

HD Renewable Energy Co., Ltd.

Parent-Company-Only Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

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

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of HD Renewable Energy Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2024 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

The revenue recognition from construction projects

Please refer to note 4(16) "Revenue recognition" for accounting policy on revenue recognition; note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and note 6(23) "Revenues from contracts with customers" for relevant explanation.



Description of key audit matter:

The Company 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 Company's revenue recognition policy is in compliance with the related accounting standard and revenue information is properly disclosed.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only 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 parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 parent-company-only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



The engagement partners on the audit resulting in this independent auditors' report are Chun-Yuan, Wu and Hai-Ning, Huang.

KPMG

Taipei, Taiwan (Republic of China)

March 5, 2025

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the parent company only 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 financial statements are those generally accepted and applied in the Republic of China.

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

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

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 2,555,819	17	1,955,119	19	2100	Short-term borrowings (note 6(12))	\$ 1,803,749	12	1,124,211	11
1110	Current financial assets at fair value through profit or loss (notes 6(2) and (15))	1,320	-	1,000	-	2110	Short-term notes and bills payable (note 6(13))	79,919	1	129,840	1
1140	Current contract assets (notes 6(23) and 7)	3,307,774	23	3,439,976	33	2120	Current financial liabilities at fair value through profit or loss (notes 6(2) and (15))	68	-	-	-
1170	Notes and accounts receivable, net (note 6(4))	2,459	-	70,555	-	2130	Current contract liabilities (notes 6(23) and 7)	578,165	4	164,481	2
1180	Accounts receivable due from related parties (notes 6(4) and 7)	138,229	1	4,952	-	2170	Notes and accounts payable	1,501,585	10	689,932	7
1210	Other receivables due from related parties, net (note 7)	1,476	-	25	-	2180	Notes and accounts payable to related parties (note 7)	213,119	2	734,243	7
130X	Inventories (note 6(5))	192,276	1	298,842	3	2201	Salaries and bonus payable (note 6(24))	149,778	1	98,853	1
1421	Prepayments to suppliers (note 7)	532,157	4	327,644	3	2220	Other payables to related parties (note 7)	31,163	-	13,887	-
1476	Other current financial assets (note 8)	19,352	-	166,572	2	2230	Current tax liabilities	282,778	2	117,347	1
1470	Other current assets (notes 6(11) and 7)	<u>995,495</u>	<u>7</u>	<u>801,115</u>	<u>8</u>	2280	Current lease liabilities (note 6(16) and 7)	26,971	-	24,957	-
		<u>7,746,357</u>	<u>53</u>	<u>7,065,800</u>	<u>68</u>	2300	Other current liabilities (notes 6(17) and 7)	42,487	-	277,172	3
Non-current assets:						2321	Bonds payable, current portion (notes 6(2) and (15))	310,512	2	-	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))	1,476,146	10	-	-	2322	Long-term borrowings, current portion (notes 6(14) and 8)	<u>34,594</u>	<u>-</u>	<u>32,114</u>	<u>-</u>
1550	Investments accounted for using equity method (notes 6(6), (7) and 7)	3,036,812	21	1,644,502	16			<u>5,054,888</u>	<u>34</u>	<u>3,407,037</u>	<u>33</u>
1600	Property, plant and equipment (notes 6(8), 7 and 8)	949,091	7	877,106	8	Non-Current liabilities:					
1755	Right-of-use assets (notes 6(9) and 7)	76,577	1	84,600	1	2500	Non-current financial liabilities at fair value through profit or loss (notes 6(2) and (15))	-	-	6,700	-
1780	Intangible assets (notes 6(10) and 7)	19,754	-	29,930	-	2530	Bonds payable (note 6(15))	-	-	873,583	8
1840	Deferred tax assets (note 6(21))	155,072	1	77,521	1	2540	Long-term borrowings (notes 6(14) and 8)	431,854	3	450,181	5
1900	Other non-current assets (notes 6(11), 7 and 8)	<u>1,070,650</u>	<u>7</u>	<u>592,529</u>	<u>6</u>	2573	Deferred tax liabilities (note 6(21))	2,024	-	636	-
		<u>6,784,102</u>	<u>47</u>	<u>3,306,188</u>	<u>32</u>	2580	Non-current lease liabilities (notes 6(16) and 7)	51,279	1	60,357	1
						2650	Credit balance of investments accounted for using equity method (notes 6(6) and 7)	-	-	264	-
						2670	Other non-current liabilities (notes 6(17) and 7)	<u>45,143</u>	<u>-</u>	<u>43,738</u>	<u>-</u>
								<u>530,300</u>	<u>4</u>	<u>1,435,459</u>	<u>14</u>
								<u>5,585,188</u>	<u>38</u>	<u>4,842,496</u>	<u>47</u>
						Total liabilities					
						Equity (notes 6(15), (18) and (19)):					
						3110	Ordinary share	1,171,552	8	1,000,000	10
						3140	Capital collected in advance	11,172	-	-	-
						3200	Capital surplus	5,844,488	41	3,376,493	32
							Retained earnings	1,917,995	13	1,153,095	11
						3400	Other equity interest	<u>64</u>	<u>-</u>	<u>(96)</u>	<u>-</u>
								<u>8,945,271</u>	<u>62</u>	<u>5,529,492</u>	<u>53</u>
Total assets		\$ <u>14,530,459</u>	<u>100</u>	<u>10,371,988</u>	<u>100</u>	Total liabilities and equity		\$ <u>14,530,459</u>	<u>100</u>	<u>10,371,988</u>	<u>100</u>

See accompanying notes to parent-company-only financial statements.

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

Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

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

		2024		2023	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenues (notes 6(23) and 7)	\$ 10,182,876	100	5,770,414	100
5000	Operating costs (notes 6(5), (24), 7 and 12)	<u>7,507,837</u>	<u>74</u>	<u>4,373,691</u>	<u>76</u>
	Gross profit	2,675,039	26	1,396,723	24
5910	Unrealized profit from sales (note 6(6))	<u>(298,461)</u>	<u>(3)</u>	<u>(85,168)</u>	<u>(1)</u>
	Realized gross operating profit	<u>2,376,578</u>	<u>23</u>	<u>1,311,555</u>	<u>23</u>
6000	Operating expenses (notes 6(20), (24), 7 and 12):				
6100	Selling expenses	123,979	1	60,347	1
6200	Administrative expenses	499,871	5	281,917	5
6300	Research and development expenses	<u>148,196</u>	<u>1</u>	<u>40,665</u>	<u>1</u>
	Total operating expenses	<u>772,046</u>	<u>7</u>	<u>382,929</u>	<u>7</u>
	Net operating income	<u>1,604,532</u>	<u>16</u>	<u>928,626</u>	<u>16</u>
	Non-operating income and benefit:				
7100	Interest income (notes 6(25) and 7))	14,401	-	12,235	-
7010	Other income (notes 6(26) and 7)	13,071	-	6,650	-
7020	Other gains and losses, net (notes 6(7), (27) and 7)	(8,288)	-	14,985	-
7050	Finance costs (notes 6(28))	(79,599)	(1)	(34,702)	(1)
7060	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net (note 6(6))	<u>(37,771)</u>	<u>-</u>	<u>81,686</u>	<u>1</u>
	Total non-operating income and expenses	<u>(98,186)</u>	<u>(1)</u>	<u>80,854</u>	<u>-</u>
	Profit before tax	1,506,346	15	1,009,480	16
7951	Less: Income tax expense (note 6(21))	<u>307,486</u>	<u>3</u>	<u>194,069</u>	<u>3</u>
	Profit for the year	<u>1,198,860</u>	<u>12</u>	<u>815,411</u>	<u>13</u>
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(3))	19,336	-	(20,589)	-
8349	Income tax related to item that may not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>19,336</u>	<u>-</u>	<u>(20,589)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(23,967)	-	(120)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss (note 6(21))	<u>4,791</u>	<u>-</u>	<u>24</u>	<u>-</u>
	Total items that will be reclassified subsequently to profit or loss	<u>(19,176)</u>	<u>-</u>	<u>(96)</u>	<u>-</u>
8300	Other comprehensive income	<u>160</u>	<u>-</u>	<u>(20,685)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 1,199,020</u>	<u>12</u>	<u>794,726</u>	<u>13</u>
	Earnings per share (NT dollar) (note 6(22))				
	Basic earnings per share	<u>\$ 11.10</u>		<u>8.16</u>	
	Diluted earnings per share	<u>\$ 10.64</u>		<u>8.00</u>	

See accompanying notes to parent-company-only financial statements.

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

Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest				
	Ordinary shares	Capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance at January 1, 2023	\$ 850,000	-	1,745,474	61,041	-	697,441	758,482	-	-	-	3,353,956
Profit for the year	-	-	-	-	-	815,411	815,411	-	-	-	815,411
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	(96)	(20,589)	(20,685)	(20,685)
Total comprehensive income (loss) for the year	-	-	-	-	-	815,411	815,411	(96)	(20,589)	(20,685)	794,726
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	64,691	-	(64,691)	-	-	-	-	-
Cash dividends distributed to ordinary shareholders	-	-	-	-	-	(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
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	1,215	-	-	(26)	(26)	-	-	-	1,189
Effect of long-term equity investment recognized in disproportion shareholding	-	-	(202)	-	-	(183)	(183)	-	-	-	(385)
Conversion of convertible bonds	-	-	128,013	-	-	-	-	-	-	-	128,013
Disposal of investment in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(20,589)	(20,589)	-	20,589	20,589	-
Balance at December 31, 2023	1,000,000	-	3,376,493	125,732	-	1,027,363	1,153,095	(96)	-	(96)	5,529,492
Profit for the year	-	-	-	-	-	1,198,860	1,198,860	-	-	-	1,198,860
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	(19,176)	19,336	160	160
Total comprehensive income (loss) for the year	-	-	-	-	-	1,198,860	1,198,860	(19,176)	19,336	160	1,199,020
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	79,461	-	(79,461)	-	-	-	-	-
Special reserve	-	-	-	-	96	(96)	-	-	-	-	-
Cash dividends distributed to ordinary shareholders	-	-	-	-	-	(408,000)	(408,000)	-	-	-	(408,000)
Stock dividends distributed to ordinary shareholders	25,500	-	-	-	-	(25,500)	(25,500)	-	-	-	-
Capital increase by cash and compensation costs recognized for reserve of employee subscription	100,000	-	1,892,355	-	-	-	-	-	-	-	1,992,355
Compensation costs recognized for employee stock options	-	-	35,467	-	-	-	-	-	-	-	35,467
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	3,639	-	-	-	-	-	-	-	3,639
Effect of long-term equity investment recognized in disproportion shareholding	-	-	-	-	-	(460)	(460)	-	-	-	(460)
Conversion of convertible bonds	46,052	11,172	536,131	-	-	-	-	-	-	-	593,355
Exercise of disgorgement	-	-	403	-	-	-	-	-	-	-	403
Balance at December 31, 2024	\$ 1,171,552	11,172	5,844,488	205,193	96	1,712,706	1,917,995	(19,272)	19,336	64	8,945,271

See accompanying notes to parent-company-only financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	<u>2024</u>	<u>2023</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ <u>1,506,346</u>	<u>1,009,480</u>
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	81,283	54,670
Amortizations expense	27,147	10,018
Gain on disposal of property, plant and equipment	(228)	-
Interest expense	79,599	34,702
Interest income	(14,401)	(12,235)
Share-based payments transactions	75,108	1,993
Share of profit (loss) of equity-accounted subsidiaries, associates and joint ventures	37,771	(81,686)
Net gain on financial assets or liability at fair value through profit or loss	(6,952)	(3,168)
Loss allowance for write-down of inventories	2,012	476
Gains on disposal of investments	(197)	(2,249)
Gains on bargain purchase transaction	-	(555)
Unrealized profit from inter-company sale transactions	298,461	85,168
Others	1,454	120
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(65,181)	(46,205)
Contract assets	132,202	(2,757,761)
Other receivables from related parties	(710)	6,680
Inventories	104,554	(106,602)
Prepayments to suppliers	(204,513)	(77,495)
Other operating assets	(72,715)	141,269
Contract liabilities	413,684	73,612
Notes and accounts payable (including related parties)	290,529	379,450
Other operating liabilities	<u>(172,050)</u>	<u>214,434</u>
Total adjustments	<u>1,006,857</u>	<u>(2,085,364)</u>
Cash inflow (outflow) generated from operations	2,513,203	(1,075,884)
Interest received	14,209	12,160
Dividends received	75,920	13,179
Interest paid	(47,489)	(22,987)
Income taxes paid	<u>(213,427)</u>	<u>(293,231)</u>
Net cash flows from (used in) operating activities	<u>2,342,416</u>	<u>(1,366,763)</u>

(Continued)

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

HD RENEWABLE ENERGY CO., LTD.

Statements of Cash Flows (Continued)

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,456,810)	-
Acquisition of investments accounted for using equity method	(1,856,337)	(1,296,111)
Proceeds from disposal of equity-accounted investments	42,090	281,450
Proceeds from capital reduction of investments accounted for using equity method	-	378,837
Acquisition of property, plant and equipment	(132,634)	(542,346)
Proceeds from disposals of property, plant and equipment	23,899	-
Increase in refundable deposits	(359,658)	(205,394)
Decrease in other receivables due from related parties	-	2,000
Acquisition of intangible assets	(16,971)	(30,175)
Increase (decrease) in restricted bank deposits	(116,985)	24,899
Net cash flows used in investing activities	(3,873,406)	(1,386,840)
Cash flows from (used in) financing activities:		
Proceeds from short-term borrowings	3,896,623	2,002,777
Repayments of short-term borrowings	(3,217,085)	(1,166,237)
Proceeds from issuance of bonds (net of issuance costs)	-	999,750
Proceeds from long-term borrowings	18,300	325,956
Repayments of long-term borrowings	(34,147)	(16,516)
Increase in short-term notes and bills payable (after deducting the discounts)	(50,000)	99,669
Increase in guaranteed deposits	-	2,400
Payments of lease liabilities	(27,114)	(16,756)
Cash dividends paid	(408,000)	(400,000)
Capital increase by cash	1,952,714	1,650,000
Cash settlement for fractional shares arising from the conversion of convertible corporate bonds	(4)	-
Exercise of disbursement	403	-
Net cash inflows from financing activities	2,131,690	3,481,043
Increase in cash and cash equivalents	600,700	727,440
Cash and cash equivalents at beginning of period	1,955,119	1,227,679
Cash and cash equivalents at end of period	\$ 2,555,819	1,955,119

See accompanying notes to parent-company-only financial statements.

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

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(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, and have been listed and traded on the Taiwan Stock Exchange since September 26, 2024.

The main activities of the Company 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 financial statements:

These parent-company-only financial statements were authorized for issue by the Board of Directors on March 5, 2025.

3. New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2024:

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

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

HD RENEWABLE ENERGY CO., LTD.

Notes to the Financial Statements

The Company is evaluating the impact on its parent-company-only financial position and parent-company-only financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only 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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

4. Summary of material accounting policies:

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

(1) Statement of compliance

The parent-company-only 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”).

(2) Basis of preparation

A. Basis of measurement

The parent-company-only financial statements have been prepared on a historical cost basis.

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

- (a) Financial instruments at fair value through profit or loss are measured at fair value; and
- (b) Financial assets at fair value through other comprehensive income are measured at fair value.

B. Functional and presentation currency

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

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

(3) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies 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.

B. Foreign currency

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

(4) 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:

The Company classifies the asset 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 (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability 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;

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

- C. It is due to be settled within twelve months after the reporting period; or
- D. The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(5) Cash and cash equivalents

Cash comprises cash on hand, demand deposits and time 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 are recognized as cash equivalents.

