.00 %	39,933	20,199	Subsidiaries
The Company	Ju Wang	Taiwan	Energy technology service	50,000	-	5,000	100.00 %	49,861	100.00 %	(139)	(139)	Subsidiaries
The Company	Shin Bei	Taiwan	Energy technology service	100	-	10	100.00 %	89	100.00 %	(11)	(11)	Subsidiaries
The Company	Shin Chen	Taiwan	Energy technology service	100	-	10	100.00 %	89	100.00 %	(11)	(11)	Subsidiaries
The Company	Shin He	Taiwan	Energy technology service	100	-	10	100.00 %	89	100.00 %	(11)	(11)	Subsidiaries
The Company	Shin Duo	Taiwan	Energy technology service	100	-	10	100.00 %	89	100.00 %	(11)	(11)	Subsidiaries
The Company	Shin Ting	Taiwan	Energy technology service	100	-	10	100.00 %	89	100.00 %	(11)	(11)	Subsidiaries

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of Ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying value				
The Company	Shin Jian	Taiwan	Energy technology service	100	-	10	100.00 %	89	100.00 %	(11)	(11)	Subsidiaries
The Company	Rui Yang	Taiwan	Energy technology service	196,000	-	19,600	70.00 %	196,606	70.00 %	73	51	Note 6
The Company	Lanjing	Taiwan	Energy technology service	374	-	37	100.00 %	386	100.00 %	12	12	Subsidiaries
The Company	Landian	Taiwan	Energy technology service	300	-	30	100.00 %	306	100.00 %	6	6	Subsidiaries
The Company	Ri Chu	Taiwan	Energy technology service	100,000	-	10,000	100.00 %	99,856	100.00 %	(144)	(144)	Subsidiaries
The Company	Li Tong	Taiwan	Energy technology service	41,977	-	4,200	100.00 %	41,878	100.00 %	(100)	(99)	Subsidiaries
The Company	HD Japan	Japan	Energy technology service	43,451	-	4	100.00 %	42,274	100.00 %	(1,057)	(1,057)	Subsidiaries
				<u>1,505,706</u>	<u>524,595</u>			<u>1,498,054</u>		<u>76,502</u>	<u>53,919</u>	
The Company	Ri Qing	Taiwan	Energy technology service	2,914	2,914	291	34.44 %	3,020	34.44 %	198	68	Associates
The Company	Ri Fa	Taiwan	Energy technology service	56,000	56,000	5,600	40.00 %	63,685	100.00 %	19,714	7,886	Associates
The Company	Yun Deng	Taiwan	Energy technology service	34,000	20,000	3,400	40.00 %	33,737	40.00 %	(158)	(63)	Associates
The Company	Stellar	Taiwan	Energy technology service	36,000	-	3,600	30.00 %	39,796	30.00 %	12,653	3,796	Note 3
				<u>128,914</u>	<u>78,914</u>			<u>140,238</u>		<u>32,407</u>	<u>11,687</u>	
The Company	Star Power	Taiwan	Energy technology service	274,000	252,000	27,400	20.00 %	292,508	20.00 %	87,498	17,500	Joint ventures
The Company	Star Network	Taiwan	Energy technology service	-	378,903	-	-	-	40.00 %	(92)	(45)	Note 2
The Company	Aquastar	Taiwan	Energy technology service	60,000	60,000	6,000	10.00 %	58,576	10.00 %	(13,749)	(1,375)	Joint ventures
				<u>334,000</u>	<u>690,903</u>			<u>351,084</u>		<u>73,657</u>	<u>16,080</u>	
SES	Huiju	Taiwan	Energy technology service	1,500,000	-	150,000	100.00 %	1,496,910	100.00 %	(2,621)	(354)	Note 1

Note 1: The Company disposed all of its equity interests in Ri Wei, Yunn Deng, Wen Deng, Xin Sheng and Huiju for the year ended December 31, 2023. Please refer to note 6(7) for details.

Note 2: The liquidation of Star Network was completed in May 2023. Please refer to note 6(6) for details.

Note 3: The Company acquired 30% shares of Stellar in October 2023. Please refer to note 6(6) for details.

Note 4: The Company subscribed for the cash capital increase of SES in September 2023 not in proportion to its shareholding, resulting in a reduction of its shareholding ratio from 100% to 67.23%.

Note 5: The Company subscribed for the cash capital increase of Star Aquaculture in March and September 2023 not in proportion to its shareholding, the shareholding ratio increased from 90% to 97.78% in March 2023 and 97.78% to 98.31% in September 2023.

Note 6: The Company acquired 70% of equity interest in Rui Yang in September 2023. Please refer to note 6(6) for details.

Note 7: All inter-company transactions among HD and its subsidiaries have been eliminated in the consolidated financial statements.