(6) Financial instruments

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

A. Financial 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 Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(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)

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

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

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 Company'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 Company 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 Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

(d) Impairment of financial assets

The Company 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 Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on The Company's historical experience and informed credit assessment as well as forward looking information.

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

The Company 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 Company in full.

HD RENEWABLE ENERGY CO., LTD.

Notes to the Financial Statements

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 Company in accordance with the contract and the cash flows that The Company expects to receive. ECL are discounted at the effective interest rate of the financial asset.

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

(e) Derecognition of financial assets

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

The Company 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.

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

B. Financial liabilities

(a) Classification of debt or equity

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

(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

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

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

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

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

(d) 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.

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Notes to the Financial Statements

(e) Derecognition of financial liabilities

The Company 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.

(f) 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 Company 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.

(7) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined using the weighted average method, and includes necessary cost incurred in bringing them to their existing location and condition.

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

(8) Investment in subsidiaries

When preparing the parent-company-only financial statement, investment in subsidiaries which are controlled by the Company is accounted for using equity method. Under equity method, the profit or loss, other comprehensive income equity in the parent-company-only financial statement are to the owners of the parent in the consolidated financial statements.

Changes in the parent's ownership interest in its subsidiaries that do not result in a loss of control are accounted as equity transactions.

(9) Investment in associates

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

Joint venture is a joint arrangement whereby the Company and other parties agreed to share the control of the arrangement, and the Company 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.

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Notes to the Financial Statements

The financial statements include the Company'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 Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's 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 Company and an associate or joint ventures are recognized in the financial statement only to the extent of unrelated Company's interests in the associate and joint venture.

When the Company'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 Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

(10) 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 Company.

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

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Notes to the Financial Statements

(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.

(11) 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 Company intends to, and has sufficient resources to, complete 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 Company 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 Company 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 of an asset less its residual value.

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:

Software: 1 to 10 years

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

(12) Leases

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

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

A. As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

- (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.

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 Company's estimate of the amount expected to be payable under a residual value guarantee; or
- (c) there is a change in the assessment regarding the purchase option; 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.

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Notes to the Financial Statements

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

The Company 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 Company 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 over the lease term on the straight-line over the lease term.

(13) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets 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.

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 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.

(14) Provisions

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

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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 Company 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.

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

(16) Revenue recognition

A. Revenue from contracts with customers

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

(a) Construction contracts

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

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Notes to the Financial Statements

If the Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation in accordance with the construction contracts, revenue is recognized only to the extent of contract costs incurred that it is expected to be recovered.

A provision for onerous contracts is recognized when the Company 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 Company 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.

(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 Company. 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 Company has objective evidence that all criteria for acceptance have been satisfied.

(d) Revenue from sale of electricity

Revenue from the sale of electricity is recognized when the electricity has been delivered to the customer, the amount can be reliably measured, and it is probable that there will be future economic benefits from the asset.

(e) Financing components

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

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

B. Contract costs

(a) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company 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 Company 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.

(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 Company recognizes an asset from the costs incurred to fulfil 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 Company can specifically identify;
- (ii) the costs generate or enhance resources of the Company 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 Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(17) Share-based payment

The remuneration cost of employee share-based payment arrangements is measured based on the fair value at the date on which they are granted. The remuneration cost is recognized, together with a corresponding increase in equity, over the periods in which the employees become unconditionally entitled to 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 fair value of the share-based payment at the grant date is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

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Grant date of a share-based payment award is the date which the Company 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.

(18) Income tax

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.

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 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 affects neither accounting nor taxable profits (losses) and 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 Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

- A. the Company 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

HD RENEWABLE ENERGY CO., LTD.

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- (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.

(19) Earnings per share

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

(20) 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 Company 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 Company 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 Company 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 Company 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 Company 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.

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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 Company'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.

(21) Operating segments

Segment information has been disclosed in consolidated financial statements; therefore, disclosure of the segment information in the parent company only financial statement is waived.

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

In preparing these parent-company-only financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

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 is measured based on the proportion of the contract cost incurred for work performed to date relative to the estimated total contract costs; The Company 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 Company's revenue and the Company 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 Company'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 Company's accounting policy and disclosure include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. The Company 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.

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Notes to the Financial Statements

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

- 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(29) for assumptions used in measuring fair value.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 1,095	925
Demand deposits	2,554,409	1,953,928
Foreign currency deposits	315	266
	<u>\$ 2,555,819</u>	<u>1,955,119</u>

Please refer to note 6(29) for the disclosure of credit risk and currency risk of the financial assets and liabilities of the financial instruments of the Company.

As of December 31, 2024 and 2023, the cash and cash equivalents were not pledged as collaterals.

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

	December 31, 2024	December 31, 2023
Financial assets designed at fair value through profit or loss - current:		
Unsecured convertible corporate bonds - call options	\$ <u>1,320</u>	<u>1,000</u>
Financial liabilities designed at fair value through profit or loss - current:		
Unsecured convertible corporate bonds - put options	\$ <u>68</u>	<u>-</u>
Financial liabilities designed at fair value through profit or loss - non-current:		
Unsecured convertible corporate bonds - put options	\$ <u>-</u>	<u>6,700</u>

Please refer to note 6(15) for the amount measured at fair value through profit and loss.

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(3) Financial assets at fair value through other comprehensive income

	December 31, 2024	December 31, 2023
Equity investments at fair value through other comprehensive income:		
Unlisted common stocks	\$ 1,312,150	-
Domestic emerging stocks	<u>163,996</u>	<u>-</u>
	<u>\$ 1,476,146</u>	<u>-</u>

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

The Company acquired 10% of equity interest in Fubon Green Power Co., Ltd. at the price of \$400,000 thousand in June 2024.

The Company acquired 9.7% of equity interest in Zen Energy Pty. Ltd. at the price of \$912,150 thousand in November 2024.

The Company acquired 11.2% of equity interest in TECH-TOP ENGINEERING CO., LTD at the price of \$144,660 thousand in December 2024.

Due to operational planning, the Company acquired all the remaining shares of BESEYE and became 100% owner of BESEYE in May 2023. The Company 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 abovementioned investments in equity instruments designated at fair value through other comprehensive income were not pledged as collateral.

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

	December 31, 2024	December 31, 2023
Accounts receivable	3,106	71,202
Accounts receivable from related parties	138,229	4,952
Less: Loss allowance	<u>(647)</u>	<u>(647)</u>
	<u>\$ 140,688</u>	<u>75,507</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, 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:

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Notes to the Financial Statements

December 31, 2024			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 4,252	0.00%	-
151 to 180 days past due	136,436	0.00%	-
	\$ 140,688		-

December 31, 2023			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 73,084	0.00%	-
1 to 30 days past due	2,423	0.00%	-
	\$ 75,507		-

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 Company for the years ended December 31, 2024 and 2023 were both \$647 thousand.

The movements in the allowance for notes and accounts receivable for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Balance at January 1 (Balance at December 31)	\$ 647	647

As of December 31, 2024 and 2023, the notes and accounts receivable of the Company were not pledged as collateral.

(5) Inventories

	December 31, 2024	December 31, 2023
Battery module pending for construction	\$ 78,331	-
Power cables pending for construction	54,312	33,344
Module pending for construction	31,327	124,329
Steel structure pending for construction	377	130,732
Raw materials	27,929	10,437
	\$ 192,276	298,842

For the years ended December 31, 2024 and 2023, the cost of inventory recognized as the cost of goods sold and expenses amounted to \$7,507,837 thousand and \$4,373,691 thousand, respectively. For the years ended December 31, 2024 and 2023, write-downs of inventories to net realizable value in the amount of \$2,012 thousand and \$476 thousand, respectively, were included in the cost of goods sold.

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As of December 31, 2024 and 2023, the inventories of the Company were not pledged as collateral.

(6) Investments accounted for using method

	December 31, 2024	December 31, 2023
Subsidiaries	\$ 2,975,655	1,498,318
Associates	107,487	140,238
Joint ventures	597,269	351,084
Less: Unrealized profit from inter-company transaction	(643,599)	(345,138)
	<u>\$ 3,036,812</u>	<u>1,644,502</u>
Credit balance of investments accounted for using equity method	<u>\$ -</u>	<u>(264)</u>

A. Subsidiaries

Please refer to the consolidated financial statements for the years ended December 31, 2024 for the subsidiary information:

	For the years ended December 31, 2024	2023
Shares attributable to the Company are as follows:		
Net income (loss)	<u>\$ (53,188)</u>	<u>53,919</u>

The Company sold its entire equity interest in Tian Tai ChargeTech Co., Ltd. to its subsidiary, Star Charger Co., Ltd., at the price \$56 thousand in February 2024. Additionally, the Company sold its entire equity interest in Yin Deng Green Co., Ltd. to its subsidiary, Star Aquaculture Co., Ltd. (Star Aquaculture), at the price \$35 thousand in October 2024. These transactions were part of the group's organizational restructuring.

B. Associates

Name of Associates	Business Activity	Main operating location/ Registered country of the company	December 31, 2024		December 31, 2023	
			Amount	Percentage %	Amount	Percentage %
Ri Qing Green Co., Ltd. (Ri Qing)	Energy technology Service	Republic of China	\$ 3,011	34	3,020	34
Ri Fa Green Co., Ltd. (Ri Fa)	Energy technology Service	Republic of China	66,847	40	63,685	40
Yun Deng Green Co., Ltd. (Yun Deng)	Energy technology Service	Republic of China	-	-	33,737	40
Stellar Energy Technology Inc. (Stellar)	Energy technology Service	Republic of China	-	-	39,796	30
Shilin Star Power Corporation (SSP)	Energy technology Service	Republic of China	37,629	49	-	-
			<u>\$ 107,487</u>		<u>140,238</u>	

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The Company subscribed for the cash capital increase of Yun Deng in January 2024 not in proportion to its shareholding, at investment amount of \$27,000 thousand. The shareholding ratio increased from 40% to 54.46% in January 2024. The changes in ownership resulted in an offset of capital surplus of \$96 thousand. Please refer to note 6(7) for further explanation.

The Company acquired 49% shares of SSP for \$39,200 thousand in cash in April, 2024, resulting in the Company to have significant influence over SSP.

In October 2023, the Company acquired a 30% interest in Stellar for \$36,000 thousand, gaining significant influence over the company. In November 2024, the Company acquired the remaining shares of Stellar from its related party, TPK Solutions Inc., (TPK) for \$81,194 thousand, increasing its ownership from 30% to 100%. Consequently, the Company obtained control of Stellar and included it as a subsidiary. The previous shareholding was considered disposed of. Please refer to Note 6(7) for details.

The Company holds 30% to 49% of the voting rights in associates for the years ended December 31, 2024 and 2023. 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 Company does not have de facto influence on these associates.

The Company's parent-company-only financial information for investments accounted for using equity method that are individually insignificant was as follows:

	For the years ended December 31,	
	2024	2023
Attributable to the Company are as follows:		
Net income (loss)	\$ (3,358)	11,687

C. Joint ventures

Name of Investor	Business Activity	Main operating location/ Registered country of the company	December 31, 2024		December 31, 2023	
			Amount	Percentage %	Amount	Percentage %
Star Power Energy Corporation (Star Power)	Energy technology service	Republic in China	291,390	20	292,508	20
Aquastar Energy Co., Ltd. (Aquastar)	Energy technology service	Republic in China	305,879	10	58,576	10
			\$ 597,269		351,084	

The Company subscribed for the cash capital increase of Aquastar in January and April, 2024 in proportion to its shareholding, at investment amount of \$202,260 thousand and 40,900 thousand, respectively.

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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 Company and other companies were anticipating to establish new partnership. Therefore, the refund of the Company'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 Company 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 Company's financial information for investments accounted for using equity method that charges are individually insignificant was as follows:

	For the years ended December 31,	
	2024	2023
Attributable to the Company are as follows:		
Net income	\$ <u>18,775</u>	<u>16,080</u>

As of December 31, 2024 and 2023, the investments accounted for using equity method were not pledged as collateral.

(7) Acquisition control or loss of subsidiaries

A. Acquisition of subsidiaries

The Company acquired 100% of equity interest in Shin Yu Energy Co., Ltd. (Shin Yu) in January 2024, at investment amount of \$25,000 thousand.

The Company subscribed for the cash capital increase of Yun Deng in January 2024 not in proportion to its shareholding, at an investment amount of \$27,000 thousand. The shareholding ratio increased from 40% to 54.46% in January 2024, resulting in gaining control over it and included it as a subsidiary. The fair value at the date of disposal was \$33,639 thousand and recognized a loss on disposal of \$96 thousand.

In November 2024, the Company acquired the remaining shares of Stellar from its related party, TPK, for \$81,194 thousand, increasing its ownership from 30% to 100%. Consequently, the Group obtained control of Stellar and included it as a subsidiary. The fair value on the acquisition date was treated as a disposal, recognizing a disposal gain/loss of \$0 thousand.

The Company 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 Company acquired 100% of equity interest in Ju Wang Energy Co., Ltd (Ju Wang) in May 2023, at investment amount of 24,400 thousand. The Company 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 Company acquired 70% of equity interest in Rui Yang Optronics Co., Ltd. (Rui Yang) in September 2023, at investment amount of \$196,000 thousand. The gain on bargain purchase from this acquisition was \$555 thousand.

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The Company acquired 100% of equity interest in Ri Chu Energy Co., Ltd. (Ri Chu), Lanjing Volt Co., Ltd. (Lanjing) and Landian Solar Energy Co., Ltd. (Landian) in November 2023, at investment amount of \$42,674 thousand. In addition, the Company increased in investment in Ri Chu in December 2023, at investment amount of \$58,000 thousand.

The Company acquired 100% equity interest in Li Tong Management Consulting Ltd. (Li Tong) and HD Renewable Energy Japan Co., Ltd. (HD Japan) in December 2023, at investment amount of \$1,086 thousand. At the same time, the Company 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 following table summarizes the fair value of identifiable assets acquired on the above acquisition date and liabilities assumed at the acquisition date:

	For the years ended December 31,	
	2024	2024
Cash and cash equivalents	\$ 106,627	297,677
Notes and accounts receivable, net	75,297	3,581
Inventories	-	985
Other current assets	40,809	4,395
Property, plant and equipment	114,597	64,899
Intangible assets	-	62,513
Deferred tax assets	2,725	6,255
Other non-current assets	4,696	37,414
Notes and accounts payable	(71,692)	(55)
Short-term borrowings	-	(16,500)
Other current liabilities	(17,728)	(9,280)
Long-term notes borrowings (including current portion)	(3,000)	(2,931)
Deferred tax liabilities	(184)	-
Non-controlling interests	-	(84,238)
	\$ 252,147	364,715

The Company acquired a 10% equity interest in Star Energy Storage Solutions Co., Ltd. (ESS) from other shareholders at investment amount \$20,000 thousand. The change in ownership resulted in an offset of retained earnings of \$3,639 thousand was recognized in capital surplus.

The Company subscribed for the cash capital increase of Yun Deng in July 2024 not in proportion to its shareholding, at investment amount of \$16,000 thousand, resulting in an increase of its shareholding ratio from 54.46% to 60.16%. The change in ownership resulted in an offset retained earnings of \$40 thousand.

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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.

The Company acquired the remaining of 1% share from shareholders of Huiju Energy Co., Ltd. (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 Company subscribed for the cash capital increase of Star Energy Storage Co., Ltd. (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.

B. Loss control of subsidiaries

The Company had sold all of its shares in Li Tong to its related party, Fubon Green Power, with a consideration of \$42,000 thousand in July 2024, and recognized a gain on disposal of investment of \$293 thousand.

The Company had sold all of its shares in Ri Wei Green Co., Ltd. (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 Company had sold all of its shares in Yunn Deng Green Co., Ltd. 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 Company had sold all of its shares in Wen Deng Green Co., Ltd. and Xin Sheng Energy Develop Co., Ltd. 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 Company had sold all of its shares in Huiju to its subsidiary, SES, with a consideration of \$134,000 thousand in September 2023. The difference between the actual equity price of the disposal subsidiary and its book value of \$1,215 thousand, which was recognized in capital surplus, while Huiju remains a consolidated entity of the Company.

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

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

	For the years ended December 31,	
	2024	2024
Cash and cash equivalents	\$ 1,450	24,326
Accounts receivable	-	824
Other receivables — related parties	-	6,009
Other current assets	64,004	2,980
Property, plant and equipment	1,286,185	62,597
Right-of-use assets	-	3,479
Refundable deposits	34,650	13,225
Other non-current assets	6,600	-
Short-term borrowings	(1,200,000)	-
Notes and Accounts payable to related parties	(136,436)	(45,232)
Other payables to related parties	(9,460)	-
Long-term borrowings (including current portion)	-	(15,127)
Other current liabilities	(5,286)	(11,803)
Lease liabilities (current and non-current)	-	(3,547)
Other non-current liabilities	-	(1,156)
	\$ 41,707	36,575

(8) Property, plant and equipment

The cost and accumulated depreciations of the Company's property, plant and equipment were as follows:

	Land	Buildings and construction	Machinery and equipment	Transportation equipment	Office equipment	Others	Construction in progress	Total
Costs:								
Balance at January 1, 2024	\$ 412,292	191,194	186,577	30,946	103,016	25,340	10,130	959,495
Additions	22,038	-	7,894	-	21,034	9,172	90,961	151,099
Disposal	(22,051)	-	(2,782)	(3,532)	(8,677)	(5,260)	-	(42,302)
Reclassification	13	-	219	-	22,043	1,186	(24,953)	(1,492)
Balance at December 31, 2024	\$ 412,292	191,194	191,908	27,414	137,416	30,438	76,138	1,066,800
Balance at January 1, 2023	\$ 124,792	76,665	168,987	27,232	47,063	15,344	2,952	463,035
Additions	287,500	114,529	16,095	3,714	54,497	9,996	10,129	496,460
Reclassification	-	-	1,495	-	1,456	-	(2,951)	-
Balance at December 31, 2023	\$ 412,292	191,194	186,577	30,946	103,016	25,340	10,130	959,495
Depreciation:								
Balance at January 1, 2024	\$ -	2,607	25,307	18,833	25,247	10,395	-	82,389
Depreciation for the year	-	3,824	12,378	6,017	23,699	7,292	-	53,210
Disposal	-	-	(771)	(3,182)	(8,677)	(5,260)	-	(17,890)
Balance at December 31, 2024	-	6,431	36,914	21,668	40,269	12,427	-	117,709
Balance at January 1, 2023	\$ -	839	14,758	13,047	11,219	5,231	-	45,094
Depreciation for the year	-	1,768	10,549	5,786	14,028	5,164	-	37,295
Balance at December 31, 2023	\$ -	2,607	25,307	18,833	25,247	10,395	-	82,389
Carrying amounts:								
Balance at December 31, 2024	\$ 412,292	184,763	154,994	5,746	97,147	18,011	76,138	949,091
Balance at December 31, 2023	\$ 412,292	188,587	161,270	12,113	77,769	14,945	10,130	877,106
Balance at January 1, 2023	\$ 124,792	75,826	154,229	14,185	35,844	10,113	2,952	417,941

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In November 2023, the Group 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.

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 (before 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.

As of December 31, 2024 and 2023, the property, plant, and equipment were pledged as collateral. Please refer to note 8.

(9) Right-of-use assets

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

	Land	Buildings and Construction	Transportation equipment	Others	Total
Right-of-use assets, cost:					
Balance at January 1, 2024	\$ 6,557	88,049	17,741	348	112,695
Additions	-	14,989	5,061	-	20,050
Disposal	-	(2,371)	(975)	-	(3,346)
Balance at December 31, 2024	<u>\$ 6,557</u>	<u>100,667</u>	<u>21,827</u>	<u>348</u>	<u>129,399</u>
Balance at January 1, 2023	\$ 6,557	47,050	12,030	-	65,637
Additions	-	43,161	9,328	348	52,837
Disposal	-	(2,162)	(3,617)	-	(5,779)
Balance at December 31, 2023	<u>\$ 6,557</u>	<u>88,049</u>	<u>17,741</u>	<u>348</u>	<u>112,695</u>
Depreciation:					
Balance at January 1, 2024	\$ 656	21,144	6,237	58	28,095
Depreciation for the year	328	20,447	7,182	116	28,073
Disposal	-	(2,371)	(975)	-	(3,346)
Balance at December 31, 2024	<u>\$ 984</u>	<u>39,220</u>	<u>12,444</u>	<u>174</u>	<u>52,822</u>
Balance at January 1, 2023	\$ 328	10,934	5,237	-	16,499
Depreciation for the year	328	12,372	4,617	58	17,375
Disposal	-	(2,162)	(3,617)	-	(5,779)
Balance at December 31, 2023	<u>\$ 656</u>	<u>21,144</u>	<u>6,237</u>	<u>58</u>	<u>28,095</u>
Carrying amounts:					
Balance at December 31, 2024	<u>\$ 5,573</u>	<u>61,447</u>	<u>9,383</u>	<u>174</u>	<u>76,577</u>
Balance at December 31, 2023	<u>\$ 5,901</u>	<u>66,905</u>	<u>11,504</u>	<u>290</u>	<u>84,600</u>
Balance at January 1, 2023	<u>\$ 6,229</u>	<u>36,116</u>	<u>6,793</u>	<u>-</u>	<u>49,138</u>

As of December 31, 2024 and 2023, the Right-of-use assets were not pledged as collateral.

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(10) Intangible assets

The cost and amortization of the intangible assets of the Company for the years ended December 31, 2024 and 2023 were as follows:

	Computer software	Other intangible assets	Total
Cost:			
Balance at January 1, 2024	\$ 45,379	60	45,439
Additions	16,971	-	16,971
Decrease	(33,062)	-	(33,062)
Balance at December 31, 2024	<u>\$ 29,288</u>	<u>60</u>	<u>29,348</u>
Balance at January 1, 2023	\$ 15,384	-	15,384
Additions	30,115	60	30,175
Decrease	(120)	-	(120)
Balance at December 31, 2023	<u>\$ 45,379</u>	<u>60</u>	<u>45,439</u>
Amortization:			
Balance at January 1, 2024	\$ 15,509	-	15,509
Amortization	27,147	-	27,147
Decrease	(33,062)	-	(33,062)
Balance at December 31, 2024	<u>\$ 9,594</u>	<u>-</u>	<u>9,594</u>
Balance at January 1, 2023	\$ 5,491	-	5,491
Amortization	10,018	-	10,018
Balance at December 31, 2023	<u>\$ 15,509</u>	<u>-</u>	<u>15,509</u>
Carrying amounts:			
Balance at December 31, 2024	<u>\$ 19,694</u>	<u>60</u>	<u>19,754</u>
Balance at December 31, 2023	<u>\$ 29,870</u>	<u>60</u>	<u>29,930</u>
Balance at January 1, 2023	<u>\$ 9,893</u>	<u>-</u>	<u>9,893</u>

As of December 31, 2024 and 2023, the intangible assets of the Company were not pledged as collateral.

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

	December 31, 2024	December 31, 2023
Prepayments for projects	\$ 881,342	707,794
Refundable deposits	716,465	356,807
Restricted deposits — non-current (Note 8)	354,185	211,453
Prepaid insurance	45,628	6,528
tax overpaid retained for offsetting the future tax payable	45,223	69,791
Prepayment for equipment and land purchases	-	24,269
Other	23,302	17,002
	2,066,145	1,393,644
Less: classified as other current assets	(995,495)	(801,115)
Other non-current assets	<u><u>\$ 1,070,650</u></u>	<u><u>592,529</u></u>

(12) Short-term borrowings

	December 31, 2024	December 31, 2023
Unsecured bank loans	\$ 821,008	924,642
Secured bank loans	919,192	199,569
Letters of credit	63,549	-
	<u><u>\$ 1,803,749</u></u>	<u><u>1,124,211</u></u>
Range of interest rates at the year end	<u><u>2.10%~2.80%</u></u>	<u><u>2.40%~2.89%</u></u>

The short-term secured bank borrowings as of December 31, 2024 and 2023 were guaranteed by credit guarantee fund and as loans for materials purchases.

Please refer to note 6(29) for the disclosure of interest risk, currency risk and liquidity risk.

(13) Short-term notes and bills payable

	December 31, 2024		
	Guarantee or acceptance institution	Range of Interest rate (%)	Amount
Commercial paper payable	Mega Bills	2.05%	\$ 30,000
	Dah Chung Bills	2.25%	50,000
Less: discount			(81)
Total			<u><u>\$ 79,919</u></u>

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	December 31, 2023		
	Guarantee or acceptance institution	Range of Interest rate (%)	Amount
Commercial paper payable	Mega Bills	1.83%	\$ 30,000
	China Bills	1.36%	50,000
	Dah Chung Bills	2.03%	50,000
Less: discount			(160)
Total			<u><u>\$ 129,840</u></u>

As of December 31, 2024 and 2023, the short-term notes and bills payable of the Company were not pledged as collateral.

(14) Long-term borrowings

	Loan period	December 31, 2024	December 31, 2023
Secured bank loans	2018.12~ 2042.06	\$ 409,603	444,340
Unsecured bank loans	2018.12~ 2042.06	56,845	37,955
		466,448	482,295
Less: current portion		(34,594)	(32,114)
Total		<u><u>\$ 431,854</u></u>	<u><u>450,181</u></u>
Range of interest rates at the year end		2.37%~2.82%	2.25%~2.70%

Please refer to note 6(29) 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.

(15) Bonds payable

The details of unsecured convertible bonds were as follows:

	December 31, 2024	December 31, 2023
Total convertible corporate bonds issued	\$ 1,000,000	1,000,000
Unamortized discounted corporate bonds payable	(27,888)	(126,417)
Accumulated converted amount	(661,600)	-
Bonds payable, current portion	(310,512)	-
Bonds payable, non-current portion	<u><u>\$ -</u></u>	<u><u>873,583</u></u>
Embedded derivative - call options, included in financial assets at fair value through profit or loss	<u><u>\$ 1,320</u></u>	<u><u>1,000</u></u>
Embedded derivative - put options, included in financial liabilities at fair value through profit or loss	<u><u>\$ 68</u></u>	<u><u>6,700</u></u>
Equity component - conversion options, included in capital surplus - stock options	<u><u>\$ 43,328</u></u>	<u><u>128,013</u></u>

HD RENEWABLE ENERGY CO., LTD.
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	For the years ended December 31,	
	2024	2023
Embedded derivative instruments – call and put rights, included in financial assets (liabilities) at fair value through profit or loss	\$ <u><u>6,952</u></u>	<u><u>3,168</u></u>
Interest expense	\$ <u><u>(30,288)</u></u>	<u><u>(10,668)</u></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. .

There are no reset terms for this bond. Due to the declaration of a cash dividend for the year 2023, the conversion price of the bond was adjusted to \$117 per share on April 13, 2024. Additionally, due to the declaration of share dividend for the year 2023, the conversion price of the bond was adjusted to \$114.2 per share on August 8, 2024. Subsequently, due to the issuance of 10,000 thousand of ordinary shares through a cash capital increase, the conversion price of the bond was adjusted to \$111.7 per share on September 24, 2024.

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.

After 2 years from the issue date (September 26, 2025), 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.

(16) Lease liabilities

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

	December 31, 2024	December 31, 2023
Current	\$ <u><u>26,971</u></u>	<u><u>24,957</u></u>
Non-current	\$ <u><u>51,279</u></u>	<u><u>60,357</u></u>

For the maturity analysis, please refer to note 6(29).

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

	For the years ended December 31,	
	2024	2023
Interest expense on lease liabilities	\$ <u><u>1,903</u></u>	<u><u>1,175</u></u>
Expenses relating to short-term leases	\$ <u><u>23,534</u></u>	<u><u>11,650</u></u>

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

	For the years ended December 31,	
	2024	2023
Total cash outflow for leases	\$ 52,551	29,581

A. Buildings, construction and transportation equipment leases

The Company 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, 2024 and 2023.

B. Other leases

The Company'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 Company has elected not to recognize the right-of-use assets and lease liabilities for these leases.

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

	December 31, 2024	December 31, 2023
Development service fees payable	\$ 2,703	193,200
Warranty provisions	41,251	41,480
Labor fees payable	10,709	15,387
Payable on machinery and equipment	3,781	9,585
Provision for decommissioning, restoration and rehabilitation costs	3,065	3,564
Other	26,121	57,694
Less: classified as other-current liabilities	(42,487)	(277,172)
	\$ 45,143	43,738

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.

(18) Capital and other equity

A. Common stock

As of December 31, 2024 and 2023, 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, 2024, 117,155 thousand (2023: 100,000 thousand) of ordinary shares were issued.

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Considering the Company's capital planning, the declaration of \$25,500 thousand in share dividends from the 2023 earnings distribution was approved during the shareholders' meeting on June 7, 2024. This amount will be used to issue 2,550 thousand new shares, with a par value of \$10 per share. The capital increase date is set for August 8, 2024. All related legal and registration procedures have been completed.

A resolution was passed during the board meeting of Board of Directors held on July 31, 2024, to transition from the Taiwan Innovation Board to the Main Board and to conduct a cash capital increase of 100,000 thousand, with a par value of \$10 per share. The cash capital increase was executed partly through competitive auction and partly through public subscription, raising a total of \$1,952,714 thousand. The capital increase date is set for September 24, 2024. All related legal and registration procedures have been completed. The Company has recognized the cost of employee compensation on the cash capital increase reserved for employee subscription in accordance with the regulations. Please refer to note 6(19) for further information.

For the year ended December 31, 2024, the Company converted its first domestic unsecured convertible bond, amounting to \$661,600 thousand, into 5,722 thousand shares of ordinary share with a par value of \$10 per share, totaling \$57,224 thousand. As of December 31, 2024, the related registration procedures for \$46,052 thousand (4,605 thousand shares) were completed. During the board meeting held on February 17, 2025, a resolution was passed to set February 27, 2025, as the base date for the capital increase of the remaining \$11,172 thousand (1,117 thousand shares). However, the related registration procedures have not yet been completed; hence, the amount is recorded as capital collected in advance.

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(19) for details.

Reconciliation of shares outstanding for the years ended December 31, 2024 and 2023, were as follows:

	Ordinary share (in thousands)	
	For the years ended December 31,	
	2024	2023
Balance at January 1	100,000	85,000
Issuance of shares for cash	10,000	15,000
Capital increase through capitalization of retained earnings	2,550	-
Conversion of convertible bonds	4,605	-
Balance at December 31	117,155	100,000

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B. Capital surplus

The components of capital surplus were as follows:

	December 31, 2024	December 31, 2023
Share capital at premium	\$ 5,139,621	3,247,265
Convertible bond options	43,328	128,013
Conversion of convertible bond premium	620,815	-
Difference arising from subsidiary's share price and its carrying value	4,854	1,215
Employee stock options	35,467	-
Exercise of disgorgement	403	-
	<u>\$ 5,844,488</u>	<u>3,376,493</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 2023 earnings distribution had been approved during the board meeting on March 7, 2024, as well as the shareholders' meeting on June 7, 2024. The relevant dividend distributions to shareholders were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	
	<u>Earnings distribution</u>	<u>Price per share (NTD)</u>
Legal reserve	\$ 79,461	
Special reserve	96	
Cash dividends to shareholders	408,000	4.03
Shares dividends to shareholders	<u>25,500</u>	<u>0.25</u>
	<u>\$ 513,057</u>	

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 relevant dividend distributions to shareholders were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	
	<u>Earnings distribution</u>	<u>Price per share (NTD)</u>
Legal reserve	\$ 64,691	
Cash dividends to shareholders	<u>400,000</u>	<u>4.00</u>
	<u>\$ 464,691</u>	

The distribution of earnings for the years 2023 and 2022 mentioned above is consistent with the resolutions approved by the Board of Directors.

The cash distribution from capital surplus and the earnings distribution for 2024 had been approved and proposed during the board meeting on March 5, 2025, as follows:

	<u>For the years ended December 31,</u>	
	<u>2024</u>	
	<u>Cash distribution from capital surplus</u>	<u>Price per share (NTD)</u>
Capital reserve cash distribution	<u>\$ 117,155</u>	<u>1.00(Note 1)</u>

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	For the years ended December 31,	
	2024	
	Earnings distribution	Price per share (NTD)
Appropriation of legal reserve	\$ 119,840	
Reversal of special reserve	(96)	
Cash dividends to shareholders	527,198	4.50 (Note 1)
Shares dividends to shareholders	175,733	1.50 (Note 2)
	\$ 822,675	

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 3, 2025.

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

D. Other components of equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2024	\$ (96)	-	(96)
Exchange differences on foreign operations	(23,967)	-	(23,967)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	19,336	19,336
Related tax	4,791	-	4,791
Balance at December 31, 2024	\$ (19,272)	19,336	64

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	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	\$ -	-	-
Exchange differences on foreign operations	(120)	-	(120)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(20,589)	(20,589)
Disposal of financial assets measured at fair value through other comprehensive income	-	20,589	20,589
Related tax	24	-	24
Balance at December 31, 2023	<u>\$ (96)</u>	<u>-</u>	<u>(96)</u>

(19) 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 March 7, 2024 and February 28, 2022, respectively amounted to 10,000 thousand and 15,000 thousand shares. According to article 267 of the R.O.C Company Act, the Company both reserves 15% of the cash capital increase, which consists of 1,500 thousand and 2,250 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, 2024 and 2023, the number of shares subscribed by the employees of the Company were 1,074 thousand shares and 717 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 \$36.91 per share and \$2.78 per share, respectively. The remuneration costs recognized at the grant date were \$39,641 thousand and \$1,993 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:

	Cash capital increase reserved for employee subscription	
	For the years ended December 31,	
	2024	2023
Fair value at the grant date	36.91	2.78
Share price at the grant date	224.83	111.97
Number of options granted	1,074 thousand shares (note)	717 thousand shares (note)
Exercise price	188	110
The risk-free rate (%)	1.25 %	0.86 %

Note: Employees have declared a total of 426 thousand shares and 1,533 thousand shares to be abandoned prior to the grant date.

B. Employee Stock Options

Resolutions for Issuance of 4,000 units of employee stock options passed during the meeting of the Board of Directors held on June 28, 2024, each unit entitles the holder to purchase 1,000 shares of the company's ordinary shares.

The holder are limited to full-time employees of the company and its domestic and international subsidiaries or affiliates.

The issuance was approved by the Securities and Futures Bureau, FSC on July 26, 2024, and will be issued in whole or in part within two years as needed according to the regulations.

The trading information for the employee stock options issued on September 9, 2024, as follows:

Type	Grant Date	Vesting Period	Granted Units (in thousands)	Price Per Unit (in dollars)
Employee Stock Options	Sep 9, 2024	2 to 4 years of service	3,728	220

Each unit of the employee stock option certificate grants the right to purchase one share of common stock.

The fair value of the compensatory employee stock options granted on September 9, 2024, was estimated using the Black-Scholes option pricing model. The fair value per unit was between \$68.14 and \$83.65. The company recognized a compensation cost of \$35,467 thousand for the year ended December 31, 2024. The assumptions used are as follows:

	The First Employee Stock Option od 2024
Dividend yield	0.00%
Expected price volatility	42.50%~46.39%

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**The First
Employee Stock
Option od 2024**

Risk-free interest rate

1.43%~1.46%

Expected life

3.5~4.5years

C. Restricted employee rights stock

Resolutions for the issuance of 1,000 thousand shares of restricted employee rights new stock, with a par value of \$10 per share, totaling \$10,000 thousand, were passed during the shareholders' meeting held on June 7, 2024.

The holders are limited to full-time employees of the company and its domestic and international subsidiaries or affiliates, with the issuance approved by the Securities and Futures Bureau, FSC on July 26, 2024, to be issued in whole or in part within two years as needed according to the regulations ; as of December 31, 2024, the shares have not yet been issued.

(20) Employee benefits

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company 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 \$10,099 thousand and \$7,865 thousand for the years ended December 31, 2024 and 2023, respectively.

(21) Income taxes

A. Income tax expenses

The components of income tax expense in the years 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Current tax expense		
Current period	\$ 375,445	206,995
Additional tax on undistributed earnings	12,310	9,270
Adjustment for prior years	(8,897)	(3,091)
	<u>378,858</u>	<u>213,174</u>
Deferred tax expense (benefit)		
Temporary differences	(71,372)	(19,105)
	<u>\$ 307,486</u>	<u>194,069</u>

HD RENEWABLE ENERGY CO., LTD.

Notes to the Financial Statements

The amount of income tax (expense) benefit recognized in other comprehensive income in 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ <u>4,791</u>	<u>24</u>

Reconciliation of income tax and profit before tax for 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Profit before income tax	\$ <u>1,506,346</u>	<u>1,009,480</u>
Income tax of net profit before tax calculated at the prescribed tax rate	301,269	201,896
Tax effect of permanent differences	2,804	(14,006)
Adjustment for prior years and others	(8,897)	(3,091)
Additional tax on undistributed earnings	<u>12,310</u>	<u>9,270</u>
Income tax expense	\$ <u>307,486</u>	<u>194,069</u>

B. Recognized deferred tax assets

Changes in the amount of deferred tax assets and liabilities for 2024 and 2023 were as follows:

Deferred tax assets

	January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2024
Unrealized profit from sales	\$ 51,994	17,034	-	69,028	59,692	-	128,720
Foreign investment loss	-	-	-	-	11,338	-	11,338
Exchange differences on translation of foreign financial statement	-	-	24	24	-	4,791	4,815
Others	<u>5,762</u>	<u>2,707</u>	<u>-</u>	<u>8,469</u>	<u>1,730</u>	<u>-</u>	<u>10,199</u>
	\$ <u>57,756</u>	<u>19,741</u>	<u>24</u>	<u>77,521</u>	<u>72,760</u>	<u>4,791</u>	<u>155,072</u>

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Deferred tax liability

	January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2024
Unrealized profit on investment	\$ -	(2)	-	(2)	2	-	-
Valuation profit from convertible bonds	-	(634)	-	(634)	(1,390)	-	(2,024)
	<u>\$ -</u>	<u>(636)</u>	<u>-</u>	<u>(636)</u>	<u>(1,388)</u>	<u>-</u>	<u>(2,024)</u>

C. Assessment of tax

The Company's tax returns for the years through 2022 were assessed by the Taipei National Tax Administration.

(22) Earnings per share

	For the years ended December 31,	
	2024	2023
Basic earnings per share:		
Net income	<u>\$ 1,198,860</u>	<u>815,411</u>
Weighted-average number of ordinary shares (in thousands)	<u>107,958</u>	<u>97,534</u>
Basic earnings per share (in dollars)	<u>\$ 11.10</u>	<u>8.36</u>
Basic earnings per share-retrospective adjustment (in dollars)		<u>\$ 8.16</u>
Diluted earnings per share:		
Net income	1,198,860	815,411
Interest expense and other income or expense on convertible bonds, net of tax	<u>18,669</u>	<u>5,999</u>
Net income attributable to ordinary shareholders of the company	<u>\$ 1,217,529</u>	<u>821,410</u>
Weighted-average number of ordinary shares (in thousands)	107,958	97,534
Add: Effect of employee remuneration paid in stock (in thousands)	446	520
Effect of conversion of convertible bonds (in thousands)	<u>6,031</u>	<u>2,169</u>
	<u>114,435</u>	<u>100,223</u>
Diluted earnings per share (in dollars)	<u>\$ 10.64</u>	<u>8.20</u>
Diluted earnings per share-retrospective adjustment (in dollars)		<u>\$ 8.00</u>

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Notes to the Financial Statements

(23) Revenue from contracts with customers

A. Primary geographical market:

	For the years ended December 31,	
	2024	2023
Taiwan	\$ <u><u>10,182,876</u></u>	<u><u>5,770,414</u></u>

B. Major products/services lines:

	For the years ended December 31,	
	2024	2023
Construction revenue	\$ 9,976,165	5,639,019
Service revenue	173,040	102,128
Sales revenue	6,209	1,981
Power electric revenue and others	<u>27,462</u>	<u>27,286</u>
	\$ <u><u>10,182,876</u></u>	<u><u>5,770,414</u></u>
Timing of revenue recognition:		
Revenue transferred at a point in time	\$ 163,874	91,337
Revenue transferred over time	<u>10,019,002</u>	<u>5,679,077</u>
	\$ <u><u>10,182,876</u></u>	<u><u>5,770,414</u></u>

C. Contract balances:

	December 31, 2024	December 31, 2023	January 1, 2023
Contract assets - construction and equipment	\$ <u><u>3,307,774</u></u>	<u><u>3,439,976</u></u>	<u><u>682,215</u></u>
Contract liabilities - construction and equipment	\$ <u><u>578,165</u></u>	<u><u>164,481</u></u>	<u><u>90,869</u></u>

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, 2024 was \$164,481 thousand. The amounts of revenue recognized for the year ended December 31, 2024 was included in the contract liability balance at the beginning of the period was \$17,084 thousand.

The contract liability balance as at January 1, 2023 was \$90,869 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 relevant for details on accounts and notes receivable and its impairment, please refer to note 6(4).

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Notes to the Financial Statements

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, 2024 and 2023, there is no significant changes.

D. The transaction price allocated to the remaining performance obligations

As of December 31, 2024 and 2023, the amount allocated to the remaining performance obligations were \$25,653,972 thousand and \$27,693,194 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 1 to 3 years.

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

(24) 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 \$80,125 thousand and \$53,688 thousand and directors' remuneration amounting to \$16,024 thousand and \$10,737 thousand for the years ended December 31, 2024 and 2023, 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 2024 and 2023. 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 years ended December 31, 2023, the remunerations to employees and directors amounted to \$53,688 thousand and \$10,737 thousand, respectively. The aforementioned remuneration was no difference between the actual amounts and the amounts accrued. The information is available on the Market Observation Post System website. The related information can be accessed from Market Observation Post System website.

(25) Interest income

	For the years ended December 31,	
	2024	2023
Interest income from bank deposits	\$ 14,205	12,008
Other interest income	196	227
	\$ 14,401	12,235

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(26) Other Income

	For the years ended December 31,	
	2024	2023
Rent income	\$ 11,684	2,419
Compensation	789	1,015
Other income	598	3,216
	\$ 13,071	6,650

(27) Other gains and losses

	For the years ended December 31,	
	2024	2023
Gain on financial assets (liabilities) at fair value through profit and loss (note 6(15))	\$ 6,952	3,168
Foreign exchange gain (losses)	(15,629)	10,913
Gains on disposals of property, plant and equipment	228	-
Gains on disposals of investments, net	197	2,249
Gain recognized in bargain purchase	-	555
Miscellaneous disbursements	(36)	(1,900)
	\$ (8,288)	14,985

(28) Finance Costs

	For the years ended December 31,	
	2024	2023
Interest expense on bank loans	\$ 45,267	21,326
Interest expense on bonds	30,288	10,668
Discount on short-term notes and bills payable	2,042	1,221
Interest expense on lease liabilities	1,903	1,175
Interest expenses on decommissioning liabilities and others	99	312
	\$ 79,599	34,702

(29) Financial instruments

A. Credit risk

(a) Exposure to credit risk

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

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(b) Concentration of credit risk

The Company's potential credit risk is derived primarily from cash and cash equivalents, restricted bank deposits and accounts receivable. Also, the Company deposits cash and restricted bank deposits in good credit financial institutions. The Company 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 Company's potential credit risk is derived primarily from accounts receivable. The major customers of the Company are centralized in renewable energy power generation industry. To reduce the credit risk of the accounts receivable, the Company has adopted a policy assessing the financial status of the customers and the possibility of collection of receivables on a regular basis. The Company 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-months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to Note 4(6).) Please refer to note 6(4) for the movement in loss allowance provision for the years ended December 31, 2024 and 2023.

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>
Balance at December 31, 2024				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,803,749	1,814,341	1,814,341	-
Short-term notes and bills payables	79,919	80,000	80,000	-
Notes and Accounts payable (including related parties)	1,714,704	1,714,704	1,714,704	-
Salary and bonus payable	149,778	149,778	149,778	-
Other payables to related parties	31,163	31,163	31,163	-
Bonds payable-current portion	310,512	345,202	345,202	-
Lease liabilities (current and non-current)	78,250	82,166	28,506	53,660
Long-term borrowings (including current portion)	466,448	547,426	45,956	501,470
Deposits received	2,400	2,400	-	2,400
	<u>\$ 4,636,923</u>	<u>4,767,180</u>	<u>4,209,650</u>	<u>557,530</u>

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	<u>Carrying value</u>	<u>Contractual Cash flows</u>	<u>Within a year</u>	<u>Over 1 years</u>
Balance at December 31, 2023				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,124,211	1,134,964	1,134,964	-
Short-term notes and bills payables	129,840	130,000	130,000	-
Notes and Accounts payable (including related parties)	1,424,175	1,424,175	1,424,175	-
Salary and bonus payable	98,853	98,785	98,785	-
Other payables to related parties	13,887	13,887	13,887	-
Lease liabilities (current and non-current)	85,314	89,914	26,679	63,235
Long-term borrowings (including current portion)	482,295	529,258	42,404	486,854
Bonds payable	<u>873,583</u>	<u>1,020,100</u>	<u>-</u>	<u>1,020,100</u>
	<u>\$ 4,232,158</u>	<u>4,441,083</u>	<u>2,870,894</u>	<u>1,570,189</u>

C. Interest rate risk

The Company's interest risk arises from the Company's short term and long-term borrowings that bear floating interest rates. The fluctuation of the interest rate will influence the Company'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 Company'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 Company's net income would have decreased or increased by \$5,675 thousand and \$4,016 thousand for the years ended December 31, 2024 and 2023, 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 Company'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:

	<u>December 31, 2024</u>				
	<u>Carrying amount</u>	<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at FVTPL – current	\$ <u>1,320</u>	<u>-</u>	<u>1,320</u>	<u>-</u>	<u>1,320</u>

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	December 31, 2024				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,555,819	-	-	-	-
Notes and accounts receivable, net	2,459	-	-	-	-
Accounts receivables due from related parties	138,229	-	-	-	-
Other receivables due from related parties	1,476	-	-	-	-
Refundable deposits	716,465	-	-	-	-
Restricted deposits (current and non-current)	373,380	-	-	-	-
	\$ 3,787,828	-	-	-	-
Financial assets measured at FVOCI— non-current	\$ 1,476,146	163,996	-	1,312,150	1,476,146
Financial assets measured at FVOCI— non-current	\$ 68	-	68	-	68
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 1,803,749	-	-	-	-
Short-term notes and bills payables	79,919	-	-	-	-
Notes and Accounts payable (including related parties)	1,714,704	-	-	-	-
Salary and bonus payable	149,778	-	-	-	-
Other payables to related parties	31,163	-	-	-	-
Bonds payable-current portion	310,512	-	310,512	-	310,512
Lease liabilities-current and non-current	78,250	-	-	-	-
Long-term borrowings (including current portion)	466,448	-	-	-	-
Deposits received	2,400	-	-	-	-
	\$ 4,636,923	-	310,512	-	310,512

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	Carrying value	December 31, 2023			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at FVTPL – current	\$ 1,000	-	1,000	-	1,000
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,955,119	-	-	-	-
Notes and accounts receivable, net	70,555	-	-	-	-
Accounts receivable due from related parties	4,952	-	-	-	-
Other receivables due from related parties, net	25	-	-	-	-
Refundable deposits	356,807	-	-	-	-
Restricted deposits (current and non-current)	253,924	-	-	-	-
	\$ 2,641,382	-	-	-	-
Financial assets measured at FVOCI-non-current	\$ 6,700	-	6,700	-	6,700
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 1,124,211	-	-	-	-
Short-term notes and bills payables	129,840	-	-	-	-
Notes and Accounts payable (including related parties)	1,424,175	-	-	-	-
Salary and bonus payable	98,853	-	-	-	-
Other payables to related parties	13,887	-	-	-	-
Lease liabilities – current and non-current	85,314	-	-	-	-
Long-term borrowings (including current portion)	482,295	-	-	-	-
Bonds payable	873,583	-	873,583	-	873,583
Deposits received	2,400	-	-	-	-
	\$ 4,234,558	-	873,583	-	873,583

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

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

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 and deposits received are based on carrying amount as there is no fixed maturity date.

Long-term borrowings primarily bear interest at floating rate, and their fair value approximates their carrying value.

(c) The reconciliation of Level 3 fair values

	For the years ended December 31,	
	2024	2023
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)
Purchase	1,312,150	-
Disposals	-	(14,411)
Balance at December 31	<u><u>\$ 1,312,150</u></u>	<u><u>-</u></u>

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

the Company's financial instruments that use Level 3 inputs to measure fair value 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.

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Quantified information regarding significant unobservable inputs are as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at FVOCI - equity investments without an active market	Price-to-book (P/B) method	<ul style="list-style-type: none"> · The P/B ratio of the peer companies is 4.8 times at December 31, 2023 · The liquidity discount at December 31, 2023 is 20% 	<ul style="list-style-type: none"> · The higher the P/B ratio, the higher the fair value · The greater the degree of lack of marketability, the lower the fair value.
	Market approach	<ul style="list-style-type: none"> · The EBITDA of the peer companies is 9.75~11.25 times at December 31, 2023 · The special buyer premium ranges from AUD 10,500 thousand to AUD 17,000 thousand 	<ul style="list-style-type: none"> · The higher the EBITDA multiple, the higher the fair value

There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2024 and 2023.

(30) Financial risk management

A. Overview

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

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

The following likewise discusses the Company'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 Company'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 Company is mainly due to cash and cash equivalents and receivables, these financial instruments arising from operating activities, as explained in the Company financial statements note 6(29).

D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Company 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 Company'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 Company'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 Company's future cash flow.

(31) Capital management

The Company 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.

	December 31, 2024	December 31, 2023
Total liabilities	5,585,188	4,842,496
Total equity	8,945,271	5,529,492
Interest-bearing liabilities	2,350,116	2,609,929
Debt-to-equity ratio	62 %	88 %
Interest-bearing debt-to-equity ratio	26 %	47 %

The increase in cash capital and continuous profitability resulted in total equity increase, debt-to-equity ratio and interest-bearing debt-to-equity ratio decrease as of December 31, 2024.

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(32) Financing activities not affecting current cash flow

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Bonds payable (including current portion)	Deposits received	Lease liabilities	Total liabilities from financing activities
Balance on January 1, 2024	\$ 1,124,211	129,840	482,295	873,583	2,400	85,314	2,697,643
Cash flows	679,538	(50,000)	(15,847)	-	-	(27,114)	586,577
Non-cash changes:							
Addition of leases	-	-	-	-	-	20,050	20,050
Interest expense	-	2,042	-	30,288	-	-	32,330
Others	-	(1,963)	-	(593,359)	-	-	(595,322)
Balance on December 31, 2024	<u>\$ 1,803,749</u>	<u>79,919</u>	<u>466,448</u>	<u>310,512</u>	<u>2,400</u>	<u>78,250</u>	<u>2,741,278</u>
Balance on January 1, 2023	\$ 287,671	29,932	172,855	-	-	49,233	539,691
Cash flows	836,540	99,669	309,440	999,750	2,400	(16,756)	2,231,043
Non-Cash changes:							
Addition of leases	-	-	-	-	-	52,837	52,837
Interest expense	-	1,221	-	10,668	-	-	11,889
Others	-	(982)	-	(136,835)	-	-	(137,817)
Balance on December 31, 2023	<u>\$ 1,124,211</u>	<u>129,840</u>	<u>482,295</u>	<u>873,583</u>	<u>2,400</u>	<u>85,314</u>	<u>2,697,643</u>

7. Related-party transactions:

(1) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Consolidated Company and its subsidiaries.

(2) Names and relationship with the Company

Name of related parties	Relationship with the Company
Ri Zhi Green Co., Ltd. (Ri Zhi)	Subsidiary of the Company
HB O&M Co., Ltd. (HB)	Subsidiary of the Company
Xiang Heng Green Co., Ltd. (Xiang Heng)	Subsidiary of the Company
Ru Jing Green Co., Ltd. (Ru Jing)	Subsidiary of the Company
Dan Deng Green Co., Ltd. (Dan Deng)	Subsidiary of the Company
New Century Energy Co., Ltd. (New Century)	Subsidiary of the Company
Chang He Energy Co., Ltd. (Chang He)	Subsidiary of the Company
Ri Xun Green Co., Ltd. (Ri Xun)	Subsidiary of the Company
Star Exchange Co., Ltd. (Star Exchange)	Subsidiary of the Company
You Deng Green Co., Ltd. (You Deng)	Subsidiary of the Company
Titan Asset Management Co., Ltd. (Titan Asset)	Subsidiary of the Company
Ri Chen Green Co., Ltd. (Ri Chen)	Subsidiary of the Company
Star Energy Storage Solutions Co., Ltd. (ESS)	Subsidiary of the Company

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Notes to the Financial Statements

Name of related parties	Relationship with the Company
Shin Yuan Energy Co., Ltd. (Shin Yuan)	Subsidiary of the Company
Star Charger Co., Ltd. (Star Charger)	Subsidiary of the Company
Daybreak FisheryTech Co., Ltd. (DFC)	Subsidiary of the Company
Huiju Energy Co., Ltd. (Huiju)	Subsidiary of the Company
Ri Lu Green Co., Ltd. (Ri Lu)	Subsidiary of the Company
Tian Xi ChargerTech Co., Ltd. (Tian Xi)	Subsidiary of the Company
Star Aquaculture Co., Ltd. (Star Aquaculture)	Subsidiary of the Company
BESEYE CLOUD SECURITY CO., LTD. (BESEYE)	Subsidiary of the Company
Rui Yang Optronics Co., Ltd. (Rui Yang)	Subsidiary of the Company
Star Energy Storage Co., Ltd. (SES)	Subsidiary of the Company
HD Renewable Energy Australia Pty. (HD Australia)	Subsidiary of the Company
Ying Fa Energy Co., Ltd. (Ying Fa)	Subsidiary of the Company
Stellar Energy Technology Inc. (Stellar)	Subsidiary of the Company (Note 8)
Yun Deng Green Co., Ltd. (Yun Deng)	Subsidiary of the Company (Note 9)
Ri Fa Green Co., Ltd. (Ri Fa)	Associate of the Company
Shilin Star Power Corporation (SSP)	Associate of the Company
Star Network Data Co., Ltd. (Star Network)	Joint venture of the Company (Note 2)
Star Power Energy Corporation (Star Power)	Joint venture of the Company
Aquastar Energy Co., Ltd. (Aquastar)	Joint venture of the Company
Ying Deng Green Power Co., Ltd. (Ying Deng)	Subsidiary of Star Aquaculture (Note 7)
Tian Tai ChargerTech Co., Ltd. (Tian Tai)	Subsidiary of Star Charger (Note 7)
Motech Power Alpha Co., Ltd. (MPA)	Subsidiary of Star Power
Daytime Solar Energy Co., Ltd. (Daytime)	Subsidiary of Star Power
Sunny Go Solar Co., Ltd. (Sunny Go)	Subsidiary of Star Power
Da Fu Energy Co., Ltd. (Da Fu)	Subsidiary of Star Power
Fang Deng Green Co., Ltd. (Fang Deng)	Subsidiary of Star Power
Zhong Fang Green Co., Ltd. (Zhong Fang)	Subsidiary of Star Power
Ren Hua Green Co., Ltd. (Ren Hua)	Subsidiary of Star Power
SunGrounder Co., Ltd. (SunGrounder)	Subsidiary of Star Power
Sunenginer Co., Ltd. (Sunenginer)	Subsidiary of Star Power
Esun Energy Co., Ltd. (Esun Energy)	Subsidiary of Star Power
Daybreak Fishery Management Consultants Co., Ltd. (DFM)	Subsidiary of Star Power

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

Name of related parties	Relationship with the Company
Ri Wei Green Co., Ltd. (Ri Wei)	Subsidiary of Star Power (Note 5)
Ri Yun Green Co., Ltd. (Ri Yun)	Subsidiary of Aquastar
Yun Deng Green Co., Ltd. (Yun Deng)	Subsidiary of Aquastar (Note 3)
Xin Sheng Energy Develop Co., Ltd. (Xin Sheng)	Subsidiary of Aquastar (Note 6)
Wen Deng Green Co., Ltd. (Wen Deng)	Subsidiary of Aquastar (Note 6)
Titan Solar Co., Ltd. (Titan Solar)	Corporate director of the Company
Fengyuan Co.,Ltd. (Fengyuan)	Same Chairman with the Company
Ding Li Power Technology Co., Ltd. (Ding Li)	Substantive related party of the Company (Note 1)
Ding Li Alloy Co., Ltd. (Ding Li Alloy)	Substantive related party of the Company (Note 1)
Solarflex Trading Co., Ltd.(Solarflex)	Substantive related party of the Company (Note 1)
Gigastorage Corporation (Gigastorage)	Substantive related party of the Company
Union Hospitality Management Co., Ltd. (Union Hospitality)	Substantive related party of the Company (Note 4)
Yuan Ru Yi Co.,Ltd. (Yuan Ru Yi)	Substantive related party of the Company
TPK TOUCH SOLUTIONS INC. (TPK)	Substantive related party of the Company (Note 8)
Jason Renewables Co., Ltd. (Jason Renewables)	Substantive related party of the Company
SHIHLIN ELECTRIC & ENGINEERING CORPORATION (Shihlin Electric & Engineering)	Substantive related party of the Company (Note 10)
Shihlin Electric Green Power Co. Ltd. (Shihlin Electric Green Power)	Substantive related party of the Company (Note 10)
Fubon Green Power CO., LTD. (Fubon Green Power)	Substantive related party of the Company (Note 11)
Li Tong Hospitality Management Co., Ltd. (Li Tong)	Subsidiary of Fubon Green Power (Note 12)

For information related to subsidiaries and related-parties of the Company, please refer to the consolidated financial statements for the years ended December 31, 2024:

Note 1: Ding Li, Ding Li Alloy and Solarflex are all associates of investees of Titan Solar.

Note 2: The liquidation of Star Network has been completed in May 2023.

Note 3: The company sold all the shares in Yun Deng to Aquastar in April 2023, and it became a subsidiary of Aquastar.

Note 4: Union Hospitality has served as a Chairman of Yun Deng since January 2023, an associate of the Company.

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

- Note 5: The Company disposed all of its shares in Ri Wei to Star Power in March 2023. Please refer to note 6(7) for details.
- Note 6: The Company 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 7: The Company sold its entire equity interest in Tian Tai to its subsidiary Star Charger in February 2024. Additionally, the Company sold its entire equity interest in Ying Deng to its subsidiary Star Aquaculture in October 2024. Please refer to note 6(7).
- Note 8: In October 2023, the Company acquired a 30% interest in Stellar, making it an associate of the Company. In November 2024, the Company acquired the remaining shares of Stellar, thereby obtaining control of Stellar and including it as a subsidiary. Consequently, the former parent company, TPK, is no longer a related party of the Company.
- Note 9: The Company subscribed for the cash capital increase of Yun Deng in January 2024, not in proportion to its shareholding, at investment amount of \$27,000 thousand. The shareholding ratio increased from 40% to 54.46% in January 2024, thereby obtaining control of Yun Deng and included it as a subsidiary.
- Note 10: The Company acquired a 49% equity interest in SSP in April 2024, and SSP became an associate of the Company. Additionally, Shihlin Electric & Engineering, the parent company of SSP, and its subsidiaries thus became related parties of the Company from that date.
- Note 11: The Company acquired 10% of its equity interest in Fubon Green Power in June 2024, and served as a director of it.
- Note 12: The Company disposal all of its shares in Li Tong to Fubon Green Power in July 2024.

(3) The Company's significant related party transactions and balances were as follows:

A. Operating revenue and Receivables from related parties

	Operating revenue	
	For the years ended December 31,	
	2024	2023
Subsidiaries of the joint venture		
Xin Sheng	\$ 4,732,320	613,260
Yun Deng	1,047,385	177,218
Ri Yun	180	1,252,979
Other	144,678	291,894
Subsidiaries	260,138	62,946
Joint ventures	7,769	6,475
Other related parties		
Li Tong	2,521,082	-
Other	297	(8,826)
	\$ 8,713,849	2,395,946

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

		Receivables from related parties	
		December 31, 2024	December 31, 2023
		<u>\$</u>	
Subsidiaries			
Star Charger		1,618	-
Others		175	4,952
Other related parties			
Li Tong		136,436	-
		<u>\$ 138,229</u>	<u>4,952</u>
		Construction receivables from related parties (recognized as contract assets)	
		December 31, 2024	December 31, 2023
		<u>\$</u>	
Subsidiaries of the joint venture			
Yun Deng		885,131	177,218
Wen Deng		404,488	266,058
Ri Yun		168,144	420,065
Xin Sheng		-	613,260
Others		4,998	222,571
Subsidiary		38,845	10,295
Joint ventures		-	2,737
Other related parties			
Li Tong		1,248,286	-
		<u>\$ 2,749,892</u>	<u>1,712,204</u>
		Advances of construction from related parties (recognized as contract liabilities)	
		December 31, 2024	December 31, 2023
		<u>\$</u>	
Subsidiaries of the joint venture			
Xin Sheng		436,025	-
Others		8,871	10,504
Subsidiaries			
Dan Deng		-	26,455
Others		23,613	10,500
Other related parties			
Gigastorage		-	1,235
		<u>\$ 468,509</u>	<u>48,694</u>

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

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

B. Purchases, cost of operating and payables to related parties

		<u>Purchases and cost of engineering</u>	
		<u>For the years ended December 31,</u>	
		<u>2024</u>	<u>2023</u>
Associates			
Stellar	\$	1,692,273	745,889
Other		11,802	-
Subsidiaries		38,529	84,301
Other related parties			
Shihlin Electric & Engineering		194,891	-
	\$	<u>1,937,495</u>	<u>84,301</u>
		<u>Operating Costs</u>	
		<u>For the years ended December 31,</u>	
		<u>2024</u>	<u>2023</u>
Subsidiaries			
Star Aquaculture	\$	-	30,000
Others		4,264	5,492
Other related parties		745	
Joint venture		46	
	\$	<u>5,055</u>	<u>35,492</u>
		<u>Payables to related parties</u>	
		<u>December 31,</u>	<u>December 31,</u>
		<u>2024</u>	<u>2023</u>
Associates			
Stellar	\$	-	645,722
Others		517	-
Subsidiaries		9	88,517
Subsidiaries of the joint venture		-	4
Other related parties			
Shihlin Electric & Engineering		212,593	-
	\$	<u>213,119</u>	<u>734,243</u>

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.

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

C. Property transactions

The Company sold its entire equity in Tian Tai to Star Charger at the price of \$56 thousand in February, 2024 and sold its entire equity in Yin Deng to Star Aquaculture at the price of \$35 thousand in October, 2024.

The Company had sold land to Xin Sheng for a disposal price of \$22,170 thousand in May 2024, resulting in a gain on disposal of \$119 thousand.

The Company disposed all of its shares in Li Tong to its related party, Fubon Green Power, with a consideration of \$42,000 thousand in July 2024, and recognized a gain on disposal of \$293 thousand.

The Company had sold Machinery and equipment to SSP in December 2024, at a disposal price of \$2,470 thousand and recognized a gain on disposal amounting to \$459 thousand. As of December 31, 2024, the receivable amount generated from the aforementioned transaction was \$741 thousand (Other receivables-related parties).

In October 2023, the Company acquired a 30% interest in Stellar for \$36,000 thousand, gaining significant influence over the company. In November 2024, the Company acquired the remaining shares of Stellar from TPK for \$81,194 thousand, increasing its ownership from 30% to 100%. Consequently, the Group obtained control of Stellar and included it as a subsidiary. The previous shareholding was considered disposed of.

The Company purchased software and technical services from BESEYE in 2023 amounting to \$20,000 thousand (recognized as intangible assets).

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.

The Company sold 100% of its equity interest in Huiju to SES with a consideration of \$134,000 thousand 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.

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

D. Prepayments(classified as other current liabilities)

	Prepayments for equipment	
	December 31, 2024	December 31, 2023
Other related parties		
Shihlin Electric & Engineering	\$ 237,508	-
Associates		
SSP	5,176	-
Stellar	-	21,340
Subsidiaries	1,176	-
	\$ 243,860	21,340

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):

For the year ended December 31, 2024				
Name of related party	Highest balance of financing to related parties (note)	Ending balance of actual usage amount	Interest income	Interest receivable
Subsidiaries	\$ 32,000	-	-	-
For the year ended December 31, 2023				
Name of related party	Highest balance of financing to related parties (note)	Ending balance of actual usage amount	Interest income	Interest receivable
Subsidiaries	\$ 32,000	-	60	-
Subsidiaries of joint venture	11,000	-	46	-
Associates	3,000	-	6	-
	\$ 46,000	-	112	-

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

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

F. Guarantee

Star Charger applied for a loan amounting to \$128,200 thousand to purchase equipment of charging stations. The Company provided an endorsement guarantee to Star Charger in order to apply for a loan from the bank.

In April 2023, the Company provided an endorsement guarantee of \$330,000 thousand to Huiju in response to Huiju's financing needs for the construction of energy storage project.

G. Refundable deposits

As of December 31, 2024 and 2023, the deposits paid to other related parties by Company for rental of right-of-use assets were \$2,454 thousand and \$238 thousand, and classified as refundable deposits.

H. Rental income

The Company leased its plant, ancillary equipment and land to Stellar for the period from November 1, 2023, to June 30, 2024, at a monthly rental of \$1,200 thousand, and the electricity expenses generated from the mentioned plant were charged to the Stellar, and payable monthly. Guarantee deposits of \$2,400 thousand were received from the associate (classified as other non-current liabilities). The lease renewal period was from December 1, 2024, to November 30, 2026, with a monthly rent of \$700 thousand, payable monthly. As of December 31, 2024 and 2023, the receivables amount due from the associate was \$735 thousand and \$25 thousand (classified as other receivables due from related parties).

I. Various expenses

(a) Rental expenses

The Company 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, 2024 and 2023 were both \$1,638 thousand and interest expenses amounting to \$39 thousand and \$75 thousand. The balance of the right-to-use assets as of December 31, 2024 and 2023 were \$956 thousand and \$2,594 thousand, respectively. The balances of the lease liabilities were \$995 thousand and \$2,670 thousand, respectively. The payables arising from the above transactions were \$0 thousand and \$150 thousand as of December 31, 2024 and 2023. (classified as other payables to related parties).

The Company 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, 2024 and 2023 were both \$1,381 thousand and interest expenses amounting to \$45 thousand and \$75 thousand. The balance of the right-to-use assets as of December 31, 2024 and 2023 was \$1,381 thousand and \$2,762 thousand, the lease liabilities was \$1,411 thousand and \$2,792 thousand.

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

The Company entered into office lease contracts with other related parties in December 2023 for the term from December 1, 2023 to July 31, 2028 at an annual rent of \$739 thousand and payable on a monthly basis. Depreciation charges recognized for the years ended December 31, 2024 was \$6,271 thousand and interest expenses amounting to \$636 thousand. The balance of the right-to-use assets as of December 31, 2024 was \$29,960 thousand, the lease liabilities was \$30,373 thousand.

(b) Other expenses

As of December 31, 2024 and 2023, the balances of payables recognized in other current liabilities arising from subsidiary paying for project site construction expenses on behalf of the Company are amounted to \$842 thousand and \$867 thousand, respectively.

The total prices of the misc products purchased from the other related parties is \$295 thousand as of December 31, 2023.

The Company entrusted its subsidiaries to develop software, as of December 2024 and 2023, the research and development expenses generated from the mentioned plant were \$70,800 thousand and \$11,712 thousand, the payable amount were \$5,900 thousand and \$0 thousand (classified as other payable to related parties).

J. Various advances

As of December 31, 2024 and 2023, the amounts to related parties from the payment on behalf of another party are as follows:

<u>Name of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiaries		
ESS	\$ -	12,870
HD Australia	24,304	-
Subsidiary of joint venture	31	-
Other related parties	86	-
	<u>\$ 24,421</u>	<u>12,870</u>

(4) Key management personnel compensation

Key management personnel compensation comprised as follows:

	<u>For the years ended December 31, 2024</u>	<u>2023</u>
Short-term employee benefits	\$ 45,277	44,609
Post-employment benefits	365	324
Share-Based Payment	2,863	-
	<u>\$ 48,505</u>	<u>44,933</u>

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

8. Assets pledged as security:

The carrying values of assets pledged as security were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Restricted time deposits (note)	Long-term borrowings and guarantee for engineering projects	\$ 373,380	253,924
Machinery and equipment	Collateral for long-term bank loans	132,363	121,490
Land	Collateral for long-term bank loans	348,310	80,310
Buildings and construction	Collateral for long-term bank loans	184,764	74,292
Total		<u>\$ 1,038,817</u>	<u>530,016</u>

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

9. Commitments and contingencies:

- (1) As of December 31, 2024 and 2023, the Company provided performance guarantee and warranty guarantee totaling \$637,740 thousand and \$687,617 thousand, respectively, for undertaking a solar power generation system project.
- (2) For the guarantees endorsements provided by the Company to its subsidiaries and associates, please refer to notes 7 and note 13(1) - Table 2.
- (3) Please refer to note 6(23) for the contracts of outstanding major contractual works that have been entered into by the Company.
- (4) The Company 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 Company, totaling \$19,363 thousand, along with statutory interest. The Company claimed that due to significant concealed cracks and scratches on the modules in the field during its construction period, the Company had the right to defer the payment of penalty based on the clauses as stipulated in the contract. Additionally, the Company had the right to offset the payment with the module damages. At present, the matter is being handled by a lawyer. The Company assessed that the above events will not have a material impact on the Company's operations.

10. Losses due to major disasters: None.

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

11. Subsequent events:

On June 7, 2024, the shareholders' meeting resolved to approve the private placement of common shares, authorizing the board of directors to proceed within one year from the date of the shareholders' meeting resolution, with a maximum of 15,000 thousand shares, either in one or multiple batches. On February 17, 2025, the Board of Directors resolved to privately place 3,752 thousand shares to Mitsubishi Electric Corporation at a subscription price of \$180.4 per share, with February 27, 2025, as the date of capital increase. The remaining 11,248 thousand shares will not be privately placed due to the lack of suitable investors, and there are no plans to continue the private placement.

On February 17, 2025, the Board of Directors resolved to increase the capital of its subsidiary, HD Japan, with a planned capital increase of up to JPY 5,900,000 thousand (approximately NT\$1,239,000 thousand). HD Japan will acquire 60% equity from non-related parties to support the capital expenditure for the energy storage project.

12. Other:

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

By item	For the year ended December 31, 2024			For the year ended December 31, 2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	57,233	344,365	401,598	51,635	162,502	214,137
Labor and health insurance	4,197	16,195	20,392	1,779	12,006	13,785
Remuneration of directors	-	16,024	16,024	-	10,737	10,737
Pension	2,272	7,827	10,099	2,255	5,610	7,865
Other employee benefits expense	3,485	10,567	14,052	3,191	10,070	13,261
Depreciation	27,467	53,816	81,283	20,837	33,833	54,670
Amortization	2,480	24,667	27,147	1,981	8,037	10,018

The information about number of employees and employee benefit expenses for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Number of employees	210	173
Number of directors who were not holding as a position of employee	5	5
The average employee benefits	\$ 2,176	1,482
The average employee salary	\$ 1,959	1,275
The average of salary adjust rate	53.65%	

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

The Company's remuneration policy (including directors, managers and employees) is as follows:

- (1) Directors' remuneration: In accordance with the Company's "Directors' and Managers' Remuneration Scheme", the distribution of directors' remuneration is proposed by the Chairman and submitted to the Remuneration Committee for approval.
- (2) Employees and managers' remuneration and annual bonuses: In accordance with the Company's "Directors' and Managers' Remuneration Scheme" and with reference to a combination of factors such as seniority and performance.
- (3) The Company has established an audit committee to replace the supervisory system.

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 Company:

- A. Loans to other parties: Please refer to Table 1.
 - B. Guarantees and endorsements provided: Please refer to Table 2.
 - C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.
 - 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 4.
 - E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - 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 amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 6.
 - I. Information about the derivative financial instruments transaction: None.
- (2) Information on investees (excluding information on investees in Mainland China): Please refer to Table 7.
 - (3) Information on investment in Mainland China: None

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

(4) Information of major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Titan Solar Co., Ltd.		11,607,666	9.81 %
Yuan Ruyi Co., Ltd.		7,404,850	6.26 %
Hong Cheng Investment Co., Ltd.		6,035,163	5.10 %

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.

14. Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2024.

HD Renewable Energy Co., Ltd.
Loans to other parties
For the year ended December 31, 2024

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	-	-	2.741%-3.119%	2	-	Operating capital	-	None	-	894,527	3,578,108
0	HD	Ri Chen	Other receivables - related parties	Yes	9,000	-	-	2.741%-3.119%	2	-	Operating capital	-	None	-	894,527	3,578,108
0	HD	Ri Xun	Other receivables - related parties	Yes	1,000	-	-	2.741%-3.119%	2	-	Operating capital	-	None	-	894,527	3,578,108
0	HD	Star Aquaculture	Other receivables - related parties	Yes	20,000	-	-	2.741%-3.119%	2	-	Operating capital	-	None	-	894,527	3,578,108

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.

HD Renewable Energy Co., Ltd.
Guarantees and endorsements provided
For the year ended December 31, 2024

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	71,562,168	128,200	128,200	-	-	1.43 %	71,562,168	Y	N	N
0	HD	Huiju	Subsidiary of SES	71,562,168	330,000	330,000	330,000	-	3.69 %	71,562,168	Y	N	N
1	SES	Huiju	Subsidiary of SES	6,152,940	4,100,000	3,500,000	1,354,164	1,502,381	682.60 %	6,152,940	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.

Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2024

Table 3

(In Thousands of New Taiwan Dollars/ Thousand Shares)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
HD	Fubon Green Power Co., Ltd.	Related party	Financial assets at fair value through other comprehensive income-non-current	40,000	400,000	10.0 %	400,000	
HD	ZEN Energy Pty Ltd.	-	Financial assets at fair value through profit or loss — non-current	253	912,150	9.7 %	912,150	
HD	TECH-TOP ENGINEERING CO., LTD.	10%+ shareholders	Financial assets at fair value through profit or loss, mandatorily measured at fair value — non-current	4,822	163,996	11.2 %	163,996	
Star Charger	Convertible Preferred shares	-	Financial assets at fair value through profit or loss	4,163	35,700	51.0 %	35,700	

HD Renewable Energy Co., Ltd.

Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock
For the year ended December 31, 2024

Table 4

(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	Fubon Green Power	Financial assets at fair value through other comprehensive income	-	Related party	-	-	40,000	400,000	-	-	-	-	40,000	400,000
HD	HD Japan	Investments accounted for using equity method	-	Subsidiary	4	42,274	39	409,802	-	-	-	-	43	419,250
HD	Aquastar	Investments accounted for using equity method	-	Joint venture	6,000	58,576	24,316	243,160	-	-	-	-	30,316	305,879
HD	ZEN	Financial assets at fair value through other comprehensive income	-	Non-related party	-	-	253	912,150	-	-	-	-	253	912,150
HD	Star Charger	Investments accounted for using equity method	-	Subsidiary	5,000	33,901	25,000	250,000	-	-	-	-	30,000	238,323

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 related to participation in a cash capital increase.

HD Renewable Energy Co., Ltd.

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

For the year ended December 31, 2024

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	Yunn Deng	the subsidiary of joint venture of the company	Operating revenue	(1,047,385)	(10)%	Note 1	-	Note 1	-	-	
HD	Xin Sheng	the subsidiary of joint venture of the company	Operating revenue	(4,732,320)	(46)%	Note 1	-	Note 1	-	-	
HD	Wen Deng	the subsidiary of joint venture of the company	Operating revenue	(138,430)	(1)%	Note 1	-	Note 1	-	-	
HD	Li Tong	Substantive related party of the company	Operating revenue	(2,521,082)	(25)%	Note 1	-	Note 1	136,436	97%	
HD	Rui Yang	Subsidiary of the company	Operating revenue	(137,145)	(1)%	Note 1	-	Note 1	-	-	
HD	Stellar	Associates of the company	Purchase	1,692,273	25%	Note 1	-	Note 1	-	-	
HD	Shihlin Electric & Engineering	Substantive related party of the company	Purchase	194,891	3%	Note 1	-	Note 1	(212,593)	(12)%	Note 2

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: The Company acquired the remaining shares of Stellar in November 2024, making it a subsidiary of the company.

Note 3: A one-way representation is made only in respect of the companies that recognize revenue and assets.

Note 4: All intercompany transactions among HD and its subsidiaries have been eliminated in the consolidated financial statements.

HD Renewable Energy Co., Ltd.

Receivables from related parties with amounts exceeding the lower than NT\$100 million or 20% of the capital stock

December 31, 2024

Table 6

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
HD	Li Tong	Substantive related party of the company	136,436	36.96%	136,436	Payment is expected to be received in the first quarter	-	-

HD Renewable Energy Co., Ltd.
Information on investees (excluding information on investees in Mainland China)
For the year ended December 31, 2024

Table 7

(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, 2024			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of Ownership	Carrying value			
The Company	You Deng	Taiwan	Energy technology Service	2,900	400	290	100.00 %	2,774	(10)	(10)	Subsidiaries
The Company	Ri Zhi	Taiwan	Energy technology Service	11,000	8,000	1,100	100.00 %	9,956	(462)	(462)	Subsidiaries
The Company	HB	Taiwan	Energy technology Service	30,000	30,000	3,000	100.00 %	82,698	45,120	45,120	Subsidiaries
The Company	Xiang Heng	Taiwan	Energy technology Service	67,125	67,125	3,900	100.00 %	35,949	(76)	(76)	Subsidiaries
The Company	Ri Yu	Taiwan	Energy technology Service	20,000	11,000	2,000	100.00 %	19,827	(20)	(20)	Subsidiaries
The Company	Ri Xi	Taiwan	Energy technology Service	78,900	50,000	7,890	100.00 %	78,307	(323)	(323)	Subsidiaries
The Company	Ru Jing	Taiwan	Energy technology Service	2,000	2,000	200	100.00 %	1,564	4	4	Subsidiaries
The Company	Ri Lu	Taiwan	Energy technology Service	2,500	2,500	250	100.00 %	3,037	388	388	Subsidiaries
The Company	Ri Pu	Taiwan	Energy technology Service	400	400	40	100.00 %	277	(5)	(5)	Subsidiaries
The Company	Titan Asset	Taiwan	Energy technology Service	100	100	10	100.00 %	8	(7)	(7)	Subsidiaries
The Company	Yun Deng	Taiwan	Energy technology Service	77,000	-	7,700	60.16 %	76,547	(95)	(52)	Subsidiaries
The Company	Yin Deng	Taiwan	Energy technology Service	-	100	-	-	-	(14)	(7)	Subsidiaries
The Company	Dan Deng	Taiwan	Energy technology Service	1,500	1,500	150	100.00 %	1,353	(8)	(8)	Subsidiaries
The Company	Ri Fu	Taiwan	Energy technology Service	2,600	2,600	260	100.00 %	2,557	(10)	(10)	Subsidiaries
The Company	Ri Chen	Taiwan	Energy technology Service	13,000	13,000	1,300	100.00 %	12,803	32	32	Subsidiaries
The Company	New Century	Taiwan	Energy technology Service	16,000	10,000	-	100.00 %	15,440	(123)	(123)	Subsidiaries
The Company	Chang He	Taiwan	Energy technology Service	16,000	16,000	1,600	100.00 %	5,899	(2,469)	(2,469)	Subsidiaries
The Company	Star Exchange	Taiwan	Energy technology Service	40,000	40,000	4,000	100.00 %	73,122	32,235	32,235	Subsidiaries
The Company	Ri Xun	Taiwan	Energy technology Service	7,000	7,000	700	100.00 %	6,450	(113)	(113)	Subsidiaries
The Company	ESS	Taiwan	Renewable energy electricity sales	180,000	160,000	18,000	90.00 %	192,177	12,446	5,099	Subsidiaries
The Company	Shin Yuan	Taiwan	Energy technology Service	100	100	10	100.00 %	45	(6)	(6)	Subsidiaries
The Company	DFC	Taiwan	Energy technology Service	600	600	60	100.00 %	299	(30)	(30)	Subsidiaries
The Company	Star Charger	Taiwan	Energy technology Service	300,000	50,000	30,000	100.00 %	238,323	(47,916)	(47,916)	Subsidiaries

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of Ownership	Carrying value			
The Company	Tian Hua	Taiwan	Energy technology Service	10,500	8,000	1,050	100.00 %	5,201	(2,808)	(2,808)	Subsidiaries
The Company	Tian Fang	Taiwan	Energy technology Service	6,000	4,000	600	100.00 %	1,081	(4,209)	(4,209)	Subsidiaries
The Company	Tian Tai	Taiwan	Energy technology Service	-	100	-	-	-	(14)	-	Subsidiaries
The Company	Tian Je	Taiwan	Energy technology Service	70,000	100	7,000	100.00 %	67,724	(2,240)	(2,240)	Subsidiaries
The Company	Tian Xi	Taiwan	Energy technology Service	6,500	3,500	650	100.00 %	5,713	(755)	(755)	Subsidiaries
The Company	Tian Hui	Taiwan	Energy technology Service	100	100	10	100.00 %	54	(10)	(10)	Subsidiaries
The Company	Tian Yi	Taiwan	Energy technology Service	100	100	10	100.00 %	50	(6)	(6)	Subsidiaries
The Company	Tian Chen	Taiwan	Energy technology Service	100	100	10	100.00 %	49	(7)	(7)	Subsidiaries
The Company	Tian Dong	Taiwan	Energy technology Service	100	100	10	100.00 %	54	(10)	(10)	Subsidiaries
The Company	Tian Chang	Taiwan	Energy technology Service	100	100	10	100.00 %	49	(7)	(7)	Subsidiaries
The Company	Tian Yu	Taiwan	Energy technology Service	9,000	100	900	100.00 %	8,940	(16)	(16)	Subsidiaries
The Company	Tian Yong	Taiwan	Energy technology Service	4,500	4,500	450	100.00 %	4,462	(2)	(2)	Subsidiaries
The Company	Tian Hong	Taiwan	Energy technology Service	100	100	10	100.00 %	50	(6)	(6)	Subsidiaries
The Company	Tian Sheng	Taiwan	Energy technology Service	100	100	10	100.00 %	56	(8)	(8)	Subsidiaries
The Company	SES	Taiwan	Fisheries and aquaculture	400,000	400,000	40,000	67.23 %	344,703	(62,661)	(42,125)	Subsidiaries
The Company	Star Aquaculture	Taiwan	Energy technology Service	98,305	58,000	9,831	98.31 %	75,320	(27,240)	(26,779)	Subsidiaries
The Company	Ying Fa	Taiwan	Energy technology Service	990	990	99	99.00 %	609	(125)	(124)	Subsidiaries
The Company	BESEYE	Taiwan	Energy technology Service	120,589	120,589	24,287	100.00 %	179,821	63,048	57,636	Subsidiaries
The Company	Ju Wang	Taiwan	Energy technology Service	160,000	50,000	16,000	100.00 %	159,732	(129)	(129)	Subsidiaries
The Company	Shin Bei	Taiwan	Energy technology Service	2,000	100	200	100.00 %	1,036	(953)	(953)	Subsidiaries
The Company	Shin Chen	Taiwan	Energy technology Service	100	100	10	100.00 %	82	(7)	(7)	Subsidiaries
The Company	Shin He	Taiwan	Energy technology Service	2,000	100	200	100.00 %	670	(1,319)	(1,319)	Subsidiaries
The Company	Shin Duo	Taiwan	Energy technology Service	100	100	10	100.00 %	82	(7)	(7)	Subsidiaries
The Company	Shin Ting	Taiwan	Energy technology Service	3,500	100	350	100.00 %	2,854	(635)	(635)	Subsidiaries
The Company	Shin Jang	Taiwan	Energy technology Service	100	100	10	100.00 %	82	(7)	(7)	Subsidiaries
The Company	Rui Yang	Taiwan	Energy technology Service	196,000	196,000	19,600	70.00 %	196,387	466	326	Subsidiaries
The Company	Lanjing	Taiwan	Energy technology Service	374	374	37	100.00 %	371	(15)	(15)	Subsidiaries
The Company	Landian	Taiwan	Energy technology Service	300	300	30	100.00 %	291	(15)	(15)	Subsidiaries

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of Ownership	Carrying value			
The Company	Ri Chu	Taiwan	Energy technology Service	100,000	100,000	10,000	100.00 %	99,982	126	126	Subsidiaries
The Company	Li Tong	Taiwan	Energy technology Service	-	41,977	-	-	-	(172)	(172)	Subsidiaries
The Company	HD Japan	Taiwan	Energy technology Service	453,253	43,451	43	100.00 %	419,250	(33,332)	(33,332)	Subsidiaries
The Company	Shin Yu	Taiwan	Energy technology Service	58,500	-	5,850	100.00 %	58,353	(156)	(147)	Subsidiaries
The Company	New star	Taiwan	Energy technology Service	10,800	-	1,080	54.00 %	10,717	(150)	(81)	Subsidiaries
The Company	HD Australia	Australia	Energy technology Service	204,899	-	9,520	100.00 %	176,230	(19,061)	(19,061)	Subsidiaries
The Company	HDRE I Trust	Taiwan	Energy technology Service	201,878	-	9,170	100.00 %	182,844	(4,178)	(4,178)	Subsidiaries
The Company	Stellar	Taiwan	Energy technology Service	117,194	-	12,000	100.00 %	112,653	(20,021)	(3,338)	Subsidiaries
The Company	HDAT	Taiwan	Energy technology Service	700	-	70	70.00 %	691	(13)	(9)	Subsidiaries
				<u>3,107,507</u>	<u>1,505,706</u>			<u>2,975,655</u>	<u>(78,116)</u>	<u>(53,188)</u>	
The Company	Ri Qing	Taiwan	Energy technology Service	2,914	2,914	291	34.44 %	3,011	150	52	Associates
The Company	Ri Fa	Taiwan	Energy technology Service	56,000	56,000	6,278	40.00 %	66,847	7,905	3,162	Associates
The Company	Yun Deng	Taiwan	Energy technology Service	-	34,000	-	-	-	(95)	(2)	Associates
The Company	Stellar	Taiwan	Energy technology Service	-	36,000	-	-	-	(20,021)	(4,999)	Associates
The Company	SSP	Taiwan	Energy technology Service	39,200	-	3,920	49.00 %	37,629	(3,207)	(1,571)	Associates
				<u>98,114</u>	<u>128,914</u>			<u>107,487</u>	<u>(15,268)</u>	<u>(3,358)</u>	
The Company	Star Power	Taiwan	Energy technology Service	274,000	274,000	27,400	20.00 %	291,390	73,164	14,632	Joint ventures
The Company	Aquastar	Taiwan	Energy technology Service	303,160	60,000	30,316	10.00 %	305,879	41,429	4,143	Joint ventures
				<u>577,160</u>	<u>334,000</u>			<u>597,269</u>	<u>114,593</u>	<u>18,775</u>	
SES	Huiju	Taiwan	Energy technology Service	1,500,000	1,500,000	150,000	100.00 %	1,502,381	5,472	5,472	Subsidiaries
Star Charger	Tian Tai	Taiwan	Energy technology Service	56	-	10	100.00 %	42	(14)	(14)	Subsidiaries
Star Charger	Star Charger Japan	Japan	Energy technology Service	225	-	-	100.00 %	30	(187)	(187)	Subsidiaries
				<u>281</u>	<u>-</u>			<u>72</u>	<u>(201)</u>	<u>(201)</u>	
Star Exchange	Star Exchange Japan	Japan	Energy technology Service	212	-	-	100.00 %	210	-	-	Subsidiaries
Star Aquaculture	Yin Deng	Taiwan	Energy technology Service	35	-	10	100.00 %	28	(14)	(7)	Subsidiaries
New Star	New Star Japan	Japan	Energy technology Service	217	-	-	100.00 %	64	(148)	(148)	Subsidiaries

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of Ownership	Carrying value			
HD Japan	Battery Park 1	Japan	Energy technology Service	63	-	-	100.00 %	(181)	(244)	(244)	Subsidiaries
HD Japan	Star No.1	Japan	Energy technology Service	2	-	-	100.00 %	(43)	(45)	(45)	Subsidiaries
HD Japan	Star No.2	Japan	Energy technology Service	2	-	-	100.00 %	(43)	(45)	(45)	Subsidiaries
HD Japan	Star No.3	Japan	Energy technology Service	2	-	-	100.00 %	(43)	(45)	(45)	Subsidiaries
HD Japan	Star No.4	Japan	Energy technology Service	2	-	-	100.00 %	(43)	(45)	(45)	Subsidiaries
HD Japan	Star No.5	Japan	Energy technology Service	2	-	-	100.00 %	(43)	(45)	(45)	Subsidiaries
HD Japan	Battery Park 3	Japan	Energy technology Service	2	-	-	100.00 %	-	(2)	(2)	Subsidiaries
HD Japan	Battery Park 4	Japan	Energy technology Service	2	-	-	100.00 %	-	(2)	(2)	Subsidiaries
HD Japan	Battery Park 5	Japan	Energy technology Service	2	-	-	100.00 %	-	(2)	(2)	Subsidiaries
HD Japan	Battery Park 6	Japan	Energy technology Service	2	-	-	100.00 %	-	(2)	(2)	Subsidiaries
HD Japan	Battery Park 7	Japan	Energy technology Service	2	-	-	100.00 %	-	(2)	(2)	Subsidiaries
HD Japan	Battery Park 8	Japan	Energy technology Service	2	-	-	100.00 %	-	(2)	(2)	Subsidiaries
HD Japan	Battery Park 9	Japan	Energy technology Service	2	-	-	100.00 %	-	(2)	(2)	Subsidiaries
HD Japan	Battery Park 10	Japan	Energy technology Service	2	-	-	100.00 %	-	(2)	(2)	Subsidiaries
HD Japan	Battery Park 11	Japan	Energy technology Service	2	-	-	100.00 %	-	(2)	(2)	Subsidiaries
HD Japan	Battery Park 12	Japan	Energy technology Service	2	-	-	100.00 %	-	(2)	(2)	Subsidiaries
HD Japan	Minakami Energy Storage LLC	Japan	Energy technology Service	1	-	-	50.00 %	-	(2)	(1)	Subsidiaries
				94	-			(396)	(491)	(490)	
HD Australia	GGE	Australia	Energy technology Service	2	-	-	100.00 %	(76)	(78)	(78)	Subsidiaries
HDRE I Trust	Star VIC I	Australia	Energy technology Service	193,844	-	146,509,801	100.00 %	194,903	-	-	Subsidiaries

HD Renewable Energy Co., Ltd.

Statement of Cash and Cash Equivalents

December 31, 2024

**(Expressed in thousands of New Taiwan Dollars; in
dollar of foreign currencies dollars)**

Item	Description	Amount
Cash	Petty Cash	\$ 1,095
Bank deposits	Demand deposits	2,554,409
	Foreign currency deposit (note) USD9,076, CNY1,472 and AUD550	315
		<u>\$ 2,555,819</u>

Foreign currency foreign exchange and at the balance sheet date are as follows:

USD: 32.785

CNY: 4.478

AUD: 20.39

Statement of Notes and Account Receivable

Customer Name	Amount
Taiwan Power Company	\$ 1,469
Taiwan Fixed Network Co., Ltd.	990
Feng Ding Guang Bo Co., Ltd.	647
	<u>3,106</u>
Less: Loss allowance	<u>(647)</u>
	<u>\$ 2,459</u>

Notes: 1. Notes and accounts receivable above resulting from business activities.

2. Accounts receivable due from related parties were not included in the above. Please refer to note 7 for details.

HD Renewable Energy Co., Ltd.**Contract assets / liabilities****December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

Customer Name	Contract assets	Contract liabilities
Li Tong Management Consulting Co., Ltd.	\$ 1,248,286	-
Yunn Deng Green Co., Ltd.	885,131	-
Wen Deng Green Co., Ltd.	404,488	-
Sumray Power Company	351,229	-
Ri Yun Green Co., Ltd.	168,144	-
Xin Sheng Energy Develop Co., Ltd.	-	436,025
He Shuo Agriculture Co., Ltd.	-	109,545
Huiju Energy Co., Ltd	-	23,613
Other(individual amount does not exceed 5%)	<u>250,496</u>	<u>8,982</u>
	<u>\$ 3,307,774</u>	<u>578,165</u>

HD Renewable Energy Co., Ltd.

Statement of Inventories

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Amount		Notes
	Net amount	Net Realizable Value	
Battery module pending for construction	\$ 78,331	76,068	The basis on net realizable value of inventory, please refer to accompanying notes 4(7) to the parent company only financial statements.
Power cables pending for construction	54,312	54,810	
Module pending for construction	31,327	31,268	
Steel structure pending for construction	377	363	
Raw materials	27,929	27,917	
Total	<u>\$ 192,276</u>	<u>190,426</u>	

Statement of Other Current and Non-Current Assets

Please refer to note 6(11) to the parent-company-only financial statements for the information on other current and non-current assets.

HD Renewable Energy Co., Ltd.

**Statement of financial assets measured at fair value through other
comprehensive income - non-current**

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Name	Beginning		Increase in this period		Decrease in this period		End of term		Guarantee or Pledge Situation
	Units	Carrying amount	Units	Amount (Note)	Units	Amount	Units	Carrying amount	
Fubon Green Power Co., Ltd.	-	\$ -	400,000	\$ 400,000	-	-	40,000	\$ 400,000	None
ZEN Energy Pty Ltd	-	-	253	912,150	-	-	253	912,150	None
TECH-TOP ENGINEERING CO., LTD.	-	-	4,822	144,660	-	-	4,822	163,996	None
		<u>-</u>		<u>\$ 1,456,810</u>		<u>-</u>		<u>\$ 1,476,146</u>	

Note: Including unrealized profit from financial assets at fair value through other comprehensive income \$19,336 thousand.

HD Renewable Energy Co., Ltd.

Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Beginning balance		Increase (decrease) for the period		Gains (losses) on investments	Translation adjustment	Cash dividends paid	Others (Note 1)	Balance at December 31, 2024			Net Assets Value	Pledge or guarantee
	Shares/ Units (thousands)	Amount (Note 2)	Shares/ Units (thousands)	Amount					Shares/ Units (thousands)	Amount (Note 2)	Percentage of ownership (%)		
Subsidiary:													
You Deng Green Co., Ltd.	40	284	250	2,500	(10)	-	-	-	290	2,774	100	2,774	None
Ri Zhi Green Co., Ltd.	800	7,418	300	3,000	(462)	-	-	-	1,100	9,956	100	9,956	None
HB O&M Co., Ltd.	3,000	65,313	-	-	45,120	-	(27,735)	-	3,000	82,698	100	82,698	None
Xiang Heng Green Co., Ltd.	3,900	36,025	-	-	(76)	-	-	-	3,900	35,949	100	35,949	None
Ri Yu Green Co., Ltd.	1,100	10,847	900	9,000	(20)	-	-	-	2,000	19,827	100	19,827	None
Ri Xi Green Co., Ltd.	5,000	49,730	2,890	28,900	(323)	-	-	-	7,890	78,307	100	78,307	None
Ru Jing Green Co., Ltd.	200	1,560	-	-	4	-	-	-	200	1,564	100	1,564	None
Ri Lu Green Co., Ltd.	250	3,023	-	-	388	-	(374)	-	250	3,037	100	3,037	None
Ri Pu Green Co., Ltd.	40	282	-	-	(5)	-	-	-	40	277	100	277	None
Titan Asset Management Co., Ltd.	10	15	-	-	(7)	-	-	-	10	8	100	8	None
Yin Deng Green Co., Ltd.	10	41	(10)	(34)	(7)	-	-	-	-	-	-	-	None
Dan Deng Green Co., Ltd. (Note 2)	150	1,361	-	-	(8)	-	-	-	150	1,353	100	1,353	None
Ri Fu Green Co., Ltd.	260	2,567	-	-	(10)	-	-	-	260	2,557	100	2,450	None
Ri Chen Green Co., Ltd.	1,300	12,771	-	-	32	-	-	-	1,300	12,803	100	12,803	None
New Century Energy Co., Ltd.	-	9,563	-	6,000	(123)	-	-	-	-	15,440	100	15,440	None
Chang He Energy Co., Ltd.	1,600	8,368	-	-	(2,469)	-	-	-	1,600	5,899	100	5,899	None
Star Exchange Co., Ltd.	4,000	43,085	-	-	32,235	(2)	(2,397)	201	4,000	73,122	100	73,122	None
Ri Xun Green Co., Ltd.	700	6,563	-	-	(113)	-	-	-	700	6,450	100	6,450	None
Star Energy Storage Solutions Co., Ltd.	16,000	189,107	2,000	20,000	5,099	-	(29,058)	7,029	18,000	192,177	90	198,280	None
Shin Yuan Energy Co., Ltd.	10	51	-	-	(6)	-	-	-	10	45	100	45	None
Star Charger Co., Ltd.	5,000	33,901	25,000	250,000	(47,916)	(7)	-	2,345	30,000	238,323	100	238,323	None
Daybreak FisheryTech Co., Ltd.	60	329	-	-	(30)	-	-	-	60	299	100	299	None

Item	Beginning balance		Increase (decrease) for the period		Balance at December 31, 2024								Net Assets Value	Pledge or guarantee
	Shares/ Units (thousands)	Amount (Note 2)	Shares/ Units (thousands)	Amount	Gains (losses) on investments	Translation adjustment	Cash dividends paid	Others (Note 1)	Shares/ Units (thousands)	Amount (Note 2)	Percentage of ownership (%)			
Tian Hua ChargeTech Co., Ltd.	800	5,281	250	2,500	(2,808)	-	-	228	1,050	5,201	100	5,201	None	
Tian Fang ChargeTech Co., Ltd.	400	3,290	200	2,000	(4,209)	-	-	-	600	1,081	100	1,081	None	
Tian Tai ChargeTech Co., Ltd.	10	56	(10)	(56)	-	-	-	-	-	-	-	-	None	
Tian Jie ChargeTech Co., Ltd.	10	64	6,990	69,900	(2,240)	-	-	-	7,000	67,724	100	67,724	None	
Tian Xi ChargeTech Co., Ltd.	350	3,468	300	3,000	(755)	-	-	-	650	5,713	100	5,713	None	
Tian Hui Energy Storage Co., Ltd.	10	64	-	-	(10)	-	-	-	10	54	100	54	None	
Tian Yi Energy Storage Co., Ltd.	10	56	-	-	(6)	-	-	-	10	50	100	50	None	
Tian Cheng Energy Storage Co., Ltd.	10	56	-	-	(7)	-	-	-	10	49	100	49	None	
Tian Dong Energy Storage Co., Ltd.	10	64	-	-	(10)	-	-	-	10	54	100	54	None	
Tian Chang Energy Storage Co., Ltd.	10	56	-	-	(7)	-	-	-	10	49	100	49	None	
Tian Yu Green Co., Ltd.	10	56	890	8,900	(16)	-	-	-	900	8,940	100	8,940	None	
Tian Yong Green Co., Ltd.	450	4,464	-	-	(2)	-	-	-	450	4,462	100	4,462	None	
Tian Hong Green Co., Ltd.	10	56	-	-	(6)	-	-	-	10	50	100	50	None	
Tian Sheng Green Co., Ltd.	10	64	-	-	(8)	-	-	-	10	56	100	56	None	
Star Energy Storage Co., Ltd.	40,000	386,828	-	-	(42,125)	-	-	-	40,000	344,703	67	344,703	None	
Star Aquaculture Co., Ltd.	5,800	59,294	4,031	40,305	(26,779)	-	-	2,500	9,831	75,320	98	75,320	None	
Ying Fa Energy Co., Ltd.	99	733	-	-	(124)	-	-	-	99	609	99	609	None	
BESEYE CLOUD SECURITY CO., LTD.	24,287	120,199	-	-	57,636	-	-	1,986	24,287	179,821	100	143,616	None	
Ju Wang Energy Co., Ltd.	5,000	49,861	11,000	110,000	(129)	-	-	-	16,000	159,732	100	159,409	None	
Shin Bei Charger Co., Ltd.	10	89	190	1,900	(953)	-	-	-	200	1,036	100	1,036	None	
Shin Chen Charger Co., Ltd.	10	89	-	-	(7)	-	-	-	10	82	100	82	None	
Shin He Charger Co., Ltd.	10	89	190	1,900	(1,319)	-	-	-	200	670	100	670	None	
Shin Duo Charger Co., Ltd.	10	89	-	-	(7)	-	-	-	10	82	100	82	None	
Shin Ting Charger Co., Ltd.	10	89	340	3,400	(635)	-	-	-	350	2,854	100	2,854	None	
Shin Jian Charger Co., Ltd.	10	89	-	-	(7)	-	-	-	10	82	100	82	None	
Rui Yang Optronics Co. Ltd.	19,600	196,606	-	-	326	-	(545)	-	19,600	196,387	70	196,387	None	
Lanjing Volt Co., Ltd	37	386	-	-	(15)	-	-	-	37	371	100	83	None	
Landian Solar Energy Co., Ltd.	30	306	-	-	(15)	-	-	-	30	291	100	92	None	
Ri Chu Energy Co., Ltd.	10,000	99,856	-	-	126	-	-	-	10,000	99,982	100	99,928	None	
Li Tong Management Consulting Co., Ltd.	4,200	41,878	(4,200)	(41,706)	(172)	-	-	-	-	-	-	-	None	

Item	Beginning balance		Increase (decrease) for the period				Balance at December 31, 2024						
	Shares/ Units (thousands)	Amount (Note 2)	Shares/ Units (thousands)	Amount	Gains (losses) on investments	Translation adjustment	Cash dividends paid	Others (Note 1)	Shares/ Units (thousands)	Amount (Note 2)	Percentage of ownership (%)	Net Assets Value	Pledge or guarantee
HD Renewable Energy Japan Co., Ltd.	4	42,274	39	409,802	(33,332)	506	-	-	43	419,250	100	418,864	None
Yun Deng Green Co., Ltd.	-	-	7,700	76,639	(52)	-	-	(40)	7,700	76,547	60	76,547	None
Shin Yu Energy Co., Ltd.	-	-	5,850	58,500	(147)	-	-	-	5,850	58,353	100	58,321	None
New Star ChargeTech Co., Ltd.	-	-	1,080	10,800	(81)	(2)	-	-	1,080	10,717	54	10,717	None
HD Renewable EnerGT Australia Pty. Ltd.	-	-	9,520	204,899	(19,061)	(9,608)	-	-	9,520	176,230	100	176,230	None
HDRE I Holding Pty Ltd (HDRE I Holding Unit Trust)	-	-	9,170	201,877	(4,178)	(14,855)	-	-	9,170	182,844	100	182,844	None
HDAT Energy CO., LTD.	-	-	70	700	(9)	-	-	-	70	691	70	691	None
Stellar Energy Technology Inc.	-	-	12,000	115,991	(3,338)	-	-	-	12,000	112,653	100	112,632	None
		1,498,054		1,600,617	(53,188)	(23,968)	(60,109)	14,249		2,975,655			
Associates:													
Ri Qing Green Co., Ltd.	291	3,020	-	-	52	-	(61)	-	291	3,011	34	3,011	None
Yun Deng Green Co., Ltd.	3,400	33,737	(3,400)	(33,735)	(2)	-	-	-	-	-	-	-	None
Ri Fa Green Co., Ltd.	5,600	63,685	678	-	3,162	-	-	-	6,278	66,847	40	66,847	None
Stellar Energy Technology Inc.	3,600	39,796	(3,600)	(34,797)	(4,999)	-	-	-	-	-	-	-	None
Shilin Star Power Corporation	-	-	3,920	39,200	(1,571)	-	-	-	3,920	37,629	49	37,629	None
		140,238		(29,332)	(3,358)	-	(61)	-		107,487			
Joint ventures:													
Star Power Energy Corporation	27,400	292,508	-	-	14,632	-	(15,750)	-	27,400	291,390	20	291,390	None
Aquastar Energy Co., Ltd.	6,000	58,576	24,316	243,160	4,143	-	-	-	30,316	305,879	10	305,879	None
		351,084		243,160	18,775	-	(15,750)	-		597,269			
		1,989,376		1,814,445	(37,771)	(23,968)	(75,920)	14,249		3,680,411			
Less: Unrealized gains on transaction of intercompany transaction		345,138		298,461	-	-	-	-		643,599			
		\$ 1,644,238		1,515,984	(37,771)	(23,968)	(75,920)	14,249		3,036,812			

Note 1: Others include the difference arising from subsidiary's share price and its carrying value of \$3,639 thousand, attributable to changes in ownership, which is not in proportion to shareholding reverse retained earnings by \$(40) thousand and the payment of staff remuneration by the Company to employees amounting to \$10,650 thousand are recognized.

Note 2: Ri Fa issued stock dividends.

HD Renewable Energy Co., Ltd.
**Statement of Changes in Property, Plant and
equipment**
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(8) to the parent-company-only financial statements for the information of property, plant and equipment.

Statement of Changes in Right-to-use Assets

Please refer to note 6(9) to the parent-company-only financial statements for the information of right-to-use assets.

Statement of Changes in Intangible Assets

Please refer to note 6(10) to the parent-company-only financial statements for the information of intangible assets.

HD Renewable Energy Co., Ltd.
Statement of Notes and Accounts Payable
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Vendor Name	Amount
Jinko Solar (Vietnam) Industries Company Limited	\$ 421,423
Shine Engineering Co., Ltd.	345,275
Zhongxinbo New Energy Science and Technology (Suzhou) Co., Ltd.	165,541
Jin Meng enterprise Ltd	124,228
Others (individual amount does not exceed 5%)	<u>445,118</u>
	<u>\$ 1,501,585</u>

- Notes: 1. The above notes and accounts payable are generated from operating activities.
2. Notes and accounts payable to related parties are not included in the above accounts. Please refer to note 7 for details.

Statement of Short-Term Borrowings

Please refer to note 6(12) to the parent-company-only financial statement
for the information of short-term borrowings.

HD Renewable Energy Co., Ltd.
Statement of Short-Term Notes and Bills Payable
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(13) to the parent-company-only financial statement
for the information of short-term notes and bills payable.

Statement of Long-Term Borrowings

Please refer to note 6(14) to the parent-company-only financial statement
for the information of long-term borrowings.

Statement of Lease liabilities

Please refer to note 6(16) to the parent company only financial statements
for the information of lease liabilities - current and non-current

**Statement of Other Current and Non-Current
Liabilities**

Please refer to note 6(17) to the parent-company-only financial statements
for the information of other current and non-current liabilities.

HD Renewable Energy Co., Ltd.
Statement of Operating Revenue
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(23) to the parent-company-only financial statements
for the information of operating revenue.

Statement of Operating Costs

<u>Item</u>	<u>Amount</u>
Cost of engineering	
Inventories at the beginning of the period	\$ 299,710
Purchase for the period	4,273,217
Purchase return and discount	<u>(3,134)</u>
Purchase of raw materials (net)	<u>4,270,083</u>
Less: Inventories at the end of the period	(195,156)
Less: Cost of goods sold	(6,674)
Add: Other	<u>(8,495)</u>
Contribution of raw materials for the period	<u>4,359,468</u>
Direct labor	33,445
Indirect labor	29,959
Engineering expenses	<u>3,049,055</u>
Construction cost	<u>3,112,459</u>
Total engineering cost	7,471,927
Cost of goods sold	6,674
Cost of services	10,193
Cost of power electric	18,205
Cost of other	(1,174)
Write-down of inventories	<u>2,012</u>
Total operating costs	<u><u>\$ 7,507,837</u></u>

HD Renewable Energy Co., Ltd.
Statement of Operating Expenses
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Item	Sale expenses	Administrative expenses	Research and development expense
Wages and salaries	\$ 31,766	278,149	34,450
Rent expense	14,132	1,442	95
Advertisement expense	11,952	40	-
Depreciation	25,421	14,927	13,468
Professional service fees	-	60,863	72,334
Various amortization	750	4,130	19,787
Other expenses (individual amount does not exceed 5%)	39,958	140,320	8,062
	<u><u>\$ 123,979</u></u>	<u><u>499,871</u></u>	<u><u>148,196</u></u>

**Statement of the net Amount of Other Revenues and
Gains and Expenses and Losses**

Please refer to note 6(27) the parent-company-only financial statements
for the information of other gains and losses.